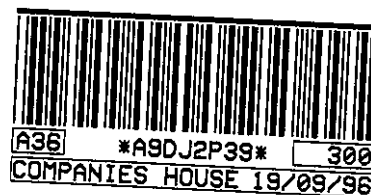


CURTIS HOLT LIMITED
REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 31 DECEMBER 1995



CLARKSON HYDE
Chartered Accountants
and Registered Auditors

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Directors

J R C Twallin
S C Morris
A J T Strong
T J Strong

Secretary and registered office

S C Morris
Green Street Green Road
Dartford
Kent
DA1 1FN

Registered auditors

Clarkson Hyde
137-143 High Street
Sutton
Surrey
SM1 1JH

Bankers

Midland Bank plc
9 Wellesley Road
Croydon
Surrey
CR9 2AA

The directors present their annual report together with the audited financial statements for the year ended 31 December 1995.

REVIEW OF THE BUSINESS

The company and its subsidiaries principal activities during the year were that of distributors of hand tools and allied products.

Turnover for the year was **£31,207,380** (1994: £21,971,176).

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation was **£1,016,124** (1994: £867,767). Dividends of £28.90 per ordinary share (1994 £23.12) were paid on 31 December 1995.

FUTURE DEVELOPMENTS

It is intended that future developments should continue to be in our existing fields of activity.

EVENTS SINCE THE END OF THE YEAR

Arrangements have been made since the year end for the company to acquire the remaining 25% of the issued share capital in Curtis Holt (Southampton) Limited. The 25% holding will have a maximum acquisition consideration of £400,000, of which £300,000 is payable in five equal annual tranches commencing on 30 September 1996 and the balance is similarly payable subject to satisfactory agreed annual profit levels.

FIXED ASSETS

The movement in fixed assets during the year is set out in note 9 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year under review and their effective control of the equity capital of the company's ultimate parent company, were as follows:

	1995 (%)	1994 (%)
J R C Twallin	68.1	68.1
S C Morris	Nil	Nil
A J T Strong	1.0	1.0
T J Strong	1.0	1.0

The interests of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

DIRECTORS' RESPONSIBILITIES

Company law requires that we 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.

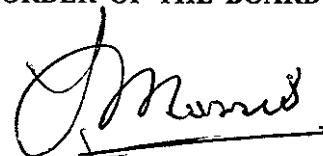
We are responsible for:

- a) preparing these financial statements, and in our opinion, we have:
 - (i) selected suitable accounting policies and applied them consistently,
 - (ii) made judgements and estimates which we consider to be reasonable and prudent,
 - (iii) followed applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
 - (iv) used the going concern basis.
- b) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985.
- c) safeguarding the assets of the company and for taking reasonable steps for the prevention of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Clarkson Hyde as auditors will be presented to the members at the Annual General Meeting in accordance with Section 384(1) of the Companies Act 1985.

BY ORDER OF THE BOARD



S C Morris
Secretary
8 May 1996

To the members of Curtis Holt Limited:

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of 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 mis-statement, 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 1995 and of its profit and cash flow statement for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

137-143 High Street
SUTTON
Surrey
SM1 1JH



CLARKSON HYDE
Chartered Accountants
and Registered Auditors
8 May 1996

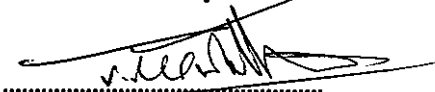
	Note	1995	1994
TURNOVER	2	31,207,380	21,971,176
Cost of sales		<u>24,508,123</u>	<u>17,331,661</u>
Gross profit		6,699,257	4,639,515
Net operating expenses	3	<u>4,927,249</u>	<u>3,244,512</u>
OPERATING PROFIT	4	1,772,008	1,395,003
Dividend receivable		<u>75,000</u>	<u>75,000</u>
		1,847,008	1,470,003
Interest payable	6	<u>349,333</u>	<u>181,226</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,497,675	1,288,777
Taxation on profit on ordinary activities	7	<u>481,551</u>	<u>421,010</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,016,124	867,767
Dividends	8	<u>500,000</u>	<u>400,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	£ 516,124	£ 467,767

There were no recognised gains or losses for the year other than in the profit and loss account.

	Note	1995	1994
FIXED ASSETS			
Tangible assets	9(a)	691,512	1,532,368
Investments	9(b)	<u>272,675</u>	<u>249,954</u>
		964,187	1,782,322
CURRENT ASSETS			
Stocks	10	5,638,990	5,524,521
Debtors	11	<u>6,029,347</u>	<u>7,578,740</u>
		11,668,337	13,103,261
CREDITORS - amounts falling due within one year	12(a)	<u>7,668,710</u>	<u>10,156,595</u>
NET CURRENT ASSETS		<u>3,999,627</u>	<u>2,946,666</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,963,814	4,728,988
CREDITORS - amounts falling due after more than one year	12(b)	<u>65,624</u>	<u>346,922</u>
		<u>£4,898,190</u>	<u>£4,382,066</u>
CAPITAL AND RESERVES			
Share capital	13	17,303	17,303
Reserves	14	<u>4,880,887</u>	<u>4,364,763</u>
		<u>£4,898,190</u>	<u>£4,382,066</u>

Approved by the board on 8 May 1996

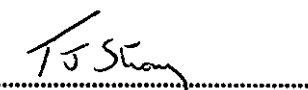
J R C Twallin



A J T Strong

AS T Strong

T J Strong



	Note	1995	1994
Net cash outflow from operating activities	21(a)	(318,080)	(38,464)
Returns on investments and servicing of finance			
Interest paid	(320,868)	(168,796)	
Interest element of hire purchase and finance lease payments	(28,465)	(12,470)	
Dividend received	75,000	75,000	
Dividend paid	(500,000)	(400,000)	
Net cash outflow from returns on investments and servicing of finance		(774,333)	(506,266)
Taxation			
Corporation tax paid	(360,031)	(211,693)	
Taxation paid		(360,031)	(211,693)
Investing activities			
Purchase of tangible fixed assets	(453,564)	(124,223)	
Sale of tangible fixed assets	1,003,153	19,872	
Purchase of investments	(22,721)	(8,129)	
Net cash inflow/(outflow) from investing activities		526,868	(112,480)
Net cash outflow before financing		(925,576)	(868,903)
Financing			
Repayment of secured loan	(341,091)	(33,870)	
Capital element of hire purchase and finance lease payments	73,499	(225,182)	
Net cash outflow from financing		(267,592)	(259,052)
Decrease in cash and cash equivalents	21(b)	£(1,193,168)	£(1,127,955)

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION AND CONSOLIDATION

The financial statements have been prepared under the historical cost convention using applicable Accounting Standards.

The company is exempted from producing consolidated financial statements under S.229(2) of the Companies Act 1985, being a wholly owned subsidiary of a parent company incorporated in Great Britain at the end of the financial year.

(b) TURNOVER

Turnover represents sales less credit notes to outside customers and excludes value added tax.

(c) STOCKS

Stocks have been valued at the lower of purchase cost or net realisable value on the average cost basis.

(d) DEPRECIATION

Depreciation is provided so as to write off the cost of the fixed assets over their estimated useful lives, employing the following rates and methods:-

Category	Rate	Method
Freehold land	0%	N/A
Freehold buildings	2%	Straight line
Leasehold land and buildings	N/A	The shorter of the term of the lease or 50 years.
Fittings and equipment	20% - 33.3%	Straight line
Computers - hardware	33.3%	Straight line
- software	50%	Straight line
Motor vehicles - cars	25%	Reducing balance
- vans	33.3%	Straight line

(e) HIRE PURCHASE INTEREST

Hire purchase interest has been allocated to the accounting periods using the 'sum of the digits' method.

(f) LEASED ASSETS

Where leased assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the net present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to the profit and loss account. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the 'sum of the digits' method.

All other leases are operating leases and the annual rentals are charged to the profit and loss account as incurred.

(g) DEFERRED TAXATION

Provision is made for deferred taxation at expected rates of tax, for the effect of all material timing differences between profits for taxation purposes and profits as stated in the accounts, to the extent that, in the opinion of the directors a liability is expected to arise in the foreseeable future.

(h) PENSION COSTS

Contributions to the group pension scheme are charged to the profit and loss account so as to spread the cost of the pension over employees working lives with the Group. Contributions are based on actuarial valuations.

2. **TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The turnover and profit on ordinary activities before taxation are both wholly attributable to the company's principal activity as distributors of hand tools and allied products and are wholly derived from the United Kingdom.

	1995	1994
3. NET OPERATING EXPENSES		
Distribution costs	608,297	399,952
Administrative expenses	<u>4,318,952</u>	<u>2,844,560</u>
	<u>£4,927,249</u>	<u>£3,244,512</u>

4. **OPERATING PROFIT**

Is stated after charging/(crediting):

Directors' remuneration	-	-
Auditors' remuneration	63,147	34,000
Depreciation	307,800	217,474
(Profit)/loss disposal of fixed assets	(16,533)	509
Hire of equipment	<u>16,265</u>	<u>789</u>

5. **EMPLOYEE INFORMATION**

(a) The average number of persons employed by the company during the year, (excluding directors), is analysed by type of work below:

Distribution and service	143	76
Administrative and management	<u>89</u>	<u>83</u>
	<u>232</u>	<u>159</u>

(b) Company employment costs - all employees including executive directors:

Aggregate gross wages and salaries	2,740,819	1,878,474
Employer's national insurance contributions	249,160	167,203
Employer's pension contributions	<u>93,453</u>	<u>67,118</u>
Total direct costs of employment	<u>£3,083,432</u>	<u>£2,112,795</u>

6. **INTEREST PAYABLE**

Bank overdraft	243,096	74,101
Loans wholly repayable within 5 years	46,810	44,958
Loans not wholly repayable within 5 years	30,962	49,697
Finance leases and hire purchase contracts	<u>28,465</u>	<u>12,470</u>
	<u>£349,333</u>	<u>£181,226</u>

	1995	1994
7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax at 33% (1994: 33%)	473,926	319,896
Subvention payments with regard to group loss relief	5,413	103,002
Over provisions in previous years	<u>2,212</u>	<u>(1,888)</u>
Tax charge for the year	<u>£481,551</u>	<u>£421,010</u>

8. DIVIDENDS		
Dividend paid	<u>£500,000</u>	<u>£400,000</u>

9. FIXED ASSETS

(a) Tangible assets

	Land and buildings		Fittings & equipment	Computers	Motor vehicles	Total
	Freehold	Short Leasehold				
COST OR VALUATION						
At 01.01.95	1,073,113	56,092	265,161	129,734	976,292	2,500,392
Intra group transfer	(1,073,113)	-	-	-	-	(1,073,113)
Additions	-	10,034	83,480	15,227	344,824	453,565
Disposals	-	-	(5,800)	-	(208,600)	(214,400)
At 31.12.95	-	<u>66,126</u>	<u>342,841</u>	<u>144,961</u>	<u>1,112,516</u>	<u>1,666,444</u>
DEPRECIATION						
At 01.01.95	127,671	25,742	223,259	91,847	499,505	968,024
Intra group transfer	(136,419)	-	-	-	-	(136,419)
Charge for the year	8,748	7,495	38,022	34,003	219,532	307,800
Eliminated on disposals	-	-	(3,560)	-	(160,913)	(164,473)
At 31.12.95	-	<u>33,237</u>	<u>257,721</u>	<u>125,850</u>	<u>558,124</u>	<u>974,932</u>
NET BOOK VALUE						
At 31.12.95	<u>£ -</u>	<u>£32,889</u>	<u>£ 85,120</u>	<u>£ 19,111</u>	<u>£ 554,392</u>	<u>£ 691,512</u>
At 31.12.94	<u>£ 945,442</u>	<u>£30,350</u>	<u>£ 41,902</u>	<u>£ 37,887</u>	<u>£ 476,787</u>	<u>£1,532,368</u>
Net book value of assets held under hire purchase and finance leases at 31.12.95 included above	<u>£ -</u>	<u>£ -</u>	<u>£ 36,558</u>	<u>£ -</u>	<u>£ 409,140</u>	<u>£445,698</u>

	1995	1994
9. FIXED ASSETS (continued)		
(b) Investments		
Life assurance premium	81,840	73,710
Unquoted shares in subsidiaries at cost	<u>190,835</u>	<u>176,244</u>
	<u>£272,675</u>	<u>£249,954</u>

The following were subsidiary companies at the end of the year:-

	Country of registration	Class of shares	Effective proportion held by company %
Curtis Holt (Southampton) Ltd	England	Ordinary	75
Finnie & Company Ltd	Scotland	Ordinary	100
		Preference	100
Zebra Tool Company Ltd	England	Ordinary	75

The shares in Zebra Tool Company are held through Curtis Holt (Southampton) Limited which holds the whole of the issued share capital in that company.

	1995	1994
10. STOCKS		
Goods for re-sale	<u>£5,638,990</u>	<u>£5,524,521</u>
11. DEBTORS		
Trade debtors	5,268,074	5,217,488
Amounts owed by group companies	379,468	2,078,052
Other debtors	109,064	36,495
Prepayments and accrued income	<u>272,741</u>	<u>246,705</u>
	<u>£6,029,347</u>	<u>£7,578,740</u>

	1995	1994
12. CREDITORS		
(a) Amounts falling due within one year:		
10% unsecured loan stock (i)	11,999	11,999
Bank overdraft (ii)	3,098,194	1,905,026
Other secured loans	-	47,445
Trade creditors	2,602,635	2,739,473
Amounts owed to group companies	-	3,683,761
Hire purchase	226,457	165,306
Corporation tax	429,552	308,032
Other creditors including taxation and social security	1,015,068	995,705
Accruals and deferred income	<u>284,805</u>	<u>299,848</u>
	<u>£7,668,710</u>	<u>£10,156,595</u>

(b) Amounts falling due after more than one year:

Other secured loans	-	293,646
Hire purchase	<u>65,624</u>	<u>53,276</u>
	<u>£65,624</u>	<u>£346,922</u>

(i) The 10% loan stock is payable on demand subject to deferment at the option of the shareholders.

(ii) The overdraft is secured by a fixed and floating charge over the company's assets together with composite joint and several unlimited multilateral cross guarantees with other group companies.

	1995	1994
13. SHARE CAPITAL		
Authorised		
20,000 Ordinary shares of £1 each	<u>£20,000</u>	<u>£20,000</u>
Issued and fully paid		
17,303 Ordinary shares of £1 each	<u>£17,303</u>	<u>£17,303</u>

14. RESERVES

	Revaluation reserve	Revenue reserve	Total
At 01.01.95	113,268	4,251,495	4,364,763
Retained profit for the year	-	516,124	516,124
At 31.12.95	<u>£113,268</u>	<u>£4,767,619</u>	<u>£4,880,887</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds other than as shown in note 14.

	1995	1994
16. CAPITAL EXPENDITURE		
i) Authorised but not contracted	£ Nil	£ Nil
ii) Contracted for but not provided in the financial statements	£ Nil	£ Nil

17. PENSIONS AND COMMITMENTS

The company operates a funded, defined benefits scheme. The assets of the scheme are held separately from those of the company and are invested by Investment Managers appointed by the Trustees.

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 on the basis of triennial valuations using the attained age method. The most recent valuation was at 1 February 1995, when the market value of the scheme's assets was shown as £3.77m which was sufficient, in the opinion of the actuary, to cover liabilities accrued at that date.

	1995	1994
18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
Total hire purchase payments outstanding	310,281	234,016
Less: Finance charges allocated to future periods	(18,200)	(15,434)
	<u>£292,081</u>	<u>£218,582</u>

Disclosed in the accounts as follows:

Due within one year	226,457	165,306
Due between two and five years	65,624	53,276
	<u>£292,081</u>	<u>£218,582</u>

19. OPERATING LEASES

Lease payments on operating leases are written off in the year in which they are incurred.

	1995		1994	
	Leasehold property	Equipment	Leasehold Property	Equipment
NET OBLIGATIONS - operating leases				
Rentals due within one year for agreements terminating:				
- after one year within five years	-	5,105	110,870	2,057
- after five years	<u>201,965</u>	<u>-</u>	<u>86,280</u>	<u>1,652</u>
	<u>£201,965</u>	<u>£ 5,105</u>	<u>£197,150</u>	<u>£3,709</u>

20. ULTIMATE PARENT COMPANY

Curtis Holt Limited's ultimate parent company is Dormole Limited, a company incorporated in England and which effectively controls 100% of the voting rights of the company's issued share capital.

21. NOTES TO CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1995	1994
Operating profit	1,772,008	1,395,003
Depreciation charge	307,800	217,474
(Profit)/Loss on sale of tangible fixed assets	(16,533)	509
Increase in stock	(114,469)	(1,567,370)
Increase in debtors	1,549,393	(2,820,033)
(Decrease)/increase in creditors	<u>(3,816,279)</u>	<u>2,735,953</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>£ (318,080)</u>	<u>£ (38,464)</u>

(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

At 01.01.95	(1,905,026)	(777,071)
Net cash outflow	<u>(1,193,168)</u>	<u>(1,127,955)</u>
At 31.12.95	<u>£(3,098,194)</u>	<u>£(1,905,026)</u>

(c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995	1994	Change in year
Bank overdrafts	<u>£(3,098,194)</u>	<u>£(1,905,026)</u>	<u>£(1,193,168)</u>