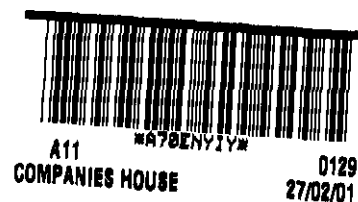


Perdix Investments Limited

Annual Report for the year period 30 April 2000

Company Number 3776822



Perdix Investments Limited
Annual Report for the period ended 30 April 2000

Contents

	Pages
Directors' Report	2 - 4
Statement of Directors' Responsibilities	5
Auditors' Report	6
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Parent Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Other Group Statements	11
Notes to the Accounts	12 - 31

Directors' Report

The directors present their report and audited financial statements for the period from incorporation to 30 April 2000.

Principal activity and business review

The company was incorporated as Foray 1219 Limited on 25 May 1999 and changed its name to Perdix Investments Limited on 17 August 1999.

On 14 September 1999 the company changed its accounting reference date to 30 April.

The company acquired the entire issued share capital of Wyko Group Plc for a maximum consideration, before expenses, of £93,638,000 at the close of business on 30 September 1999 (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;
- 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 £4,309,000 and the detail thereof is shown in the consolidated profit and loss account on page 7. This represents trading by subsidiaries from the date of acquisition as well as the results of the company for the period. The loss after taxation of £4,095,000 has been transferred to reserves and the directors do not propose the payment of a dividend.

Towards the end of the period the Industrial Distribution and Electro Mechanical Service divisions were merged to form the Industrial Services division. The result of this merger has been to reduce overheads and to strengthen the market focus of the operations. The full benefit of the merger should be realised during the forthcoming financial year.

Directors

The directors who served during the period were as follows:

P.E.J. White	Appointed 20 August 1999
R.S. Johnson	Appointed 20 August 1999
G.D. Winters	Appointed 20 August 1999
W.A. Link	Appointed 20 August 1999
A.N. Morris	Appointed 20 August 1999
C.A. Lyne	Appointed 20 August 1999
M.J. Freeman	Appointed 20 August 1999
P. Isaacs	Appointed 20 August 1999
J.L. Clarke	Appointed 25 May 1999; Resigned 20 August 1999
J. Fisher	Appointed 25 May 1999; Resigned 20 August 1999

Directors' Reports *(continued)*

The beneficial interests of the directors in the share capital of the company at 30 April 2000 were as follows:

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

No director had any interest in the shares of the company at his date of appointment.

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.

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.

Payments to suppliers

The Company's current policy concerning the payment of its trade creditors is as follows:

- to settle the terms of payment with suppliers when agreeing the terms of each transaction;
- to ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- to pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Wherever possible all UK subsidiaries follow the same policy and our overseas subsidiary is encouraged to adopt a similar policy, by applying local best practice.

The number of days credit taken by the Group at 30 April 2000 was 82 days.

Perdix Investments Limited

Directors' Reports *(continued)*

Charitable donations

Charitable donations made by the Group within the UK during the period amounted to £15,000.

Auditors

PricewaterhouseCoopers were appointed auditors of the company by the directors on 9 February 2000.

A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



GD WINTERS

Secretary

12 February 2001

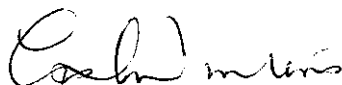
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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

12 February 2001

Auditors' Report

Report of the Auditors to the members of Perdix Investments Limited

We have audited the financial statements on pages 7 to 31.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 5 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 or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in 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.

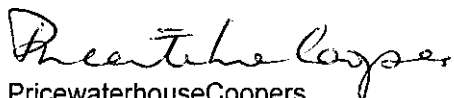
Basis of audit option

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 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 2000 and of the loss and cash flows of the Group for the period then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
12 February 2001

Perdix Investments Limited

Consolidated Profit and Loss Account

For the period from incorporation to 30 April 2000

	Notes	2000 £000
Turnover		
- Acquisitions		<u>90,878</u>
Total turnover	2	<u>90,878</u>
Cost of sales		<u>(57,972)</u>
Gross profit		32,906
Selling & distribution costs		(20,349)
Administrative expenses		(9,164)
Operating profit/(loss)		
- Continuing operations		(661)
- Acquisitions		<u>4,054</u>
Total operating profit		<u>3,393</u>
Net interest	6	(6,783)
Net cost of early redemption of loans	6	(919)
Loss on ordinary activities before tax	2, 3	<u>(4,309)</u>
Tax on loss on ordinary activities	7	214
Loss for the period transferred to reserves	8,19	<u>(4,095)</u>

This is the first period of trading for Perdix Investments Limited. Accordingly there are no comparatives for either the profit and loss account or the balance sheet.

Perdix Investments Limited



Consolidated Balance Sheet

As at April 2000	Notes	2000 £000
Fixed assets		
Intangible assets	9	60,448
Tangible assets	10	22,722
		<u>83,170</u>
Current assets		
Stocks	12	22,729
Debtors	13	38,023
Cash at bank and in hand		12,032
		<u>72,784</u>
Creditors: amounts falling due within one year		
Borrowings	16	(19,850)
Other creditors	14	(36,875)
		<u>(56,725)</u>
Net current assets		<u>16,059</u>
Total assets less current liabilities		<u>99,229</u>
Creditors: amounts falling due after more than one year		
Borrowings	16	(99,839)
Other creditors		-
		<u>(99,839)</u>
Provision for liabilities and charges	17	(956)
Net liabilities		<u>(1,566)</u>
Capital and reserves		
Called up share capital	18	2,435
Other reserves	19	194
Profit and loss account	19	(4,195)
Equity shareholders' funds		<u>(1,566)</u>

The financial statements on pages 7 to 31 were approved by the Board of Directors on 12 February 2001 and were signed on its behalf by:

R S Johnson

G D Winters


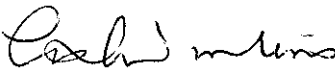



Perdix Investments Limited

Parent Company Balance Sheet

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

The financial statements on pages 7 to 31 were approved by the Board of Directors on 12 February 2001 and were signed on its behalf by:

R S Johnson	}	
G D Winters		

Consolidated Cash Flow Statement

Period ended 30 April 2000	Notes	2000 £000
Net cash flow from operating activities	21	<u>10,375</u>
Returns on investments and servicing of finance:		
Interest received		256
Interest paid		(3,565)
Interest element of finance lease rentals		(4)
Costs arising on early repayment of debt		(919)
		<u>(4,232)</u>
Taxation		
UK Corporation tax paid		(2,212)
Overseas tax paid		(307)
		<u>(2,519)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(1,045)
Sale of tangible fixed assets		431
Sale of fixed asset investments		45
		<u>(569)</u>
Acquisitions and disposals		
Purchase of businesses	20	(84,971)
Net cash acquired with businesses	20	2
		<u>(84,969)</u>
Equity dividends paid		<u>-</u>
Cash outflow before management of liquid resources and financing		<u>(81,914)</u>
Management of liquid resources		-
Financing		
Issue of ordinary shares		2,115
New loans		105,616
Repayment of loans		(16,890)
Principal payments under capital leases		(20)
Expenses paid in connection with share issue		(100)
Costs of raising debt finance		(4,583)
		<u>86,138</u>
Increase in cash in the period	22	<u>4,224</u>

Other Group Statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2000
£000

Loss for the financial period	(4,095)
Foreign currency translation gain	194
Total recognised losses	<u>(3,901)</u>

RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

2000
£000

Loss for the financial period	(4,095)
Dividends	<u>-</u>
	(4,095)
Foreign currency translation gain	194
New share capital subscribed	2,115
Shares issued in connection with acquisitions	320
Expenses in connection with share issue	<u>(100)</u>
	(1,566)
Opening shareholders' funds	-
Closing shareholders' funds	<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.

Investment properties

Freehold investment properties are re-valued annually as required by Statement of Standard Accounting Practice ("SSAP")19. The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve. In accordance with SSAP 19 no depreciation is provided in respect of these properties. The directors consider that this departure from the provisions of the Companies Act 1985 is necessary in order to give a true and fair view as the assets are not held for consumption but for investment. The effect of this departure from the Act is immaterial.

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.

Notes to the Accounts

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.

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.

Notes to the Accounts

	Turnover	Loss before tax
	£000	£000
Divisional analysis		
Continuing operations		
Industrial Services		
Acquisitions	90,878	5,856
Central Operations	-	(661)
Acquisitions	-	(1,802)
	-	(2,463)
Interest and financing	-	(7,702)
Total continuing operations	-	(4,309)

Geographical Analysis (Market Supplied)

United Kingdom	84,164
Europe	2,596
Americas	2,319
Asia and Australasia	912
Africa	887
	<hr/>
	90,878

Loss on ordinary activities before tax is stated after charging / (crediting)	£000
Depreciation:	
Tangible fixed assets	
- owned	1,517
- subject to finance leases or hire purchase	65
Amortisation of goodwill	1,827
Profit on disposal of tangible fixed assets*	(249)
Rentals under operating leases	
Plant and machinery	1,470
Other	1,263
Auditors' remuneration	
Audit work	75
Other services provided by group auditors	12
Surplus on foreign exchange	(30)

15

Notes to the Accounts

4 Directors and employees

	Number
The average number of persons employed by the Group during the period was:	
Industrial Services	1,941
Specialist Engineering Services	244
	<u>2,185</u>
	£000
Their aggregate payroll costs were:	
Wages and salaries	21,570
Social security costs	3,126
Other pension costs	684
	<u>25,380</u>
Directors remuneration	
Emoluments	424
Fees paid to third parties in respect of directors' services	14
Pensions and pension related payments	35
	<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.	
Highest paid director	
Total emoluments	<u>108</u>
Defined benefit pension scheme:	
Accrued pension at 1 October 1999	8
Accrued pension at 30 April 2000	<u>9</u>

5 Pensions

The Group has operated a number of pension schemes during the period. 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:

	£000
UK defined benefit scheme	433
US defined contribution scheme	39
UK defined contribution schemes	212
	<u>684</u>

Perdix Investments Limited

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 1997. 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 9.5% per annum, that salary increases would average 7.5% per annum that pensions increases would average 4% per annum and that equity dividend increases would average 5.75% per annum (on net dividends).

At the valuation date, the market value of the scheme's assets was approximately £23,461,000 and the actuarial value of these assets represented 108% of the benefits that had accrued to the members on the valuation assumptions adopted.

A prepayment of £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

	£000
Interest payable:	
on bank loans and overdrafts	3,037
on other loans	3,678
on hire purchase agreements and finance leases	4
Amortisation of debt issue costs	374
	<hr/> 7,093
Interest receivable	(310)
	<hr/> 6,783

On 2 November 1999 the Group repaid the \$25 million (US) Senior Guaranteed Loan Notes issued by Wyko Group Plc in November 1997. The loan notes were originally due for repayment in five annual instalments commencing 14 November 2000. The net cost of repaying the loan notes earlier, including the cost of assigning the associated interest and exchange rate swaps, was £919,000.

7 Tax on loss on ordinary activities

	£000
UK Corporation tax at 30%	(678)
UK deferred taxation	284
Overseas taxation	
- deferred	55
- other	125
	<hr/> (214)

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 £305,000.

Notes to the Accounts

9 Intangible fixed assets

Goodwill	Group £000
Cost:	
At 25 May 1999	-
Arising on the acquisition of subsidiaries in the period (note 20)	62,047
Unamortised goodwill in Wyko Group Plc at acquisition	228
At 30 April 2000	62,275
Amortisation:	
At 25 May 1999	-
Charge for the period	1,827
At 30 April 2000	1,827
Net book value	
At 30 April 2000	60,448

Goodwill has arisen in the period 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 investment property	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	£000
Group							
Cost							
At 25 May 1999	-	-	-	-	-	-	-
Additions	-	-	11	-	-	1,034	1,045
Acquisitions (note 20)	239	109	9,318	3,065	74	22,414	35,219
Disposals	-	(109)	(14)	(189)	-	(248)	(560)
Currency adjustments	-	-	46	-	-	173	219
At 30 April 2000	239	-	9,361	2,876	74	23,373	35,923
Depreciation:							
At 25 May 1999	-	-	-	-	-	-	-
Acquisitions (note 20)	75	-	615	307	54	10,719	11,770
Charge for the year	-	-	104	21	12	1,445	1,582
Disposals	-	-	-	(73)	-	(167)	(240)
Currency adjustments	-	-	10	-	-	79	89
At 30 April 2000	75	-	729	255	66	12,076	13,201
Net book value:							
At 30 April 2000	164	-	8,632	2,621	8	11,297	22,722
At 25 May 1999	-	-	-	-	-	-	-

The total net book value of fixed assets includes an amount of £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 period.

Future capital expenditure

Capital commitments at 30 April 2000 for which no provision has been made in the accounts are as follows:

Contracted for	2000 £000
	-

Perdix Investments Limited

Notes to the Accounts

11 Investments

	Investment in subsidiaries	Other investments	Total
	£000	£000	£000
Group			
Cost:			
Acquired on acquisition of Wyko Group Plc	-	5	5
Disposal	-	(5)	(5)
At 30 April 2000	-	-	-
Company			
Investment in Wyko Group Limited	94,373	-	94,373
At 30 April 2000	94,373	-	94,373

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

Subsidiaries marked * are held via intermediate holding companies

12 Stocks

	Group 2000 £000
Raw materials and consumables	1,473
Work in progress	2,417
Finished goods and goods held for resale	18,865
Payments received on account	(26)
	22,729

The company did not hold stock at any time during the period

Notes to the Accounts

13 Debtors

	Group 2000 £000	Company 2000 £000
Trade debtors	35,102	-
Amounts owed by subsidiary undertakings	-	19,028
Corporation tax recoverable	64	1,681
Other debtors	225	13
Prepayments and accrued income	2,632	-
	<u>38,023</u>	<u>20,722</u>

14 Creditors: amounts due within one year

	Group 2000 £000	Company 2000 £000
Borrowings (see note 16)	<u>19,850</u>	<u>12,122</u>
Other creditors		
Trade creditors	22,840	-
Corporation tax	212	-
Other taxation and social security	3,795	62
Other creditors	4,357	3,460
Accruals and deferred income	5,671	30
	<u>36,875</u>	<u>3,552</u>

15 Creditors: amounts falling due after more than one year

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

Notes to the Accounts

16 Borrowings

	Group		Company	
	Within one year £000	After one year £000	Within one year £000	After one year £000
Overdrafts	7,792	-	987	-
Senior debt (bearing interest at LIBOR + 2%)	3,000	35,619	3,000	35,619
Mezzanine debt (bearing interest at LIBOR + 7%)	-	14,219	-	14,219
Loan stock (bearing interest at 10%)	-	53,307	-	53,307
Loan notes (bearing interest at LIBOR)	8,893	-	8,893	-
	19,685	103,145	12,880	103,145
European Coal and Steel Community loan	72	145	-	-
Hire purchase and finance leases	26	-	-	-
7% Loan notes	825	-	-	-
Gross borrowings	20,608	103,290	12,880	103,145
Deferred costs of raising debt finance	(758)	(3,451)	(758)	(3,451)
Net borrowings	19,850	99,839	12,122	99,694

£29,419,000 of the senior debt is repayable in quarterly instalments ending on 31 July 2006. The remaining £9,200,000 is repayable in full on 31 October 2007.

The mezzanine loan is repayable in full on 31 October 2008. The loan carries interest at 7% 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 is to be capitalised. This proportion falls to 50% for the 12 months to 31 October 2001 and 25% for the 12 months to 31 October 2002. From 1 November 2003 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.

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 cap agreement covering £46,275,000 of its borrowings. The agreement, which expires on 31 December 2002, caps interest at 7%. The premium paid to purchase the cap is being written off over the period of the cap. The unamortised portion of the premium is included in deferred costs of raising debt finance above.

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 three equal annual instalments on 15 July 2000, 2001 and 2002.

Perdix Investments Limited

Notes to the Accounts

16 Borrowings *continued*

£132,000 of the 7% loan notes are repayable at the request of holders, in full or in part, annually on 31 August and no later than 31 August 2001. The remaining 7% loan notes are repayable on demand with £528,000 having a latest repayment date of 1 June 2002 and £165,000 a latest repayment date of 1 December 2002.

Analysis by year of repayment

	Bank loans and overdrafts	Group Other borrowings	Total	Bank loans and overdrafts	Company Other borrowings	Total
	£000	£000	£000	£000	£000	£000
Due within one year	10,792	9,816	20,608	3,987	8,893	12,880
Amounts payable by instalments						
between 1 and 2 years	4,750	72	4,822	4,750	-	4,750
between 2 and 5 years	17,507	73	17,580	17,507	-	17,507
after 5 years	27,581	53,307	80,888	27,581	53,307	80,888
Due after more than 1 year	49,838	53,452	103,290	49,838	53,307	103,145
Gross borrowings	60,630	63,268	123,898	53,825	62,200	116,025

Hire purchase and finance lease obligations included above are as follows

Amounts payable:

 Within one year

 Between 1 and 2 years

Group
2000
£000

27

2

29

Less: finance charges allocated to future periods

(3)

26

Hire purchase and finance lease obligations are analysed as follows:

 Current obligations

26

26

Notes to the Accounts

17 Provision for liabilities and charges

Deferred Taxation	Group £000	Company £000
At 25 May 1999	-	-
Transfer from profit and loss account	339	-
Liability added on acquisition of subsidiaries	625	-
Foreign exchange adjustment	(8)	-
At 30 April 2000	956	-

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

	Group £000	Company £000
Capital allowances in advance of depreciation	1,082	-
Other timing differences	(234)	-
Overseas timing differences	108	-
	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, called up and fully paid	
	Number	£000	Number	£000
Ordinary shares of £1 each	462,650	463	462,650	463
A ordinary shares of £1 each	2,155,630	2,156	1,972,350	1,972
	2,618,280	2,619	2,435,000	2,435

The authorised share capital of the company was increased from 1,000 £1 ordinary shares to that shown above on 20 August 1999.

All equity shares were issued at par on 30 September 1999, with the exception of 2 £1 ordinary shares that were issued on incorporation. 320,397 of the ordinary shares were issued as a result of a share exchange agreement with Wyko Group Plc shareholders. All other shares were issued for cash consideration.

Notes to the Accounts

18 Share Capital *continued*

The rights relating to each class of share in issue at 30 April 2000 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		
Loss for the period transferred to reserves	-	(4,095)
Expenses on issue of shares	-	(100)
Foreign exchange adjustments	194	-
At 30 April 2000	194	(4,195)
Company		
Loss for the period transferred to reserves	-	(305)
Expenses on issue of shares	-	(100)
At 30 April 2000	-	(405)

Perdix Investments Limited

Notes to the Accounts

20 Acquisitions

On 1 October 1999 Perdix Investments Limited acquired the entire issued share capital of Wyko Group Plc, an industrial services group, at a price of 129p per share giving a total consideration, excluding costs, of £93.64 million. The consideration comprised 1,130,414 £1 ordinary shares issued at par, £8,891,210 LIBOR loan notes and the balance in cash.

On 1 December 1999 Wyko Industrial Services Limited acquired the business of Perplas, a manufacturer of polyurethane components, for a maximum cash consideration, before costs, of £400,000.

On 3 December 1999 Wyko Industrial Services Limited acquired the business and certain assets of Dichta Seals, a distributor of seals and sealing products, for a maximum cash consideration of £190,000.

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

Net assets acquired

	Wyko Group £000	Perplas / Dichta £000	Total Fair Value £000
Fixed assets			
Intangible fixed assets	228	-	228
Tangible fixed assets	23,449	-	23,449
Investments	5	-	5
Current assets			
Stocks	22,275	150	22,425
Debtors	42,701	-	42,701
Cash at bank and in hand	6,166	-	6,166
Total assets	94,824	150	94,974
Liabilities			
Borrowings	(23,642)	-	(23,642)
Creditors	(38,385)	-	(38,385)
Net assets	32,797	150	32,947
Goodwill			62,047
Purchase consideration			94,994
Satisfied by:			
Shares allotted			320
LIBOR Loan Notes			8,893
Loan stock			810
Cash			84,205
Acquisition expenses			766
			94,994

No fair value adjustments have been made to the assets acquired.

Notes to the Accounts

20 Acquisitions - *continued*

Pre acquisition results

The summarised profit and loss account for Wyko Group Plc for the year ended 30 April 1999 and from 1 May 1999 to 30 September 1999 (per the management accounts) is shown below:

	Year ended 30.04.99.	5 months ended 30.09.99.
	£000	£000
Turnover	163,423	66,290
Operating profit	12,846	3,858
Profit on ordinary activities before taxation	10,912	3,139
Taxation	(2,587)	(70)
Profit for the financial period	8,325	3,069

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 standard provides that where it is not practicable to determine the post-acquisition results of an acquired business then this should be stated and the reason for it should be explained.

The businesses of Perplas and Dichta Seals acquired during the year, were immediately absorbed into existing operations and thus it is not possible to separately identify their impact on the results or cash flow of the Group.

The post acquisition results of the Wyko Group are as follows:

	£000
Turnover	90,878
Operating profit	5,336
Profit on ordinary activities before taxation	3,474

Notes to the Accounts

20 Acquisitions - *continued*

Impact on cash flows

The impact of the post acquisition cash flows of Wyko Group on the Group cash flow is summarised below:

	£000
Net cash inflow from operating activities	10,292
Returns on investment and servicing of finance	(1,699)
Taxation	(2,509)
Capital expenditure and financial investment	(431)
Acquisitions	(617)
Financing	(16,410)
Net cash outflow	(11,374)

Analysis of the net outflow of cash in respect of acquisitions

	Wyko Group	Perplas / Dichta	Total
	£000	£000	£000
Cash consideration including acquisition expenses	84,350	621	84,971
Net cash acquired	(2)	-	(2)
Net outflow of cash and cash equivalents	84,348	621	84,969

21 Net cash flow from operating activities

	2000
	£000
Continuing activities	
Operating profit	3,393
Depreciation / amortisation	3,409
Profit on disposal of fixed asset investments	(40)
Profit on disposal of tangible fixed assets	(111)
Increase in stocks	(304)
Increase in trade debtors	(90)
Decrease in prepayments/other debtors	3,290
Increase in trade creditors	1,557
Increase in other taxation and social security	1,888
Decrease in accruals/other creditors	(2,665)
Exchange rate adjustments	48
	10,375

Notes to the Accounts

22 Reconciliation of net cash flow to movement in net borrowings

	2000 £000
Increase in cash in the period	4,224
Cash inflow from new loans	(105,616)
Cash outflow from the repayment of loans and finance leases	16,910
Cost of issuing debt	4,583
Change in net debt resulting from cash flows	(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	(219)
Amortisation of debt issue costs	(374)
Exchange rate adjustments	16
Movement in net borrowings during the year	(107,657)
Net borrowings at 25 May	-
Net borrowings at 30 April	(107,657)
Cash at bank and in hand	12,032
Borrowings due within one year (see Note 16)	(19,850)
Borrowings due after one year (see Note 16)	(99,839)
	(107,657)

Notes to the Accounts

23 Analysis of net borrowings

	At 25 May 1999 £000	Cash Flow £000	Acquisitions £000	Other non cash changes £000	Exchange Movements £000	At 30 April 2000 £000
Cash at bank and in hand	-	12,016	-	-	16	12,032
Overdrafts	-	(7,792)	-	-	-	(7,792)
	-	4,224	-	-	16	4,240
Debt due within 1 year	-	(2,749)	(1,148)	(8,893)	-	(12,790)
Debt due after 1 year	-	(85,977)	(16,284)	(1,029)	-	(103,290)
Finance leases	-	20	(46)	-	-	(26)
Cost of debt finance	-	4,583	-	(374)	-	4,209
	-	(84,123)	(17,478)	(10,296)	-	(111,897)
Net borrowings	-	(79,899)	(17,478)	(10,296)	16	(107,657)

24 Lease commitments

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

Group	2000	
	Land & Buildings £000	Other £000
Operating leases which expire:		
Within 1 year	106	594
Between 1 and 2 years	219	901
Between 2 and 5 years	275	853
After 5 years	1,151	2
	1,751	2,350

Company

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

Perdix Investments Limited

Notes to the Accounts

25 Contingent liabilities

At 30 April 2000 there were contingent liabilities to the Group's bankers as follows:

	Group 2000 £000	Company 2000 £000
Performance bonds and guarantees	209	-
Forward exchange contracts	366	-
Letters of credit	-	-
	575	-

The company guarantees the borrowings of its principal subsidiaries to its bankers. The contingent liability at 30 April 2000 was £ 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

On 6 December 2000 Wyko Investments Limited, a wholly owned subsidiary of Perdix Investments Limited, made cash offers for the entire issued ordinary share capital and 5% preference share capital of Lilleshall Plc.

The offers were declared unconditional in all respects on 10 January 2001, on which date control of Lilleshall Plc passed to Wyko Investments Limited.