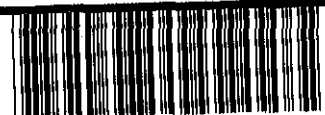


Registered No. 4330119 (England)

Unipart Logistics Limited

Report and Accounts

For the year ended 31 December 2004



| | | |
|-----------------|-------------|----------|
| A18 | *#LIXEY8RE* | 0486 |
| COMPANIES HOUSE | | 17/09/05 |
| A31 | *#LIXEY8RE* | 0434 |
| COMPANIES HOUSE | | 06/09/05 |

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Company information

2

| | |
|--------------------|--|
| Directors: | P M Dessain K Jones A J Mourgue |
| Secretary: | M D Rimmer |
| Registered office: | Unipart House Cowley Oxford OX4 2PG |
| Registered number: | 4330119 |
| Auditors: | PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT |

Directors' report

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For the year ended 31 December 2004

The directors present their report together with the financial statements for the year ended 31 December 2004 (the comparative figures cover the six month period to 31 December 2003).

Principal activity and review of business

The principal activity of Unipart Logistics Limited (the "Company") is the provision of logistics and supply chain management services. The directors are satisfied with the financial performance and position of the Company and look forward to increased profitability in the coming financial year.

Results for the year

The results for the year are set out in the profit and loss account on page 6. The directors do not propose the payment of a dividend (2003 - £nil).

Directors and directors' interests

The current directors are shown on page 2 and have served throughout the year. None of the directors serving at the year-end had any interest, at any time during the year, in the share capital of the Company or any of the Company's subsidiaries. There was no contract subsisting during or at the end of the financial year in which any director of the Company had a material interest.

A J Mourgue and K Jones are directors of the ultimate holding company, UGC Limited, and their interests in the shares of that company are disclosed in the annual report of UGC Limited.

The interests of the other director in the share capital of UGC Limited are shown below.

| | 'A' Ordinary Shares of 0.5p each | | 'E' Ordinary Shares of 0.5p each | |
|--------------------------------|----------------------------------|--------|----------------------------------|---------|
| | 2004 | 2003 | 2004 | 2003 |
| | Number | Number | Number | Number |
| Beneficial Holdings | | | | |
| P M Dessain | 76,596 | 51,596 | 180,000 | 180,000 |
| Non Beneficial Holdings | | | | |
| P M Dessain | 28,025 | 17,200 | - | - |

| | | |
|------------------------------|---------|---------|
| Ordinary shares under option | 2004 | 2003 |
| | Number | Number |
| P M Dessain | 200,000 | 200,000 |

As employees of the Unipart Group of Companies, each of the above directors is deemed by Section 324 of the Companies Act 1985 to be interested in the shares held by the Group Share Trust for the benefit of Group employees. The interest of the Group Share Trust in the shares of UGC Limited was as follows:-

| | 2004 | 2003 |
|----------------------------------|------------|------------|
| | Number | Number |
| 'A' Ordinary shares of 0.5p each | 15,190,202 | 14,300,460 |

Employees

The Company continues to involve employees in the decision-making process and communicates with all staff on various areas, including the economic and financial factors affecting the Company, via regular briefings, on-site training, employee forums and through our in-house video, Grapevine. Staff involvement in the Company's performance is encouraged through employee bonus and share schemes. The Company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled every effort is made to provide continuity of employment in the same job or a suitable alternative.

Going concern

The board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 6 to 14.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint will be proposed at the annual general meeting.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the Company's adoption of FRS 17, 'Retirement benefits', as detailed on page 9. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed. The directors confirm that the going concern basis has been applied in preparing the financial

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



M D Rimmer
Company Secretary

Oxford, 23 March 2005

Independent auditors' report to the members of Unipart Logisitics Limited

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We have audited the financial statements which comprise the profit and loss account, statement of total recognised gains and losses and balance sheet together with the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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 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. The other information comprises only the Directors' Report.

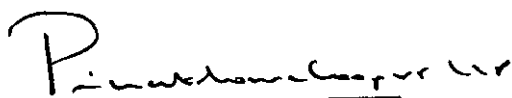
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of 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 the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Birmingham, 23 March 2005

Unipart Logisitics Limited

| Profit and loss account | | Note | Year ended | Restated |
|---|---|------|---------------|----------------|
| | | | 31 Dec 2004 | 6 months ended |
| | | | £000 | 31 Dec 2003 |
| | | | | £000 |
| Turnover | | | <u>91,360</u> | <u>10,254</u> |
| Operating profit | 2 | | 946 | 137 |
| Profit on ordinary activities before taxation | | | <u>946</u> | <u>137</u> |
| Taxation on profit on ordinary activities | 5 | | (284) | (41) |
| Profit for the financial year/period | | | <u>662</u> | <u>96</u> |

The profit for the year relates to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year/period shown above and their historical cost equivalents.

The notes on pages 9 to 14 form part of these financial statements.

Statement of total recognised gains and losses

| | Note | Year ended 31 Dec 2004 £000 | Restated 6 months ended 31 Dec 2003 £000 |
|---|------|-----------------------------------|---|
| Profit for the financial year/period | | 662 | 96 |
| Actuarial gain/(loss) recognised on the pension schemes | 12 | 1,000 | (100) |
| Deferred tax relating to actuarial gain/(loss) on the pension schemes | | (300) | 30 |
| Total gains and losses recognised relating to the year/period | | 1,362 | 26 |
| Prior period adjustment | 12 | (70) | |
| Total gains and losses recognised since last report | | 1,292 | |

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet

As at 31 December 2004

Restated

2003

£000

| | Note | 2004 £000 | 2003 £000 |
|---|-----------|--------------|--------------|
| <i>Current assets</i> | | | |
| Debtors - amounts falling due within one year | 6 | 2,771 | 937 |
| Creditors - amounts falling due within one year | 7 | (1,225) | (841) |
| <i>Net current assets</i> | | 1,546 | 96 |
| Creditors - amounts falling due after more than one year | 8 | (788) | - |
| Net assets excluding net pension asset/(liability) | | 758 | 96 |
| Net pension asset/(liability) | 12 | 630 | (70) |
| Net assets including net pension asset/(liability) | | 1,388 | 26 |
| <i>Capital and reserves</i> | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | 1,388 | 26 |
| Total shareholders' funds | 11 | 1,388 | 26 |

The financial statements on pages 6 to 14 were approved by the board of directors on 23 March 2005 and were signed on its behalf by



A J Mourgue - Director

The notes on pages 9 to 14 form part of these financial statements.

Notes to the financial statements

9

For the year ended 31 December 2004

1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The policies are consistent with the previous period, with the exception of the adoption of FRS 17, 'Retirement Benefits' for which details are shown in note 12. A summary of the principal accounting policies is given in the following paragraphs.

Accounting convention

The financial statements are prepared under the historical cost convention.

Comparative figures

The comparative figures represent the results for the six months ended 31 December 2003, being the previous accounting period.

Cash flow statement

The Company is a wholly owned subsidiary of a group whose ultimate parent company is UGC Limited. The financial statements of UGC Limited, which are publicly available, include a consolidated cash flow statement. Accordingly, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1, 'Cash flow statements'.

Deferred taxation

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes, in accordance with FRS 19. A deferred tax liability is recognised if transactions or events result in the Company having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the balance sheet date give the Company the right to pay less tax in future, and it is considered to be more likely than not that the asset will be recovered. Deferred tax balances are not discounted.

Pension costs

The Company accounts for pension and the post retirement benefit schemes in accordance with FRS17 'Retirement Benefits'.

For defined benefit schemes where the amounts of the underlying liabilities and assets can be identified the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Where defined benefit schemes are funded, the assets of the scheme are held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented separately after other net assets on the face of the balance sheet.

Foreign currencies

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are taken through the profit and loss account.

1 Accounting policies (continued)

Significant estimation techniques

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period. Actual results could differ from those estimates. Estimates are principally used when accounting for pension costs, the useful economic lives of fixed and intangible assets and in certain instances in revenue recognition.

Related party transactions

The Company is controlled by UGC Limited. The Company has taken advantage of the exemption afforded by FRS 8, 'Related Party Disclosures', paragraph 3, and as such, the financial statements do not disclose transactions with other Group companies.

Turnover

Turnover is based on the invoiced value of goods and services supplied during the year net of VAT and other sales taxes, amounts received and receivable on management fee contracts. In the opinion of the directors, the Company operates in a single business segment, principally the United Kingdom and thus where the turnover originates.

2 Operating profit (from continuing operations)

| | Year ended 31 Dec 2004 | Restated 6 months ended 31 Dec 2003 |
|------------------|---------------------------|---|
| | £000 | £000 |
| Turnover | 91,360 | 10,254 |
| Cost of sales | (90,414) | (10,117) |
| Gross profit | 946 | 137 |
| Operating profit | 946 | 137 |

Auditors' remuneration is borne by other Group Companies.

3 Staff numbers and costs

| | Year ended 31 Dec 2004 | Restated 6 months ended 31 Dec 2003 |
|--|---------------------------|---|
| | Number | Number |
| <i>The average number of employees (including directors) during the year was :</i> | | |
| Indirect production and warehouse | 750 | 233 |
| Sales, marketing and administration | 37 | 20 |
| | 787 | 253 |
| <i>The aggregate payroll cost was:</i> | £000 | £000 |
| Wages and salaries | 13,565 | 1,811 |
| Social security costs | 980 | 128 |
| Pension costs | 1,400 | 200 |
| | 15,945 | 2,139 |

4 Directors' emoluments

The Directors received their remuneration in respect of services to the Unipart Group of Companies as a whole and received no remuneration in respect of their services to the Company.

Notes to the financial statements (continued)

11

For the year ended 31 December 2004

5 Taxation on profit on ordinary activities

| | Year ended 31 Dec 2004 | 6 months ended 31 Dec 2003 |
|--|---------------------------|-------------------------------|
| | £000 | £000 |

Current Tax:

UK Corporation Tax at 30% (2003 - 30%) for the financial year/period

| | |
|-----|----|
| 284 | 41 |
|-----|----|

Tax credit/(charge) on profit on ordinary activities

| | |
|-----|----|
| 284 | 41 |
|-----|----|

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2003 - 30%). The actual tax charge for the year ended 31 December 2004 was also 30% (2003 - 30%).

6 Debtors - amounts falling due within one year

| | 2004 | 2003 |
|--|------|------|
| | £000 | £000 |

Trade debtors and bills receivable

| | |
|-------|-----|
| 2,771 | 937 |
|-------|-----|

7 Creditors - amounts falling due within one year

| | 2004 | 2003 |
|--|------|------|
| | £000 | £000 |

Trade creditors

| | |
|-----|---|
| 390 | - |
|-----|---|

Amounts owing to fellow subsidiaries

| | |
|-----|-----|
| 510 | 800 |
|-----|-----|

Taxation

| | |
|-----|----|
| 284 | 41 |
|-----|----|

Amounts to group undertakings for group relief

| | |
|----|---|
| 41 | - |
|----|---|

| | |
|-------|-----|
| 1,225 | 841 |
|-------|-----|

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

8 Creditors - amounts falling due after more than one year

| | 2004 | 2003 |
|--|------|------|
| | £000 | £000 |

Bank loans

| | |
|-----|---|
| 788 | - |
|-----|---|

The bank loan of £788,000 represents the amount drawn down under a working capital facility and is secured by fixed and floating charges over certain of the Company's assets, principally tangible fixed assets, stocks and debtors. The maximum amount that might be available to the Company and certain other group undertakings under the working capital facility is £120.0 million, committed until 31 December 2008. Interest is chargeable under the facilities at rates between LIBOR plus 1.0% and 2.6%.

9 Called up share capital

| | 2004 | 2003 | 2004 | 2003 |
|--|--------|--------|------|------|
| | Number | Number | £ | £ |

Ordinary shares of £1 each

Issued and fully paid

| | | | |
|---|---|---|---|
| 1 | 1 | 1 | 1 |
|---|---|---|---|

Authorised

| | | | |
|--------|--------|--------|--------|
| 10,000 | 10,000 | 10,000 | 10,000 |
|--------|--------|--------|--------|

Notes to the financial statements (continued)

12

For the year ended 31 December 2004

10 Profit and loss account and other reservesRestated
Total
£000

| | |
|--|--------------|
| At 1 January 2004 (as originally reported) | 96 |
| Prior period adjustment - FRS 17 (note 12) | (70) |
| At 1 January 2004 (as restated) | 26 |
| Profit for the financial year | 662 |
| Actuarial gain recognised on the pension schemes | 1,000 |
| Deferred tax relating to actuarial gain on the pension schemes | (300) |
| At 31 December 2004 | 1,388 |
| Pension asset | 630 |
| Profit and loss reserve excluding pension asset | 758 |

11 Reconciliation of movements in shareholders fundsRestated
2003
£000

| | 2004 £000 | 2003 £000 |
|---|--------------|--------------|
| Profit for the financial year/period | 662 | 96 |
| Actuarial gain/(loss) recognised on the pension schemes | 1,000 | (100) |
| Deferred tax relating to actuarial gain/(loss) on the pension schemes | (300) | 30 |
| Net additions to shareholders' funds | 1,362 | 26 |
| At 1 January/1 July (as originally reported) | 96 | - |
| Prior period adjustment - FRS 17 (note 12) | (70) | - |
| At 1 January / 1 July (as restated) | 26 | - |
| At 31 December | 1,388 | 26 |

12 Pension commitments

The adoption of FRS 17 has led to a restatement of the Group's prior period statement of total recognised gains and losses, reconciliation of movements in shareholders' funds and balance sheet. The effect of the adjustment is:

| | £'000 |
|---|-------------|
| Net reduction in shareholders funds at 1 July 2003 | - |
| 6 months ended 31 December - Profit and loss account adjustment | - |
| - Actuarial gain on net pension liabilities (net of deferred tax) | (70) |
| Net impact on shareholders funds as at 31 December 2003 | (70) |

There is no profit and loss impact arising from the change in accounting policy.

For the year ended 31 December 2004

12 Pension commitments (continued)

The Company operates a funded defined benefit scheme for which contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The assets of the pension scheme are held separately from those of the Company in trustee administered funds.

The scheme was put in place in August 2003 and the latest formal actuarial valuation of the Scheme was carried out as at 5 April 2004.

The principal assumptions used by the independent qualified actuaries in preparing the valuation of the Scheme as at 31 December 2004 for FRS17 purposes were:

| | 2004 | 2003 |
|---|------|------|
| Rate of general increase in salaries | 3.9% | 4.3% |
| Rate of increase in pensions in payment | 2.7% | 2.8% |
| Discount rate | 5.4% | 5.4% |
| Inflation assumption | 2.9% | 2.8% |

| The assets in the schemes and the expected rates of return were | 2004 | 2003 | | |
|---|---|--|---|--|
| | Expected long-term rate of return | Value of assets in scheme (£000) | Expected long-term rate of return | Value of assets in scheme (£000) |
| Corporate bonds | 5.3% | 8,000 | 5.3% | 2,600 |
| Other | 3.8% | 100 | 3.8% | 200 |
| Total market value of assets | | 8,100 | | 2,800 |
| Present value of funded pension plans' liabilities | | (7,200) | | (2,900) |
| Total surplus/(deficit) in funded plans | | 900 | | (100) |
| Related deferred tax (liability)/asset | | (270) | | 30 |
| Net pension asset/(liability) | | 630 | | (70) |

| | Year ended 31 Dec 2004 £000 | 6 months ended 31 Dec 2003 £000 |
|--|--------------------------------|------------------------------------|
| Analysis of amount charged to operating profit: | | |
| Current service cost | 1,400 | 200 |
| Total operating cost charged to operating profit | 1,400 | 200 |

Analysis of amount credited to other finance income:

| | | |
|---|-------|-------|
| Expected return on pension scheme assets | 300 | 100 |
| Interest on pension scheme liabilities | (300) | (100) |
| Net return credited to other finance income | - | - |

Analysis of amount recognised in the statement of total recognised gains and losses

| | | |
|--|-------|-------|
| Actual return less expected return on pension scheme assets | 200 | - |
| Experience gains and losses arising on the scheme liabilities | 400 | 100 |
| Changes in assumptions underlying the present value of the scheme liabilities | 400 | (200) |
| Actuarial gain/(loss) recognised in the statement of total recognised gains and losses | 1,000 | (100) |

For the year ended 31 December 2004

12 Pension commitments (continued)

| | Year ended 31 Dec 2004 £000 | 6 months ended 31 Dec 2003 £000 |
|---|-----------------------------------|---------------------------------------|
| History of experience gains and losses | | |
| Actual return less expected return on pension scheme assets | 200 | - |
| As a % of scheme assets | 2% | - |
| Experience gains and losses on scheme liabilities | 400 | 100 |
| As a % of the present value of the scheme liabilities | 5% | 3% |
| Total amount recognised in the statement of total recognised gains and losses | 1,000 | (100) |
| As a % of the present value of the scheme liabilities | 4% | 3% |
| Movement in deficit during the period | | |
| Deficit in scheme at beginning of year/period | (100) | - |
| Current service cost | 1,400 | (200) |
| Contributions | (1,400) | 200 |
| Other finance income | - | - |
| Actuarial gain/(loss) | 1,000 | (100) |
| Surplus/(deficit) in scheme at end of year/period | 900 | (100) |

13 Contingent liabilities

The Company has given security by way of fixed and floating charges over certain of the Company's assets, to guarantee bank loans provided to certain fellow subsidiary undertakings. The amount outstanding under such arrangements at 31 December 2004 was £26.7 million (2003 - £28.3 million).

14 Ultimate and immediate parent company

UGC Limited, a company registered in England and Wales, is the immediate and ultimate parent company and controlling company. Copies of UGC Limited's consolidated financial statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford OX4 2PG.