

CURTIS HOLT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003



CURTIS HOLT LIMITED

COMPANY INFORMATION

Directors	J R C Twallin S C Morris A J T Strong T J Strong
Secretary	S C Morris
Company number	529964
Registered office	Long Reach, Galleon Boulevard Crossways Business Park Dartford Kent DA2 6QE
Auditors	Clarkson Hyde 137-143 High Street Sutton Surrey SM1 1JH
Bankers	HSBC Bank plc Corporate Banking Centre 9 Wellesley Road Croydon Surrey CR9 2AA

CURTIS HOLT LIMITED

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CURTIS HOLT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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

Principal activities and review of the business

The principal activity of the company continued to be that of distributors of hand tools and allied products.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £1,861,000 (2002:£1,450,000). The directors do not recommend payment of a final dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Post balance sheet events

No significant events have occurred since the end of the year.

Future developments

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

Directors

The following directors have held office since 1 January 2003:

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

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	31 December 2003	1 January 2003
J R C Twallin	-	-
S C Morris	-	-
A J T Strong	-	-
T J Strong	-	-

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

CURTIS HOLT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

Employee involvement

The company's policy is to consult and discuss with employees matters likely to affect employees' interests, and information is communicated through local managers.

Disabled persons

The company's policy is to be unbiased when dealing with job applications which might be suitable for disabled persons. All necessary assistance with initial training courses is given to all staff.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Clarkson Hyde be reappointed as auditors of the company will be put to the Annual General Meeting.

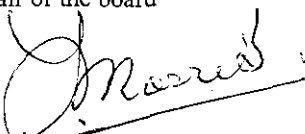
Directors' responsibilities

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 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.

On behalf of the board



S C Morris

Director

23 September 2004

CURTIS HOLT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CURTIS HOLT LIMITED

We have audited the financial statements of Curtis Holt Limited on pages 4 to 14 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

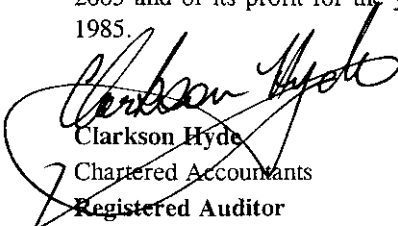
Basis of audit opinion

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 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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Clarkson Hyde
Chartered Accountants
Registered Auditor

23 September 2004

137-143 High Street
Sutton
Surrey
SM1 1JH


Clarkson Hyde
CHARTERED ACCOUNTANTS

CURTIS HOLT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £'000	2002 £'000
Turnover	2	81,561	79,706
Cost of sales		(62,975)	(62,681)
Gross profit		18,586	17,025
Distribution costs		(1,718)	(1,524)
Administrative expenses		(13,099)	(12,534)
Other operating income		156	38
Operating profit	3	3,925	3,005
Interest payable and similar charges	4	(334)	(415)
Profit on ordinary activities before taxation		3,591	2,590
Tax on profit on ordinary activities	5	(1,092)	(777)
Profit on ordinary activities after taxation		2,499	1,813
Dividends	6	(1,861)	(1,450)
Retained profit for the year	16	638	363

The profit and loss account has been prepared on the basis that all operations are continuing operations.

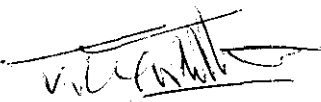
There are no recognised gains and losses other than those passing through the profit and loss account.

CURTIS HOLT LIMITED

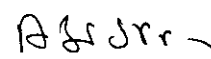
**BALANCE SHEET
AS AT 31 DECEMBER 2003**

		2003		2002	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		2,082		1,784
Investments	8		598		887
			<u>2,680</u>		<u>2,671</u>
Current assets					
Stocks	9	11,254		11,261	
Debtors	10	13,588		14,168	
Cash at bank and in hand		10		9	
		<u>24,852</u>		<u>25,438</u>	
Creditors: amounts falling due within one year	11	<u>(17,857)</u>		<u>(19,173)</u>	
Net current assets			<u>6,995</u>		<u>6,265</u>
Total assets less current liabilities			<u>9,675</u>		<u>8,936</u>
Creditors: amounts falling due after more than one year	12		<u>(273)</u>		<u>(172)</u>
			<u>9,402</u>		<u>8,764</u>
Capital and reserves					
Called up share capital	15		17		17
Profit and loss account	16		9,385		8,747
Shareholders' funds - equity interests	17		<u>9,402</u>		<u>8,764</u>

The financial statements were approved by the Board on 23 September 2004


J R C Twallin
Director

A J T Strong
Director



CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	The shorter of the term of the lease or 50 years
Computer equipment	33.3% Straight line (hardware) & 50% Straight line (software)
Fixtures, fittings & equipment	20% - 33.3% Straight line
Motor vehicles	25% Reducing balance (cars) & 33.3% Straight line (vans)

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account using the sum of the digits method.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for employees and the annual contributions payable by the company are charged to the profit and loss account. The assets of the scheme are held separately from those of the company.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Dormole Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£'000	£'000
United Kingdom	78,885	77,631
EC Countries	2,676	2,075
	<u>81,561</u>	<u>79,706</u>

3 Operating profit

Operating profit is stated after charging:

	2003	2002
	£'000	£'000
Depreciation of tangible assets	763	755
Loss on disposal of tangible assets	6	7
Auditors' remuneration	80	101

and after crediting:

	2003	2002
	£'000	£'000
Profit on foreign exchange transactions	(14)	(25)

4 Interest payable

	2003	2002
	£'000	£'000
On bank loans and overdrafts	287	340
On other loans wholly repayable within 5 years	-	19
Hire purchase interest	47	56
	<u>334</u>	<u>415</u>

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

5	Taxation	2003 £'000	2002 £'000
	Domestic current year tax		
	U.K. corporation tax	970	830
	Payment in respect of group relief	118	-
	Current tax charge	1,088	830
	Deferred tax		
	Deferred tax charge/credit current year	4	(53)
		1,092	777
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,591	2,590
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	1,077	777
	Effects of:		
	Non deductible expenses	54	40
	Depreciation add back	229	226
	Capital allowances	(229)	(210)
	Other tax adjustments	(43)	(3)
		11	53
	Current tax charge	1,088	830
6	Dividends	2003 £'000	2002 £'000
	Ordinary interim paid	1,861	1,450

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

7 Tangible fixed assets

	Land and buildings Leasehold £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2003	125	250	1,348	2,857	4,580
Additions	177	72	280	660	1,189
Disposals and intra group transfers	(51)	(39)	(94)	(575)	(759)
At 31 December 2003	251	283	1,534	2,942	5,010
Depreciation					
At 1 January 2003	123	201	905	1,567	2,796
On disposals and intra group transfers	(51)	(39)	(92)	(449)	(631)
Charge for the year	2	39	171	551	763
At 31 December 2003	74	201	984	1,669	2,928
Net book value					
At 31 December 2003	177	82	550	1,273	2,082
At 31 December 2002	2	49	443	1,290	1,784

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Net book values			
At 31 December 2003	317	921	1,238
At 31 December 2002	155	962	1,117
Depreciation charge for the year			
31 December 2003	55	324	379
31 December 2002	47	298	345

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

8 Fixed asset investments

	Unlisted investments £'000	Shares in group undertakings £'000	Total £'000
Cost			
At 1 January 2003	289	598	887
Additions	11	-	11
Disposals	(300)	-	(300)
At 31 December 2003	-	598	598
	Directors' valuation £'000		Directors' valuation £'000
At 31 December 2003	-		-
At 31 December 2002	289		289

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Finnie & Company Limited	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £'000	Profit for the year 2003 £'000
Finnie & Company Limited	1,423	65

9 Stocks

	2003 £'000	2002 £'000
Finished goods and goods for resale	11,254	11,261

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

10 Debtors	2003	2002
	£'000	£'000
Trade debtors	13,027	13,242
Amounts owed by participating interests	112	118
Other debtors	48	41
Prepayments and accrued income	271	633
Deferred tax asset (see note 13)	130	134
	<u>13,588</u>	<u>14,168</u>
 11 Creditors: amounts falling due within one year	 2003	 2002
	£'000	£'000
Bank loans and overdrafts	6,374	6,404
Net obligations under hire purchase contracts	533	533
Trade creditors	6,969	6,459
Amounts owed to parent and fellow subsidiary undertakings	897	2,636
Corporation tax	984	853
Other taxes and social security costs	879	1,030
Other creditors	371	467
Accruals and deferred income	850	791
	<u>17,857</u>	<u>19,173</u>
 12 Creditors: amounts falling due after more than one year	 2003	 2002
	£'000	£'000
Net obligations under hire purchase contracts	<u>273</u>	<u>172</u>
 Net obligations under hire purchase contracts		
Repayable within one year	565	560
Repayable between one and five years	293	176
	<u>858</u>	<u>736</u>
Finance charges and interest allocated to future accounting periods	(52)	(31)
	<u>806</u>	<u>705</u>
Included in liabilities falling due within one year	(533)	(533)
	<u>273</u>	<u>172</u>

The bank loans and overdrafts are secured by fixed and floating charges over the company's assets together with a joint and several unlimited multilateral cross guarantees between the group companies.

CURTIS HOLT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003****13 Provisions for liabilities and charges**

The deferred tax asset (included in the debtors, note 10) is made up as follows:

	2003 £'000	
Balance at 1 January 2003	(134)	
Profit and loss account	4	
	<u>(130)</u>	
Balance at 31 December 2003	<u>(130)</u>	

	2003 £'000	2002 £'000
Accelerated capital allowances	<u>(130)</u>	<u>(134)</u>

14 Pension costs**Defined contribution**

The company together with other group companies participates in the Toolbank Retirement Benefit Scheme. Full details of this are disclosed in the notes to the accounts of the parent company.

	2003 £'000	2002 £'000
Contributions payable by the company for the year	<u>356</u>	<u>328</u>

15 Share capital

	2003 £'000	2002 £'000
Authorised		
20,000 Ordinary shares of £1 each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid		
17,000 Ordinary shares of £1 each	<u>17</u>	<u>17</u>

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

16 Statement of movements on profit and loss account

	Profit and loss account £'000
Balance at 1 January 2003	8,747
Retained profit for the year	638
Balance at 31 December 2003	<u>9,385</u>

17 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	2,499	1,813
Dividends	(1,861)	(1,450)
Net addition to shareholders' funds	<u>638</u>	<u>363</u>
Opening shareholders' funds	8,764	8,401
Closing shareholders' funds	<u>9,402</u>	<u>8,764</u>

18 Financial commitments

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

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Expiry date:				
Within one year	114	160	-	-
Between two and five years	23	72	50	-
In over five years	324	95	-	-
	<u>461</u>	<u>327</u>	<u>50</u>	<u>-</u>

19 Capital commitments

	2003 £'000	2002 £'000
At 31 December 2003 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	38	162
Authorised but not contracted for	<u>2</u>	<u>86</u>

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
Distribution and service	297	296
Administrative and management	156	165
	<u>453</u>	<u>461</u>

Employment costs

	£'000	£'000
Wages and salaries	8,009	7,591
Other pension costs	356	328
	<u>8,365</u>	<u>7,919</u>

21 Control

Curtis Holt Limited's ultimate parent company is Dormole Limited, a company incorporated in England.