

Bridon Fibres Limited

Annual report and financial statements
for the year ended 31 March 2002

Registered number: 36765



Directors' report

For the year ended 31 March 2002

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2002.

Principal activities and review of the business

The company has not traded during the year ended 31 March 2002.

Directors and their interests

The directors during the year were as follows:

MJR Porter
N Bamford
S Rutherford

No directors had any interests in the shares of the company at 31 March 2002 or 1 April 2001.

The interests of the directors who held office at 31 March 2002 in the share capital of the ultimate parent company, were as follows:

Ordinary 10p shares

	Number	
	2002	2001
N Bamford	34,263	28,800
MJR Porter	417	7,283
SJ Rutherford	-	2,000

Executive share option scheme

	Number			
	1 April 2001	Granted	Exercised	Lapsed
N Bamford	150,000	36,140	-	-
MJR Porter	-	31,050	-	-
SJ Rutherford	175,000	25,000	-	-

All the options granted in the year were at an option price of 186.75 pence per share.

Options in existence at 31 March 2002 are exercisable between 2002 and 2011 at prices of 144.5 pence, 162 pence, 169 pence, 179.5 pence, 186.75 pence and 233 pence per share.

Directors' report (continued)

Directors and their interests (continued)

SAYE share option scheme

	Number				31 March 2002
	1 April 2001	Granted	Exercised	Lapsed	
N Bamford	12,147	-	-	-	12,147
MJR Porter	5,152	-	-	-	5,152
SJ Rutherford	13,529	-	-	-	13,529

Options in existence at 31 March 2002 are exercisable between 2002 and 2004 at prices of 127.5 pence, 142 pence and 188 pence per share.

The market price of the shares of FKI plc at 31 March 2002 was 192.5 pence (2001: 191.25 pence) and the range during the year was 122 pence to 288.25 pence.

All interests shown above are beneficial.

Long term incentive plan (LTIP)

The ultimate parent company, FKI plc, operates a LTIP under which participants receive provisional awards of shares in FKI plc of up to 70% of basic salary per annum, which may vest only after the achievement of certain performance conditions. Participants may receive up to the maximum number of shares, three years after the award, provided performance criteria are met. Until then, the shares are held in a trust, which is administered by a trustee company.

The level of vesting of awards under the LTIP is determined by the performance of FKI plc's total shareholder return ("TSR") against a comparator group of other companies within the engineering sector. No awards vest for below median performance and 50% of an award will vest for median performance. Full vesting occurs only at upper quartile performance, and the level of vesting for above median performance is determined by a sliding scale based upon the quartile within which TSR performance falls.

Those participating in the LTIP are expected to retain part of their vested LTIP awards, so that they build up a minimum shareholding in FKI plc of one times basic salary over five years.

Directors' report (continued)

Long term incentive plan (LTIP) (continued)

The maximum number of ordinary shares the directors could receive under the LTIP is detailed below:

	Shares allocated at 1 April 2001	Shares allocated during year	Shares vested during year	Shares lapsed during year	Shares transferred during year	Value of award at date of grant £	Shares allocated at 31 March 2002	Earliest date for transfer	Value of shares vested*	Market Value**
N Bamford	30,405	-	-	-	30,405	45,000	-	n/a	-	n/a
	32,609	-	32,609	-	-	52,500	32,609	28/7/02	64,240	n/a
	28,721	-	-	-	-	55,000	28,721	12/8/03	-	55,288
	25,826	-	-	-	-	62,449	25,826	13/6/04	-	50,232
	-	25,300	-	-	-	47,248	25,300	4/12/04	-	49,209
M J R Porter	28,716	-	-	-	28,716	42,500	-	n/a	-	n/a
	29,037	-	29,037	-	-	46,750	29,037	28/7/02	57,203	n/a
	26,110	-	-	-	-	50,000	26,110	12/8/03	-	50,784
	22,345	-	-	-	-	54,075	22,345	13/6/04	-	43,461
	-	21,740	-	-	-	40,600	21,740	4/12/04	-	42,284

* The value of the shares that vested during the year is calculated at 197 pence, the market value on the date on which the shares were first transferable to the directors.

** Market value of LTIP shares as yet unvested at 192.5 pence, the closing mid-market price on 31 March 2002.

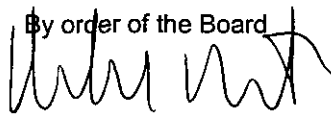
There are no other interests required to be disclosed under Section 234 of the Companies Act 1985.

Auditors

Arthur Andersen have indicated their intention not to seek reappointment at the forthcoming annual general meeting on July 24 2002. A resolution will be proposed at the annual general meeting for the appointment of Ernst & Young LLP as the company's auditors and a separate resolution will be proposed seeking shareholders' authority for Ernst & Young LLP's remuneration to be determined by the directors.

15-19 New Fetter Lane
London
EC4A 1LY

18 June 2002

By order of the Board

MJR Porter
Secretary

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 of the profit or loss of the company for that year. 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 financial statements; and
- prepare the financial statements 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 to 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.

To the Shareholders of Bridon Fibres Limited:

We have audited the financial statements of Bridon Fibres Limited for the year ended 31 March 2002 which comprise the Balance sheet and the related notes numbered 1 to 6. These financial statements have been prepared under the accounting policies set out in the Statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 at 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

18 June 2002

Balance sheet

31 March 2002

	Notes	2002 £000	2001 £000
Current assets			
Debtors	3	9,418	9,418
Creditors: Amounts falling due within one year	4	(640)	(640)
Net assets		<u>8,778</u>	<u>8,778</u>
Capital and reserves			
Called-up share capital	5	4,500	4,500
Profit and loss account		<u>4,278</u>	<u>4,278</u>
Equity shareholders' funds		<u>8,778</u>	<u>8,778</u>

The financial statements on pages 7 to 9 were approved by the board of directors on 18 June 2002 and signed on its behalf by:



N Bamford

Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policy

31 March 2002

The principal accounting policy, which has been applied consistently throughout the year and the preceding year, is set out below:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Notes to the financial statements

31 March 2002

1 Profit and loss account

The company has not traded in either year and consequently has made neither a profit nor a loss. No profit and loss account has therefore been prepared. The company has no other recognised gains or losses in either year.

2 Directors, employees and audit fee

The directors received no remuneration for their services to the company during the year (2001: £nil). There were no staff employed other than directors (2001: none). The audit fee in 2001 and 2002 was borne by the parent undertaking.

3 Debtors

	2002 £000	2001 £000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	8,778	8,778
Amounts owed by ultimate parent company	640	640
	<u>9,418</u>	<u>9,418</u>

4 Creditors: Amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to parent company	<u>640</u>	<u>640</u>

5 Share capital

	2002 £000	2001 £000
<i>Authorised</i>		
12,500 Ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>
<i>Allotted, called-up and fully paid</i>		
4,500 Ordinary shares of £1 each	<u>4,500</u>	<u>4,500</u>

6 Ultimate parent company

The directors regard FKI plc, a company incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent company.

FKI plc is the parent undertaking of the only group of which Bridon Fibres Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements of FKI plc are available to the public from the Company Secretary, FKI plc, 15-19 New Fetter Lane, London EC4A 1LY.