

McKECHNIE OVERSEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31ST JULY 1993

COMPANY NUMBER: 977203



McKECHNIE OVERSEAS LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST JULY 1993

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31st July 1993.

REVIEW OF THE YEAR

The principal activity of the company during the year was that of an investment holding company. In the period to 31 July 1993 a dividend of £6,788,689 was remitted to the company from McKechnie Investments BV.

	<u>1993</u> £	<u>1992</u> £
The profit/(loss) on ordinary activities after taxation amounted to	6,788,782	(8,741)

FIXED ASSETS

The changes in the fixed assets of the company during the year are summarised in note 6 on page 7.

DIVIDENDS AND APPROPRIATIONS

The Directors do not recommend the payment of a final dividend (1992 £Nil). An interim dividend of £6,500,000 has been paid. An amount of £288,782 has been transferred to reserves (1992 transferred from £8,741).

DIRECTORS

The names of the persons who were directors of the company during the year and the interest of the directors, in the shares of the ultimate parent undertaking were as follows:-

Share Options

	<u>31st July</u> <u>1992</u>	<u>Granted</u> <u>in year</u>	<u>Exercised</u> <u>in year</u>	<u>31st July</u> <u>1993</u>	<u>Date of</u> <u>Exercise</u>
Mr E Corker	41,762	5,000	5,000	41,762	1993-2002
Mr D J Lenham	12,190	5,000	-	17,190	1993-2002

The Directors did not hold any shares at 31st July 1993 (1992: Nil). Mr M S Ost and Mr S G Moberley are directors of the ultimate parent undertaking and their interest in the shares of McKechnie plc are disclosed in the financial statements of that company.

FUTURE DEVELOPMENTS

The company will continue to hold shares in McKechnie Investments BV.

McKECHNIE OVERSEAS LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST JULY 1993STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the profit or loss of the company 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;
- 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 to enable them to ensure that the accounts comply with the Companies Act. 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.

AUDITORS

A resolution to reappoint Ernst & Young will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



E. Corker
Secretary

14th October 1993

Leighswood Road,
Aldridge,
Walsall,
West Midlands,
WS9 8DS.

REPORT OF THE AUDITORS TO THE MEMBERS OFMcKECHNIE OVERSEAS LIMITED

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st July 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

14th October 1993

McKECHNIE OVERSEAS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST JULY, 1993

	<u>NOTES</u>	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Operating loss	2	(5,729)	(8,741)
Interest received	4	8,322	-
Dividend received		6,788,689	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		6,791,282	(8,741)
Taxation on profit/(loss) on ordinary activities	5	(2,500)	-
		<hr/>	<hr/>
Profit/(loss) after taxation		6,788,782	(8,741)
Dividend paid		6,500,000	-
		<hr/>	<hr/>
Retained profit/(loss) for the year	10	288,782 =====	(8,741) =====

There are no recognised gains or losses other than the profit of £6,788,782 in the year ended 31st July 1993 and the loss of £8,741 in the year ended 31st July 1992.

The notes on pages 6 to 8 form an integral part of these financial statements.

BALANCE SHEETAS AT 31ST JULY, 1993

	<u>Notes</u>	<u>£</u>	<u>1993</u>	<u>£</u>	<u>1992</u>	<u>£</u>
FIXED ASSETS						
Investments	6		76,824,641		76,824,641	
CURRENT ASSETS						
Debtors	7	1,208,193		992,395		
Cash		39,230		-		
		1,247,423		992,395		
CURRENT LIABILITIES						
Creditors - amounts falling due within one year	8	(8,240)		(41,994)		
NET CURRENT ASSETS		1,239,183		950,401		
			78,063,824		77,775,042	
			=====		=====	
CAPITAL AND RESERVES						
Called up share capital	9		1,000,000		1,000,000	
Share premium	10		76,784,227		76,784,227	
Profit and loss account	10		279,597		(9,185)	
			78,063,824		77,775,042	
			=====		=====	

The notes on pages 6 to 8 form an integral part of these financial statements.

Approved by the Board of Directors on 14th October 1993.

E Conker
Director

D J Lenham
Director

McKECHNIE OVERSEAS LIMITEDNOTES TO FINANCIAL STATEMENTS31ST JULY, 19931) Accounting PoliciesBasis of Accounting

The Financial Statements have been prepared under the historical cost accounting rules, and comply with the Companies Act 1985 and with applicable accounting standards.

Group accounts have not been prepared since the company is a subsidiary undertaking of McKechnie plc, which is registered in England and which has prepared group accounts. McKechnie plc has included a cashflow statement in its accounts, thus eliminating the need for the company to also include this statement.

Accounting dates

Parent and subsidiary undertakings

The financial year ends 31st July except for the following companies whose financial year ends 28th February, to facilitate the effective repatriation of overseas group profits:-

McKechnie Investments BV
Eachairn Investments BV
PSM Fasteners International BV

2. Operating Loss

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Operating Loss is stated after the following:-		
Administrative Expenses	5,729	8,741
	=====	=====

3. Staff Costs (including Director's Emoluments)

	<u>1993</u>	<u>1992</u>
Directors:		
Fees	£ -	£ -
Other Emoluments	£ -	£ -
	=====	=====
Emoluments (excluding Pension Contributions):		
Chairman	£ -	£ -
	=====	=====
Highest paid Director	£ -	£ -
	=====	=====

The emoluments, excluding pension contributions, of the Directors were within the following ranges:-

	<u>1993</u>	<u>1992</u>
£ 0 to £ 5,000	4	4

McKECHNIE OVERSEAS LIMITED
NOTES TO FINANCIAL STATEMENTS
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4. Interest Received

	<u>1993</u> £	<u>1992</u> £
Bank Interest	8,322	-

5. Taxation on Profit/(loss) on Ordinary Activities

	<u>1993</u> £	<u>1992</u> £
Corporation tax on profit/(loss) for the year at 33% (1992: 33%)	4,483,035	-
Less: Double Taxation Relief	(4,480,535)	-
	<hr/> 2,500	<hr/> -

6. Fixed Asset Investments

<u>At Cost</u>	<u>£</u>
At 1st August 1992 and 31st July 1993	76,824,641

The only investment held is in McKechnie Investments BV, a holding company, which is incorporated in the Netherlands. The shareholding represents 100% and is in ordinary shares.

The aggregate value of the investment is not less than the amount at which it is stated in the balance sheet.

7. Debtors

	AMOUNT FALLING DUE WITHIN ONE YEAR	
	<u>1993</u> £	<u>1992</u> £
Due from ultimate parent undertaking	1,205,315	989,778
Due from subsidiary undertakings	2,878	2,617
	<hr/>	<hr/>
	1,208,193	992,395
	<hr/>	<hr/>

8. Creditors

	AMOUNT FALLING DUE WITHIN ONE YEAR	
	<u>1993</u>	<u>1992</u>
	£	£
Amount due to subsidiary undertaking	5,740	5,220
Trade creditors	-	36,774
Corporation tax	2,500	-
	<hr/>	<hr/>
	8,240	41,994
	<hr/>	<hr/>

McKECHNIE OVERSEAS LIMITED
NOTES TO FINANCIAL STATEMENTS

8.

31ST JULY, 1993

9. Share Capital

	<u>1993</u>		<u>AUTHORISED 1992</u>	
	<u>Shares</u>	<u>£</u>	<u>Shares</u>	<u>£</u>
£1 Ordinary shares	1,000,000 =====	1,000,000 =====	1,000,000 =====	1,000,000 =====

	<u>1993</u>		<u>ALLOTTED, CALLED UP AND FULLY PAID 1992</u>	
	<u>Shares</u>	<u>£</u>	<u>Shares</u>	<u>£</u>
£1 Ordinary shares	1,000,000 =====	1,000,000 =====	1,000,000 =====	1,000,000 =====

10. Reserves

	<u>AT BEGINNING OF YEAR £</u>	<u>MOVEMENTS FOR THE YEAR £</u>	<u>AT END OF YEAR £</u>
Profit and loss account	(9,185)	288,782	279,597
Share Premium Account	76,784,227	-	76,784,227
	<u>76,775,042</u> =====	<u>288,782</u> =====	<u>77,063,824</u> =====

11. Ultimate Parent Undertaking

The ultimate parent undertaking is McKechnie plc, which is registered in England.

The results of this company are included in the group accounts of McKechnie plc. Copies of the group accounts can be obtained from the following address:-

Leighswood Road, Aldridge, Walsall, West Midlands WS9 8DS