

Company Number: 485176

Registrar's copy

COLD DRAWN PRODUCTS LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2003



COLD DRAWN PRODUCTS LIMITED

COMPANY INFORMATION

Directors	M J R Lane I P Lane N M Lane P O Hopkins D C Smith S E Booth
Secretary	D C Smith
Company Number	485176
Registered Office	Old Popplewell Lane Scholes Cleckheaton West Yorkshire BD19 6DW
Auditors	PKF Pannell House 6 Queen Street Leeds LS1 2TW

COLD DRAWN PRODUCTS LIMITED

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COLD DRAWN PRODUCTS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2003

The directors submit their report and the financial statements for the year ended 31 December 2003.

Results and dividends

The loss for the year, after taxation, amounted to £ 365,792 (2002 - £71,176 profit).

The directors recommend the payment of a final dividend of nil (2002 - 2.4p per ordinary share).

Principal activity and review of the business

The company's principal activity is that of the manufacture of profile wire.

A major review of the business was carried out in the second half of 2003 resulting in a rationalisation of the business. This was implemented in December 2003.

The results for the 1st Quarter show that the trading losses have been stemmed and a positive result achieved. There is some concern on the price and availability of steel following the worldwide shortage created as a result of the huge demand generated in China.

Directors

The directors who served during the year and their interests in the ordinary share capital of the company's ultimate parent undertaking, Lane Brothers Engineering Industries, were: year

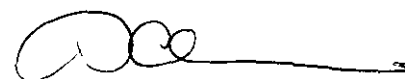
	Ordinary Shares of £1 each	
	2003	2002
M J R Lane	90,000	90,000
I P Lane	170,000	170,000
N M Lane	170,000	170,000
P O Hopkins	-	-
D C Smith	-	-
S E Booth	-	-

No director had any interest in the shares of the company.

Auditors

On 31 December 2003 BDO Stoy Hayward resigned as auditors and subsequently PKF were appointed. PKF have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board



Secretary

D C Smith

29 June 2004

COLD DRAWN PRODUCTS LIMITED
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 of the profit or loss of the company 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 financial statements;
- *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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COLD DRAWN PRODUCTS LIMITED**

We have audited the financial statements of Cold Drawn Products Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

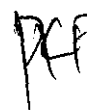
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COLD DRAWN PRODUCTS LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF

Leeds, UK

Registered Auditors

13 July 2004

COLD DRAWN PRODUCTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
TURNOVER	2	12,978,672	15,088,136
Cost of sales		<u>(11,314,547)</u>	<u>(12,859,473)</u>
GROSS PROFIT		1,664,125	2,228,663
Distribution costs		<u>(823,927)</u>	<u>(904,419)</u>
Administrative expenses		<u>(1,113,873)</u>	<u>(1,029,356)</u>
OPERATING (LOSS)/PROFIT	3	(273,675)	294,888
Interest payable and similar charges	6	<u>(207,115)</u>	<u>(195,712)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(480,790)	99,176
TAXATION	7	114,998	(28,000)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(365,792)	71,176
DIVIDENDS	8	-	(24,000)
		<u><u>(365,792)</u></u>	<u><u>47,176</u></u>

All amounts relate to continuing operations.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

COLD DRAWN PRODUCTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2003

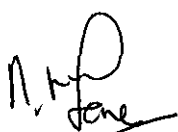
	2003 £	2002 £
(Loss)/profit for the financial year	(365,792)	71,176
Unrealised surplus on revaluation of properties	918,023	-
Total recognised gains and losses relating to the year	<u><u>552,231</u></u>	<u><u>71,176</u></u>

COLD DRAWN PRODUCTS LIMITED
BALANCE SHEET
31 DECEMBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible	9	7,168,315	6,798,054
CURRENT ASSETS			
Stocks	10	1,301,795	1,689,918
Debtors	11	1,835,137	2,102,392
Cash at bank and in hand		90,205	10,732
		<u>3,227,137</u>	<u>3,803,042</u>
CREDITORS: amounts falling due within one year	12	<u>(5,489,807)</u>	<u>(5,965,666)</u>
NET CURRENT LIABILITIES		<u>(2,262,670)</u>	<u>(2,162,624)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,905,645</u>	<u>4,635,430</u>
CREDITORS: amounts falling due after more than one year	13	(312,114)	(479,132)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(433,002)</u>	<u>(548,000)</u>
NET ASSETS		<u><u>4,160,529</u></u>	<u><u>3,608,298</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	1,000,000	1,000,000
Share premium account		324,967	324,967
Revaluation reserve	17	918,023	-
Profit and loss account	17	<u>1,917,539</u>	<u>2,283,331</u>
SHAREHOLDERS' FUNDS	18	<u><u>4,160,529</u></u>	<u><u>3,608,298</u></u>

The financial statements were approved by the board on 29 June 2004

Signed on behalf of the board of directors


N M Lane Director

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	2-10 %
Plant and machinery	10-33 %
Fork Lift Trucks	20 %
Motor vehicles	25 %

Freehold land is not depreciated.

The company adopted a revaluation policy this year on land and buildings. Previously land and buildings were valued on a historical cost basis. This change in accounting policy is considered by the directors to better reflect the value of these assets.

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of average cost, including production overheads, and net realisable value. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or the contracted rate if the transaction is covered by a forward exchange contract. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES (continued)

(g) Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

(h) Pensions

The company is a member of a group operated defined benefit pension scheme and also contributes to defined contribution benefit pension schemes.

The contributions payable to the defined contribution schemes are charged against profit in the accounting period in which they arise.

The costs of the defined benefit scheme are charged against profit in accordance with actuarial advice in order to spread the cost of pensions over the service lives of employees.

The group has taken advantage of the transitional arrangements allowed under FRS 17 - Retirement Benefits and has made additional disclosures in note 23.

2 TURNOVER

Turnover is attributable to one class of business.

The analysis of turnover by geographical market required by paragraph 55 of Schedule 4 of the Companies Act 1985 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

3 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	1,134,371	1,108,056
Audit fees	8,500	11,325
Loss on disposal of tangible fixed assets	(1,953)	(2,036)
Hire of plant and machinery - operating leases	3,227	3,227
Exceptional item:		
Redundancy costs	130,293	-
	<u>130,293</u>	<u>-</u>

Depreciation includes £3,390 (2002 - £5,581) charged on assets held under finance leases and hire purchase contracts.

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003 £	2002 £
Directors' emoluments	<u>146,117</u>	<u>169,593</u>

There were three directors in the company's defined benefit pension scheme during the year (2002 - four).

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2003 £	2002 £
Wages and salaries	3,705,533	3,953,628
Social security costs	361,327	356,883
Other pension costs	75,906	88,365
	<u>4,142,766</u>	<u>4,398,876</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Production	160	172
Selling and distribution	4	5
Administration	15	16
	<u>179</u>	<u>193</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank loans and overdrafts	172,948	160,014
Interest payable to group companies	33,469	35,000
Finance charges under finance lease and hire purchase contracts	698	698
	<u>207,115</u>	<u>195,712</u>

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

7 TAXATION

(a) Analysis of charge in year	2003 £	2002 £
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	<u>(114,998)</u>	<u>28,000</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is less than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	<u>(480,790)</u>	<u>99,176</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%)	<u>(144,237)</u>	<u>29,753</u>
Effects of:		
Expenses not deductible for tax purposes	3,926	1,523
Capital allowances in excess of depreciation	114,349	(12,773)
Utilisation of tax losses	-	(18,503)
Group relief	<u>25,962</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

8 DIVIDENDS

	2003 £	2002 £
Ordinary shares		
Final proposed of nil p (2002 - 2.4p) per share	<u>-</u>	<u>24,000</u>

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

9 TANGIBLE FIXED ASSETS

	Land & buildings £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2003	2,079,430	11,682,131	151,697	13,913,258
Additions	20,381	554,276	15,115	589,772
Disposals	-	(472,861)	(3,500)	(476,361)
Revaluations	918,023	-	-	918,023
At 31 December 2003	<u>3,017,834</u>	<u>11,763,546</u>	<u>163,312</u>	<u>14,944,692</u>
Depreciation				
At 1 January 2003	597,453	6,431,887	85,864	7,115,204
Charge for year	50,299	1,056,030	28,042	1,134,371
On disposals	-	(469,698)	(3,500)	(473,198)
At 31 December 2003	<u>647,752</u>	<u>7,018,219</u>	<u>110,406</u>	<u>7,776,377</u>
Net book amount				
At 31 December 2003	<u>2,370,082</u>	<u>4,745,327</u>	<u>52,906</u>	<u>7,168,315</u>
At 31 December 2002	<u>1,481,977</u>	<u>5,250,244</u>	<u>65,833</u>	<u>6,798,054</u>

Included in freehold land and buildings is land amounting to £1,000,103 (2002 - £82,080) which is not depreciated.

The net book value of tangible fixed assets includes an amount of £nil (2002 - £3,390) in respect of assets held under finance leases and hire purchase contracts.

The company's land & buildings were revalued on 24th April 2003 by Eddisons Chartered Surveyors for the purposes of reviewing the property's continued suitability for secured lending. The valuations were undertaken on the basis of Market Value at a combined sum of £2.4 million. The valuers have confirmed that there would be no significant difference between Market Value and Existing Use Value in this case and accordingly that the Existing Use Value of the buildings on 24 April 2003, in combination, is £2.4 million.

10 STOCKS

	2003 £	2002 £
Raw materials	347,898	522,428
Work in progress	536,210	696,229
Finished goods	417,687	471,261
	<u>1,301,795</u>	<u>1,689,918</u>

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

11 DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	1,627,476	1,930,036
Other debtors	207,661	172,356
	<u>1,835,137</u>	<u>2,102,392</u>

12 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Bank loans and overdrafts (note 14)	3,587,736	3,108,790
Trade creditors	1,259,578	2,206,561
Amounts owed to group undertakings	303,633	361,103
Other tax and social security	114,121	138,543
Proposed dividends	-	24,000
Net obligations under finance lease and hire purchase contracts	-	3,222
Other creditors	224,739	123,447
	<u>5,489,807</u>	<u>5,965,666</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company. The bank loans are also secured by a legal charge over the freehold land and buildings and a chattel mortgage over certain assets.

Some suppliers include in their conditions of sale a clause under which title to the good supplied is reserved until the goods are paid for. These goods are included in stock.

13 CREDITORS

	2003 £	2002 £
Amounts falling due after more than one year		
Bank loans (note 14)	312,114	479,132
	<u>312,114</u>	<u>479,132</u>

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

14 LOANS

Loans fall due for payment as follows:

	2003 £	2002 £
Bank loans		
Between one and two years	125,462	479,132
Between two and five years	186,652	-
	<u>312,114</u>	<u>479,132</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Pension provisions £	Other provisions £	Total £
At 1 January 2003	548,000	-	-	548,000
Charged to profit and loss	(114,998)	-	-	(114,998)
At 31 December 2003	<u>433,002</u>	<u>-</u>	<u>-</u>	<u>433,002</u>

16 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 January 2003 and 31 December 2003			
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

17 RESERVES

Revaluation reserve	£
At 1 January 2003	-
Revaluation during the year	918,023
At 31 December 2003	<u>918,023</u>
Profit and loss account	£
At 1 January 2003	2,283,331
Loss for the year	(365,792)
At 31 December 2003	<u>1,917,539</u>

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

18 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 January 2003	3,608,298	3,561,122
(Loss)/profit for the year	(365,792)	71,176
Revaluation in the year	918,023	-
Dividends	-	(24,000)
Shareholders' funds at 31 December 2003	<u>4,160,529</u>	<u>3,608,298</u>

19 CAPITAL COMMITMENTS

At 31 December 2003 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately **£3,726** (2002 - £93,439).

	2003 £	2002 £
Contracted but not provided for	<u>3,726</u>	<u>93,439</u>

20 OTHER COMMITMENTS

At 31 December 2003 the company had annual commitments under operating leases as follows:

	2003 £	Other 2002 £
Expiry date:		
Between one and five years	<u>-</u>	<u>3,227</u>

21 CONTINGENT LIABILITIES

The company's bank holds an unlimited guarantee in favour of its parent undertaking and an omnibus letter of set off with the company, its parent undertaking and fellow subsidiary undertakings. At 31 December 2003 the company's exposure was **£NIL** (2002 - £NIL).

The company has a total sterling equivalent of outstanding foreign exchange contracts at 31 December 2003 amounting to **£1,593,937** (2002 - £1,760,074).

22 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Lane Brothers Engineering Industries Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

COLD DRAWN PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

23 PENSION COSTS

The company contributes to defined contribution schemes and a defined benefit scheme.

Defined benefit scheme

The company contributes to a pension scheme operated by the group which provide benefits based on the final pensionable pay. The assets of the scheme are held separately from the group, being invested by an investment manager. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary. The company is unable to identify its share of the underlying assets and liabilities of the scheme, details of the last actuarial valuation and the FRS 17 requirements are disclosed in the financial statements of Lane Brothers Engineering Industries Limited.

The pension charge for the year was **£50,288** (2002 - £61,759).

Defined contribution schemes

The company also contributes to defined contribution pension schemes operated by the group. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge representing contributions payable to the funds amounted to **£25,618** (2002 - £26,606).

24 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Lane Brothers Engineering Industries Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Lane Brothers Engineering Industries Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.