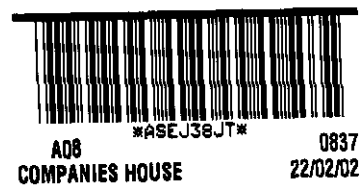


Perdix Investments Limited

Annual Report for the year ended 30 April 2001

Company Number 3776822



Perdix Investments Limited
Annual Report for the period ended 30 April 2001

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Perdix Investments Limited

Directors' Report

The directors present their report and audited financial statements for the year ended 30 April 2001.

Principal activity and business review

On 6 December 2000 Wyko Investments Limited, a wholly owned subsidiary of Perdix Investments Limited, made a cash offer for the entire issued ordinary share capital and 5% preference share capital of Lilleshall Plc. The offer was declared unconditional on 10 January 2001, on which date control of Lilleshall Plc passed to Wyko Investments Limited (see note 20 to the accounts for further information).

The principal activity of the Group is the provision of a wide range of services to industrial customers including:

- distribution of bearings, mechanical and electrical power transmission products, hydraulic and pneumatic equipment/components and tools;
- distribution of fasteners, cutting tools and industrial consumables;
- repair of electrical equipment and motors, pumps and gearboxes;
- manufacture and supply of automotive tyre building tooling, specialist components and polyurethane products.

Financial results

The Group loss on ordinary activities before taxation amounted to £7,680,000 (2000: £4,309,000) and the detail thereof is shown in the consolidated profit and loss account on page 6. The loss after taxation of £8,151,000 (2000: £4,095,000) has been transferred to reserves. The directors do not propose the payment of a dividend.

Directors

The directors who served during the year were as follows:

P.E.J. White
R.S. Johnson
G.D. Winters
W.A. Link
A.N. Morris
C.A. Lyne
M.J. Freeman
P. Isaacs
J.J. Hobbs

Appointed 2 April 2001

Perdix Investments Limited

Directors' Reports *(continued)*

The beneficial interests of the directors at 30 April 2001 in the share capital of the company were as follows:

	2001 £1 Ordinary shares Number	2000 £1 Ordinary shares Number
P.E.J. White	122,762	122,762
R.S. Johnson	128,185	128,185
G.D. Winters	68,948	68,948
W.A. Link	68,948	68,948
A.N. Morris	37,019	37,019
C.A. Lyne	37,433	24,525
M.J. Freeman	12,263	12,263

Employment policy

Considerable value is placed upon the commitment and involvement of employees in the operation and development of the Group's businesses. The Group recognises that the maximisation of its potential requires employees to be well trained, highly motivated and properly informed.

All employees receive appropriate training via predominantly in house programmes with most new employees attending induction courses designed to familiarise them with the Group's products and services.

Communication with employees is achieved through regular briefings at various levels as well as via the groupwide intranet.

The Group is committed to the principle of equal opportunity in employment. Our employment policies for recruitment, selection, training, development and promotion are designed to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, religion, political beliefs, disability, sex or marital status.

Charitable donations

Charitable donations made by the Group within the UK during the period amounted to £31,000 (2000: £15,000)

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



GD WINTERS
Secretary
16 October 2001


Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Group as at the end of the financial period and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

On behalf of the board



GD WINTERS
Secretary
16 October 2001

Auditors' Report

Report of the Auditors to the members of Perdix Investments Limited

We have audited the financial statements on pages 6 to 31.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 4 the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained within the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

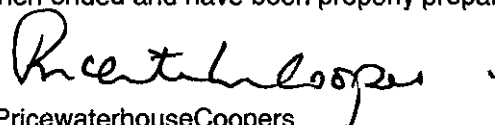
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of the evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group at 30 April 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
16 October 2001

Perdix Investments Limited

Consolidated Profit and Loss Account

For the year ended 30 April 2001

	Notes	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
Turnover			
- Continuing operations		155,318	90,878
- Acquisitions		16,639	-
Total turnover	2	171,957	90,878
Cost of sales		(110,607)	(57,972)
Gross profit		61,350	32,906
Selling & distribution costs		(40,276)	(20,349)
Administrative expenses		(15,540)	(9,164)
Operating profit			
- Continuing operations		4,499	3,393
- Acquisitions		1,035	-
Total operating profit		5,534	3,393
Net interest	6	(13,214)	(6,783)
Net cost of early redemption of loans		-	(919)
Loss on ordinary activities before tax	2, 3	(7,680)	(4,309)
Tax on loss on ordinary activities	7	(471)	214
Loss for the year transferred to reserves	8, 19	(8,151)	(4,095)

There is no difference between the profit on ordinary activities before taxation and the retained (loss) / profit for the year stated above, and their historical cost equivalents.

Perdix Investments Limited



Consolidated Balance Sheet

As at 30 April 2001		2001 £000	2000 £000
	Notes		
Fixed assets			
Intangible assets	9	72,761	60,448
Tangible assets	10	23,860	22,722
		<u>96,621</u>	<u>83,170</u>
Current assets			
Stocks	12	31,534	22,729
Debtors	13	47,018	38,023
Cash at bank and in hand		18,215	12,032
		<u>96,767</u>	<u>72,784</u>
Creditors: amounts falling due within one year			
Borrowings	16	(19,483)	(19,850)
Other creditors	14	(47,178)	(36,875)
		<u>(66,661)</u>	<u>(56,725)</u>
Net current assets		<u>30,106</u>	<u>16,059</u>
Total assets less current liabilities		126,727	99,229
Creditors: amounts falling due after more than one year			
Borrowings	16	(134,997)	(99,839)
Other creditors		-	-
		<u>(134,997)</u>	<u>(99,839)</u>
Provision for liabilities and charges	17	(1,163)	(956)
Net liabilities		<u>(9,433)</u>	<u>(1,566)</u>
Capital and reserves			
Called up share capital	18	2,448	2,435
Other reserves	19	465	194
Profit and loss account	19	(12,346)	(4,195)
Equity shareholders' funds		<u>(9,433)</u>	<u>(1,566)</u>

The financial statements on pages 6 to 31 were approved by the Board of Directors on 16 October 2001 and were signed on its behalf by:

R S Johnson

G D Winters

Perdix Investments Limited



Parent Company Balance Sheet

At 30 April 2001		2001 £000	2000 £000
	Notes		
Fixed assets			
Investments	11	<u>116,095</u>	<u>94,373</u>
Current assets			
Debtors	13	20,701	20,722
Cash at bank and in hand		<u>10,131</u>	<u>2,303</u>
		<u>30,832</u>	<u>23,025</u>
Creditors: amounts falling due within one year			
Borrowings	16	(8,075)	(12,122)
Other creditors	14	<u>(2,740)</u>	<u>(3,552)</u>
		<u>(10,815)</u>	<u>(15,674)</u>
Net current assets		<u>20,017</u>	<u>7,351</u>
Total assets less current liabilities		136,112	101,724
Creditors: amounts falling due after more than one year			
Borrowings	16	(134,925)	(99,694)
Provision for liabilities and charges	17	-	-
Net assets		<u>1,187</u>	<u>2,030</u>
Capital and reserves			
Called up share capital	18	2,448	2,435
Profit and loss account	19	<u>(1,261)</u>	<u>(405)</u>
Equity shareholders' funds		<u>1,187</u>	<u>2,030</u>

The financial statements on pages 6 to 31 were approved by the Board of Directors on 16 October 2001 and were signed on its behalf by:

R S Johnson

G D Winters

Perdix Investments Limited

Consolidated Cash Flow Statement

Year ended 30 April 2001	Notes	2001 £000	2000 £000
Net cash flow from operating activities	21	9,505	10,375
Returns on investments and servicing of finance:			
Interest received		800	256
Interest paid		(6,887)	(3,565)
Interest element of finance lease rentals		(2)	(4)
Costs arising on early repayment of debt		-	(919)
Settlement of pre-acquisition dividend		(27)	-
		(6,116)	(4,232)
Taxation			
UK Corporation tax paid		(39)	(2,212)
Overseas tax paid		(155)	(307)
		(194)	(2,519)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,364)	(1,045)
Sale of tangible fixed assets		694	431
Sale of fixed asset investments		-	45
		(1,670)	(569)
Acquisitions and disposals			
Purchase of businesses	20	(21,979)	(84,971)
Net cash acquired with businesses	20	(346)	2
		(22,325)	(84,969)
Cash outflow before financing		(20,800)	(81,914)
Financing			
Issue of ordinary shares		13	2,115
New loans		32,086	105,616
Repayment of loans		(6,374)	(16,890)
Principal payments under capital leases		(23)	(20)
Expenses paid in connection with share issue		-	(100)
Costs of raising debt finance		(1,714)	(4,583)
		23,988	86,138
Increase in cash in the year	22	3,188	4,224

Perdix Investments Limited

Other Group Statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001 £000	2000 £000
Loss for the financial year	(8,151)	(4,095)
Foreign currency translation gain	271	194
Total recognised losses	<u>(7,880)</u>	<u>(3,901)</u>

RECONCILIATION OF MOVEMENT OF EQUITY SHAREHOLDERS' FUNDS

	2001 £000	2000 £000
Loss for the financial year	(8,151)	(4,095)
Foreign currency translation gain	271	194
New share capital subscribed	13	2,115
Shares issued in connection with acquisitions	-	320
Expenses in connection with share issue	-	(100)
	<u>(7,867)</u>	<u>(1,566)</u>
Opening equity shareholders' funds	(1,566)	-
Closing equity shareholders' funds	<u>(9,433)</u>	<u>(1,566)</u>

Notes to the Accounts

1 Accounting policies

Basis of accounting

The financial statements comply with applicable UK Accounting Standards and are prepared under the historical cost convention.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary undertakings. Acquisition accounting is used to account for all acquisitions. The results of businesses acquired or sold during the year are included from or up to the date control passes. Intra group sales and profits are eliminated fully on consolidation.

In accordance with the exemptions given by Section 230 of the Companies Act 1985 the holding company, Perdix Investments Limited, has not presented its own profit and loss account.

Foreign currencies

Assets and liabilities of the foreign subsidiaries are translated into sterling at the rate ruling at the balance sheet date. The results of foreign subsidiaries are translated into sterling at the average rate for the year. Exchange differences arising from these translations are taken direct to reserves.

Transactions in foreign currencies are translated into sterling at the rate of exchange on the day of the transaction or at a contracted rate if it is covered by a forward contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling on the balance sheet date or, if appropriate, any forward contract rates. Exchange differences arising from these translations are taken to the profit and loss account.

Goodwill

Goodwill represents the difference between the fair value of the consideration given on the acquisition of a business and the fair value of the net assets acquired, determined in accordance with Financial Reporting Standard ("FRS")7.

Goodwill has been capitalised and is being amortised over its estimated useful life, subject to a maximum period of 20 years, in accordance with FRS 10.

This goodwill will be charged or credited to the profit and loss account on subsequent disposal of the business to which it relates.

Notes to the Accounts

Depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each fixed asset over its expected useful life, as follows;

Plant, equipment and vehicles	10% to 25% per annum straight line
Patents	written-off as incurred
Freehold and long leasehold buildings	2% per annum straight line
Short leasehold properties	straight line over the period of the lease

Provision is made for any impairment in the period in which it arises.

Improvements to new leasehold premises are capitalised and the cost amortised over 5 years. All other leasehold improvements are written off to the profit and loss account as they are incurred.

Freehold land and assets in the course of construction are not depreciated.

Fixed asset investments

Investments in subsidiaries are stated at their original cost less provision for any permanent diminution in value.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost includes an appropriate proportion of production overheads. Progress payments received are deducted from work in progress.

Deferred taxation

Provision is made for deferred taxation in respect of timing differences to the extent that they are expected to reverse in the foreseeable future.

Hire purchase and leases

Tangible fixed assets acquired under hire-purchase or finance leases are capitalised at the present value of the minimum lease payments and the outstanding obligations, less financing charges, are included under borrowings in the balance sheet.

Interest is charged to the profit and loss account so as to give a constant periodic rate of charge on the outstanding obligations in each accounting period.

Rental paid under operating leases are charged to the profit and loss account as incurred.

Notes to the Accounts

Pension costs

UK Defined Benefit Scheme

The regular cost of providing for pensions is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees. The cumulative difference between the amounts charged to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

Defined contribution schemes

Contributions to the defined contribution schemes in the UK and the USA have been charged against profits in the year.

Finance costs

Finance costs, comprising the cost of raising debt finance plus interest charges, are recognised in the profit and loss account over the term of the debt at a constant carrying amount.

Debt

Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the amortisation of issue costs and the capitalisation of certain elements of the interest charge and reduced by payments made in the period.

The interest payable and the amortisation of issue costs are taken to the profit and loss account so as to produce a constant rate of return over the period to the expected date of redemption of the debt.

Research and development

Expenditure on research and development is charged against revenue in the period in which it is incurred.

Turnover

Turnover represents the amounts invoiced to external customers in respect of goods and services provided during the year, excluding value added tax.

Perdix Investments Limited

Notes to the Accounts

2 Segmental Analysis

	Year to 30 April 2001		7 Months to 30 April 2000	
	Turnover	Loss before tax	Turnover	Loss before tax
	£000	£000	£000	£000
Divisional analysis				
Continuing operations				
Industrial Services				
Continuing operations	155,318	8,651	90,878	5,856
Acquisitions	16,639	1,035	-	-
	<u>171,957</u>	<u>9,686</u>	<u>90,878</u>	<u>5,856</u>
Central Operations	-	(4,152)	-	(2,463)
Interest and financing	-	(13,214)	-	(7,702)
Total continuing operations	<u>171,957</u>	<u>(7,680)</u>	<u>90,878</u>	<u>(4,309)</u>

The results of the Group's Precision Engineering operations are not material and so have been combined with those of the Industrial Services businesses.

Geographical Analysis

Market Supplied

	Year to 30 April 2001	7 Months to 30 April 2000
United Kingdom	159,872	84,164
Americas	4,884	2,319
Europe	3,450	2,596
Asia and Australasia	2,920	912
Africa	831	887
	<u>171,957</u>	<u>90,878</u>

Origin

	Year to 30 April 2001	7 Months to 30 April 2000
United Kingdom	167,342	87,922
USA	4,482	2,932
Germany	70	24
Japan	63	-
	<u>171,957</u>	<u>90,878</u>

Perdix Investments Limited

Notes to the Accounts

3 Loss on ordinary activities before tax

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
Loss on ordinary activities before tax is stated after charging / (crediting)		
Depreciation:		
Tangible fixed assets - owned	2,930	1,517
- subject to finance leases or hire purchase	15	65
Amortisation of goodwill	3,375	1,827
Profit on disposal of tangible fixed assets	(85)	(249)
Rentals under operating leases		
Plant and machinery	1,726	1,470
Other	2,477	1,263
Auditors' remuneration		
Audit work	114	75
Other services provided by group auditors	30	12
Surplus on foreign exchange	(170)	(30)
The audit fee in respect of the parent company amounted to £2,000 (2000: £5,000)		

4 Directors and employees

	Year to 30 April 2001 Number	7 Months to 30 April 2000 Number
The average number of persons employed by the Group during the year was	2,289	2,185
	£000	£000
Their aggregate payroll costs were:		
Wages and salaries	42,808	21,570
Social security costs	4,202	3,126
Other pension costs	1,787	684
	48,797	25,380

Notes to the Accounts

4 Directors and employees (*continued*)

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
Directors remuneration		
Emoluments	754	424
Fees paid to third parties in respect of directors' services	20	14
Pensions and pension related payments	183	35
	<u>957</u>	<u>473</u>

Retirement benefits are accruing to 6 directors under a defined benefit scheme. No payments have been made to a money purchase pension scheme in respect of any director. Contributions have been made on behalf of three directors, whose pensions are limited by the Inland Revenue earnings cap, to a Funded Unapproved Retirement Benefit Scheme. The contributions which have been charged to the profit and loss account in the year are £124,000 (2000: £26,000)

	2001 £000	2000 £000
Highest paid director		
Total emoluments	<u>190</u>	<u>108</u>
Defined benefit pension scheme:		
Accrued pension at 1 May	<u>9</u>	<u>8</u>
Accrued pension at 30 April	<u>21</u>	<u>9</u>

5 Pensions

The Group has operated a number of pension schemes during the year. The principal Group scheme in the UK is a defined benefit scheme with the assets held in a separate trustee administered fund. The Group has continued to operate the majority of schemes established in subsidiaries at the date of their acquisition.

The pension costs relating to each scheme were as follows:

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
UK defined benefit scheme	1,214	433
US defined contribution scheme	47	39
UK defined contribution schemes	526	212
	<u>1,787</u>	<u>684</u>

Notes to the Accounts

5 Pensions (*continued*)

The pension cost relating to the UK defined benefit scheme is assessed in accordance with the advice of an independent actuary using the projected unit credit method of funding. The latest actuarial valuation of the scheme for SSAP24 purposes was carried out as at 1st May 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases to salaries and pensions.

It was assumed that the investment returns would be 7.5% per annum pre-retirement (5% per annum post-retirement), that salary increases would average 4.5% per annum that pensions increases would average 3% per annum for pensions carrying an entitlement to inflation linked increases.

At the valuation date, the market value of the scheme's assets was approximately £40,981,000 and the actuarial value of these assets represented 112% of the benefits that had accrued to the members on the valuation assumptions adopted.

A prepayment of £1,746,000 (2000: £1,405,000) is included within debtors, this being the difference between the amounts charged to the profit and loss account and the amounts paid to the UK defined benefit.

6 Net interest

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
Interest payable:		
on bank loans and overdrafts	6,568	3,037
on other loans	6,601	3,678
on hire purchase agreements and finance leases	2	4
Amortisation of debt issue costs	846	374
	<u>14,017</u>	<u>7,093</u>
Interest receivable	(803)	(310)
	<u>13,214</u>	<u>6,783</u>

Perdix Investments Limited

Notes to the Accounts

7 Tax on loss on ordinary activities

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
UK Corporation tax at 30%	(37)	678
UK deferred taxation	(133)	(284)
Overseas taxation		
- deferred	(14)	(55)
- other	(116)	(125)
Adjustment for previous years		
- corporation tax	(8)	-
- deferred tax	(163)	-
	<u>(471)</u>	<u>214</u>

8 Profit for the financial year

Perdix Investments Limited has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The loss dealt with in the accounts of the company is £856,000 (2000: £305,000)

9 Intangible fixed assets

Goodwill	Group £000
Cost:	
At 1 May 2000	62,275
Arising on the acquisition of subsidiaries in the period (note 20)	15,688
At 30 April 2001	<u>77,963</u>
Amortisation:	
At 1 May 2000	1,827
Charge for the period	3,375
At 30 April 2001	<u>5,202</u>
Net book value:	
At 30 April 2001	<u>72,761</u>
At 30 April 2000	<u>60,448</u>

Goodwill has arisen in the year in respect of acquisitions made by the Group (see note 20), and in accordance with FRS 10 has been capitalised and is being amortised over its estimated useful life of twenty years.

Perdix Investments Limited

Notes to the Accounts

10 Tangible fixed assets

	Property held for disposal	Freehold properties	Leasehold properties Leases of 50 years and over	Leases of under 50 years	Plant, equipment and vehicles	Total
	£000	£000	£000	£000	£000	£000
Group						
Cost						
At 1 May 2000	239	9,361	2,876	74	23,373	35,923
Additions	-	18	-	46	2,300	2,364
Acquisitions (note 20)	-	-	-	-	7,130	7,130
Disposals	-	(136)	(401)	(1)	(566)	(1,104)
Currency adjustments	-	64	-	-	253	317
At 30 April 2001	239	9,307	2,475	119	32,490	44,630
Depreciation:						
At 1 May 2000	75	729	255	66	12,076	13,201
Acquisitions (note 20)	-	-	-	-	4,983	4,983
Charge for the year	-	151	59	21	2,714	2,945
Disposals	-	(45)	(51)	(1)	(398)	(495)
Currency adjustments	-	15	-	-	121	136
At 30 April 2001	75	850	263	86	19,496	20,770
Net book value:						
At 30 April 2001	164	8,457	2,212	33	12,994	23,860
At 1 May 2000	164	8,632	2,621	8	11,297	22,722

The total net book value of fixed assets includes an amount of £14,000 (2000: £29,000) in respect of assets capitalised under finance leases or hire purchase.

The company held no tangible fixed assets at any time during the year.

Future capital expenditure

Capital commitments at 30 April 2001 for which no provision has been made in the accounts are as follows:

	2001 £000	2000 £000
Contracted for	9	-

Perdix Investments Limited

Notes to the Accounts

11 Investments

Company	Investment in subsidiaries £000
Cost:	
At 1 May 2000	94,373
Additions in year	21,722
At 30 April 2001	116,095

Principal subsidiary companies	Country of Incorporation	Holding	Class of Shares	Nature of Business
Wyko Group Limited	UK	100%	Ordinary	Holding company
Wyko Investments Limited	UK	100%	Ordinary	Holding company
Wyko Industrial Services Limited*	UK	100%	Ordinary	Industrial Services
Serco Ryan Limited *	UK	100%	Ordinary	Industrial Services
Wyko Inc. Engineering *	USA	100%	Ordinary	Manufacture of tyre building equipment
Lilleshall Plastics & Engineering Limited *	UK	100%	Ordinary	Industrial Services
Lilleshall Limited *	UK	100%	Ordinary	Holding Company
Wyko Overseas Holdings *	UK	100%	Ordinary	Holding company

Subsidiaries marked * are held via intermediate holding companies

12 Stocks

Group	2001 £000	2000 £000
Raw materials and consumables	2,022	1,473
Work in progress	3,609	2,417
Finished goods and goods held for resale	25,936	18,865
Payments received on account	(33)	(26)
	31,534	22,729

The company did not hold stock at any time during the year.

Perdix Investments Limited

Notes to the Accounts

13 Debtors

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	41,788	-	35,102	-
Amounts owed by subsidiary undertakings	-	18,213	-	19,028
Corporation tax recoverable	161	2,352	64	1,681
Other debtors	772	94	225	13
Called up share capital not paid	13	13	-	-
Prepayments and accrued income	4,284	29	2,632	-
	<u>47,018</u>	<u>20,701</u>	<u>38,023</u>	<u>20,722</u>

14 Creditors: amounts due within one year

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Borrowings (see note 16)	<u>19,483</u>	<u>8,075</u>	<u>19,850</u>	<u>12,122</u>
Other creditors				
Trade creditors	31,875	-	22,840	-
Corporation tax	398	-	212	-
Other taxation and social security	3,224	32	3,795	62
Other creditors	5,043	2,646	4,357	3,460
Accruals and deferred income	6,638	62	5,671	30
	<u>47,178</u>	<u>2,740</u>	<u>36,875</u>	<u>3,552</u>

15 Creditors: amounts falling due after more than one year

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Borrowings (see note 16)	<u>134,997</u>	<u>134,925</u>	<u>99,839</u>	<u>99,694</u>

Perdix Investments Limited

Notes to the Accounts

16 Borrowings

	Group 2001		Company 2001		2000	
	Within one year £000	After one year £000	Within one year £000	After one year £000	Group £000	Company £000
Overdrafts	10,742	-	-	-	7,792	987
Senior debt	4,150	46,855	4,150	46,855	38,619	38,619
Mezzanine debt	-	17,817	-	17,817	14,219	14,219
10 % Loan stock	-	59,393	-	59,393	53,307	53,307
8% Loan stock	-	15,036	-	15,036	-	-
LIBOR Loan notes	4,826	-	4,826	-	8,893	8,893
	19,718	139,101	8,976	139,101	122,830	116,025
European Coal and Steel Community loan	72	72	-	-	217	-
Hire purchase and finance leases	3	-	-	-	26	-
7% Loan notes	591	-	-	-	825	-
Gross borrowings	20,384	139,173	8,976	139,101	123,898	116,025
Deferred costs of raising debt finance	(901)	(4,176)	(901)	(4,176)	(4,209)	(4,209)
Net borrowings	19,483	134,997	8,075	134,925	119,689	111,816

£37,955,000 of the senior debt is repayable in quarterly instalments ending on 31 October 2007 and bears interest at LIBOR plus 2.25%. The remaining £13,050,000 is repayable in full on 31 October 2008 and bears interest at LIBOR plus 3%.

The mezzanine loan is repayable in full on 31 October 2009. £14,787,000 of the loan carries interest at 7% above LIBOR, the balance carries interest at 7.25% above LIBOR. 50% of the interest premium over LIBOR is capitalised.

The loan stock is repayable in five equal annual instalments commencing on 1 October 2009. For the period to 31 October 2000 80% of the interest charge of the 10% loan stock was capitalised. This proportion fell to 50% for the 12 months commencing 1 November 2000 and falls to 25% for the 12 months commencing 1 November 2001. From 1 November 2002 all interest becomes payable in cash.

For the period ending 31 October 2001 100% of the interest charge of the 8% loan stock falls to be capitalised. From 1 November 2001 the interest rate on this loan stock becomes 10% and from that date the proportion of interest capitalised falls to 80%. For the 12 months commencing 1 November 2002 the capitalised portion of the interest falls to 60 % and from 1 November 2003 it falls to 40%. From 1 November 2004 all interest becomes payable in cash.

The LIBOR loan notes are repayable at the request of note holders on 31 October and 30 April each year and no later than 30 April 2005.

Perdix Investments Limited

Notes to the Accounts

16 Borrowings (continued)

The costs of raising debt finance are being written off over the average life of the debt. The unamortised costs are shown separately above.

In order to manage interest rate risk the Group has entered in to an interest rate swap agreement covering £73,648,000 of its borrowings with effect from 1 May 2001. The agreement, which expires on 30 April 2004, fixes the LIBOR interest rate at 5.245%.

The bank overdraft, the senior debt and the mezzanine debt are secured by fixed and floating charges over the assets of the company and its principal subsidiary companies.

The LIBOR loan notes and the 7% loan notes are unsecured, but are guaranteed by the Group's principal bankers, The Bank of Scotland.

Interest is payable on the ECSC loan at a rate of 10.05% per annum. The loan is repayable in a further two equal annual instalments on 15 July 2001 and 2002.

£56,000 of the 7% loan notes are repayable on 31 August 2001. The remaining 7% loan notes are repayable on demand with £449,000 having a latest repayment date of 1 June 2002 and £85,000 a latest repayment date of 1 December 2002.

Analysis by year of repayment

	Group 2001			Group 2000	Company 2001 2000	
	Bank loans and overdrafts £000	Other Borrowings £000	Total £000	Total £000	Total £000	Total £000
Due within one year	14,892	5,492	20,384	20,608	8,976	12,880
Amounts payable by instalments						
between 1 and 2 years	4,850	72	4,922	4,822	4,850	4,750
between 2 and 5 years	16,918	-	16,918	17,580	16,918	17,507
after 5 years	42,904	74,429	117,333	80,888	117,333	80,888
Due after more than 1 year	64,672	74,501	139,173	103,290	139,101	103,145
Gross borrowings	79,564	79,993	159,557	123,898	148,077	116,025

	Group	
	2001 £000	2000 £000
Hire purchase and finance lease obligations included above are as follows:		
Amounts payable:		
Within one year	3	27
Between 1 and 2 years	-	2
	<u>3</u>	<u>29</u>
Less: finance charges allocated to future periods	-	(3)
	<u>3</u>	<u>26</u>
Hire purchase and finance lease obligations are analysed as follows:		
Current obligations	<u>3</u>	<u>26</u>
	<u>3</u>	<u>26</u>

Perdix Investments Limited

Notes to the Accounts

17 Provision for liabilities and charges

Deferred Taxation	Group £000	Company £000
At 1 May 2000	956	-
Transfer from profit and loss account	310	-
Added on acquisition of subsidiaries	(111)	-
Foreign exchange adjustment	8	-
At 30 April 2001	1,163	-

Full provision has been made for deferred taxation at 30% in respect of:

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Capital allowances in advance of depreciation	1,356	-	1,082	-
Other timing differences	122	-	(234)	-
Overseas timing differences	129	-	108	-
Tax losses carried forward	(444)	-	-	-
	1,163	-	956	-

No provision has been made for overseas withholding tax that would be payable if retained earnings of overseas subsidiaries were distributed. There is presently no intention to distribute these earnings. No provision has been made for any liabilities arising on the sale of Group properties as they are covered by brought forward capital losses of £1.5 million.

18 Share Capital

	Authorised		Allotted and called up		
	Number	£000	Number	Fully paid £000	Part Paid £000
Ordinary shares of £1 each					
At 1 May 2000	462,650	463	462,650	463	-
Issued for cash	12,908	13	12,908	-	13
At 30 April 2001	475,558	476	475,558	463	13
A ordinary shares of £1 each					
At 1 May 2000 and 30 April 2001	2,155,630	2,155	1,972,350	1,972	-
Total at 30 April 2001	2,631,188	2,631	2,447,908	2,435	13

On 17 January 2001, 12,908 £1 ordinary shares were issued at par in accordance with the Supplemental Investment Agreement between the company and its investors dated 5 December 2000. These shares were issued part paid at 1p per share. The called up share capital not paid is £13,000.

Notes to the Accounts

18 Share Capital *continued*

The rights relating to each class of share in issue at 30 April 2001 are as follows:

- i) the ordinary shares and A ordinary shares rank *pari passu* as if one class of share for the purposes of income;
- ii) in the event of winding up the company or otherwise reducing capital, the assets shall be applied;

first in paying the holders of A ordinary shares £1 per share together with any arrears or accruals of dividends on the shares; then

in paying the holders of ordinary shares £1 per share; then

the balance of the assets, up to £1,000,000 per share shall be distributed amongst the holders of the A ordinary share and ordinary shares *pari passu* as if the shares constituted one class;

- iii) the ordinary and A ordinary shares each carry one vote per share.

19 Reserves

	Other reserves £000	Profit and loss account £000
Group		
At 1 May 2000	194	(4,195)
Loss for the period transferred to reserves	-	(8,151)
Foreign exchange adjustments	271	-
At 30 April 2001	465	(12,346)
Company		
At 1 May 2000	-	(405)
Loss for the period transferred to reserves	-	(856)
At 30 April 2001	-	(1,261)

Perdix Investments Limited

Notes to the Accounts

20 Acquisitions

On 10th January 2001 Wyko Investments Limited, a subsidiary of Perdix Investments Limited, acquired the entire issued ordinary and 5% preference share capital of Lilleshall Plc an industrial services group, at a price of 70p per ordinary share and 100p per 5% preference share. In addition Wyko Investments Limited acquired the outstanding 8% preference share capital at a price of 106p per share, giving a total cash consideration, excluding costs, of £21,593,000.

The Group has used acquisition accounting to account for all acquisitions.

Net assets acquired

	Lilleshall Plc £000	Fair Value Adjustments £000	Total Fair Value £000
Fixed assets			
Tangible fixed assets	2,185	(38)	2,147
Current assets			
Stocks	6,555	(545)	6,010
Debtors	12,177	(415)	11,762
Cash at bank and in hand	340	-	340
Total assets	21,257	(998)	20,259
Liabilities			
Borrowings	(686)	-	(686)
Creditors	(11,623)	(1,659)	(13,282)
Net assets	8,948	(2,657)	6,291
Goodwill			15,688
Purchase consideration			21,979
Satisfied by:			
Cash			21,593
Acquisition expenses			386
			21,979

The following provisional fair value adjustments were made to the book value of assets and liabilities of the above acquisition:

	£000
Revaluation of tangible fixed assets	38
Alignment of stock valuation and provisioning policies	545
Alignment of provisioning policies	830
Provision for leasehold dilapidations	1,125
Provision for doubtful debts	27
Provision for unrecorded liabilities	92
	2,657

Notes to the Accounts

20 Acquisitions - continued

There is currently some uncertainty regarding some of the liabilities provided for, which should be resolved during the forthcoming year. The fair value provisions will therefore be reviewed during the year and finalised at 30 April 2002.

Pre acquisition results

The summarised profit and loss account for Lilleshall Plc for the years ended 31 December 1999 and 2000 is shown below:

	Year ended 31.12.00 £000	Year ended 31.12.99 £000
Turnover	48,675	61,929
Operating profit (before exceptional costs)	3,014	2,869
Exceptional Costs	(2,586)	158
Discontinued operations	-	284
Profit / (loss) on sale of businesses	51	(4,872)
Profit / (loss) before interest	479	(1,561)
Profit on ordinary activities before taxation	485	(1,809)
Taxation	(26)	(335)
Profit / (loss) for the financial year	459	(2,144)

Post acquisition results

FRS 3, 'Reporting Financial Performance', requires the disclosure of the results of businesses acquired in the year which are included in the results of the Group. The post acquisition results of the Lilleshall Plc group are as follows:

	£000
Turnover	16,639
Operating profit	1,035

Perdix Investments Limited

Notes to the Accounts

20 Acquisitions - *continued*

Impact on cash flows

The impact of the post acquisition cash flows of the Lilleshall Plc group on the Group cash flow is summarised below:

	£000
Net cash outflow from operating activities	(131)
Returns on investment and servicing of finance	(22)
Taxation	(9)
Capital expenditure and financial investment	(85)
Acquisitions	-
Financing	-
Net cash outflow	<u>(247)</u>

Analysis of the net outflow of cash in respect of acquisitions

	£000
Cash consideration including acquisition expenses	21,979
Net borrowings acquired	346
Net outflow of cash and cash equivalents	<u>22,325</u>

21 Net cash flow from operating activities

	Year to 30 April 2001 £000	7 Months to 30 April 2000 £000
Continuing activities		
Operating profit	5,541	3,393
Depreciation / amortisation	6,314	3,409
Profit on disposal of fixed asset investments	-	(40)
Profit on disposal of tangible fixed assets	(85)	(111)
Increase in stocks	(2,795)	(304)
Decrease / (increase) in trade debtors	4,018	(90)
(Increase) / decrease in prepayments/other debtors	(1,262)	3,290
Increase in trade creditors	1,394	1,557
(Decrease) / increase in other taxation and social security	(939)	1,888
Decrease in accruals/other creditors	(2,726)	(2,665)
Exchange rate adjustments	45	48
	<u>9,505</u>	<u>10,375</u>

Notes to the Accounts

22 Reconciliation of net cash flow to movement in net borrowings

	2001 £000	2000 £000
Increase in cash in the year	3,188	4,224
Cash inflow from new loans	(32,086)	(105,616)
Cash outflow from the repayment of loans and finance leases	6,397	16,910
Cost of issuing debt	1,714	4,583
Change in net debt resulting from cash flows	(20,787)	(79,899)
Other non-cash items		
Loans acquired with new subsidiaries	-	(17,432)
HP contracts acquired with new subsidiaries	-	(46)
Loan notes issued to finance acquisitions	-	(8,893)
Loan stock issued to finance acquisitions	-	(810)
Capitalised interest	(7,020)	(219)
Amortisation of debt issue costs	(846)	(374)
Exchange rate adjustments	45	16
Movement in net borrowings during the year	(28,608)	(107,657)
Net borrowings at 1 May	(107,657)	-
Net borrowings at 30 April	(136,265)	(107,657)
Cash at bank and in hand	18,215	12,032
Borrowings due within one year (see Note 16)	(19,483)	(19,850)
Borrowings due after one year (see Note 16)	(134,997)	(99,839)
	(136,265)	(107,657)

Notes to the Accounts

23 Analysis of net borrowings

	At 1 May 2000 £000	Cash Flow £000	Other non cash changes £000	Exchange Move- ments £000	At 30 April 2001 £000
Cash at bank and in hand	12,032	6,138	-	45	18,215
Overdrafts	(7,792)	(2,950)	-	-	(10,742)
	4,240	3,188	-	45	7,473
Debt due within 1 year	(12,790)	3,151	-	-	(9,639)
Debt due after 1 year	(103,290)	(28,863)	(7,020)	-	(139,173)
Finance leases	(26)	23	-	-	(3)
Cost of debt finance	4,209	1,714	(846)	-	5,077
	(111,897)	(23,975)	(7,866)	-	(143,738)
Net borrowings	(107,657)	(20,787)	(7,866)	45	(136,265)

24 Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
Group	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within 1 year	350	336	106	594
Between 1 and 5 years	1,425	1,989	494	1,754
After 5 years	990	3	1,151	2
	<u>2,765</u>	<u>2,328</u>	<u>1,751</u>	<u>2,350</u>

Company

The company had no operating lease commitments at any time during the year.

Perdix Investments Limited

Notes to the Accounts

25 Contingent liabilities

At 30 April 2001 there were contingent liabilities to the Group's bankers as follows:

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Performance bonds and guarantees	322	-	209	-
Forward exchange contracts	660	-	366	-
Letters of credit	1,124	-	-	-
	<u>2,106</u>	<u>-</u>	<u>575</u>	<u>-</u>

The company guarantees the borrowings of its principal subsidiaries to its bankers. The contingent liability at 30 April 2001 was £3,102,000 (2000: £nil).

26 Related party transactions

The company has taken advantage of the exemption, allowed by Financial Reporting Standard No. 8, not to disclose transactions and balances with related party undertakings which are at least 90% owned by the Group.

27 Ultimate controlling party

The directors' interest in the ordinary shares of the company are shown in the directors' report. Of the 1,972,350 A ordinary shares, 59.27% are held by Royal Bank Investments Limited and 23.89% held by RBDC Parallel Ventures Limited Partnership.

28 Post balance sheet events

At close of business on 5 October 2001, the business and net assets of the polyurethane manufacturing division of Wyko Industrial Services Limited were sold to its management for a maximum cash consideration of £1,812,000.