

Registered Number 2050821

Pride Limited

Directors' report and financial statements
for the year ended 30 September 2002



Pride Limited

Directors' report and financial statements for the year ended 30 September 2002

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Directors' report for the year ended 30 September 2002

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2002.

Principal activity and review of business

The principal activity of the Company is an intermediate investment holding company.

The Company and its subsidiary undertakings have had a successful period of trading, and it is anticipated that this will continue in the future.

Acquisitions

On 20 December 2001, the Company acquired the whole of the issued share capital of Clarendon Engineering Supplies Limited. The total consideration payable was £3.5m, including expenses, which includes deferred consideration of £0.4m which is payable based on profit performance during the year ending 30 September 2002. All of the consideration payable was, and will be, satisfied by the issue of Guaranteed Unsecured Loan Notes 2001-2003. At 30 September 2002 there were Loan Notes of £750,000 outstanding, £2,251,000 having been redeemed for cash during the year.

Results and dividend

The results of the Company for the year are shown in the annexed financial statements. An interim dividend of £500,000 was paid (2001: £700,000) during the year. No final dividend has been declared (2001 : £NIL). The Company's retained profit for the year is £2,000 (2001: £Nil)

Directors and their interests

The directors of the Company during the year and up to the date of this report were as follows:

I Henderson
B M Thompson
N Lingwood

The interests of Messrs I Henderson, B Thompson and N Lingwood in the ordinary share capital of Diploma PLC are as disclosed in the financial statements of Diploma PLC, the ultimate parent undertaking.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2002, that applicable accounting standards have been followed.

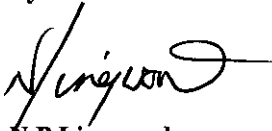
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pride Limited

Auditors

Our auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'A.P. Lingwood', written over the printed name.

A.P. Lingwood
Secretary
10 March 2003

Independent auditors' report to the members of Pride Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and 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 United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report

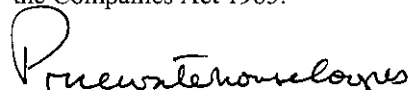
Basis of audit opinion

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 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 at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
10 March 2003

Pride Limited

Profit and loss account for the year ended 30 September 2002

	Note	2002 £'000	2001 £'000
Administrative expenses		-	-
Operating loss		-	-
Income from shares in group undertakings		500	700
Interest receivable		80	-
Interest payable and similar charges		(77)	-
Profit on ordinary activities before taxation	2	503	700
Tax on profit on ordinary activities	3	(1)	-
Profit on ordinary activities after taxation		502	700
Dividends	4	(500)	(700)
Retained profit for the financial year	9	2	-

All operations are continuing operations.

There are no other recognised gains or losses during the period.

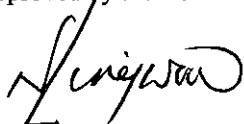
The notes on pages 6 to 10 form part of these accounts.

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Balance sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments	5	3,692	163
Current assets			
Debtors	6	558	552
Cash on deposit		750	-
		1,308	552
Creditors - amounts falling due within one year	7	(4,283)	-
Net current assets		2,975	552
Total assets less current liabilities		717	715
Capital and reserves			
Called up share capital	8	210	210
Share premium account	9	19	19
Profit and loss account	9	488	486
Equity shareholders' funds	10	717	715

Approved by the Board on 10 March 2003 and signed on its behalf by:


NP Lingwood
Director

Pride Limited

Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Under S228 of the Companies Act 1985, the company is exempt from preparing group accounts as the company is itself a subsidiary undertaking and its parent undertaking holds more than 50% of the shares in the company and notice requesting the preparation of group accounts has not been served on the company by any of the remaining shareholders. Accordingly these financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

Diploma PLC, the ultimate parent company, has included a cash flow statement in the group accounts for the year ended 30 September 2002. As Diploma PLC has a greater than 90% holding in the company, in accordance with Financial Reporting Standard 1, the company has taken advantage of the exemption from preparing a cash flow statement.

Fixed asset investments

Investments are stated at cost less provision for impairment, where appropriate.

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Notes to the financial statements for the year ended 30 September 2002

1 Employees

The company had no employees other than directors during the year and the preceding year. The directors received no emoluments during the year (2001: £Nil).

2 Profit on ordinary activities before tax

	2002	2001
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration	-	-

Auditors' remuneration was borne by the parent company.

3 Tax on profit on ordinary activities

	2002	2001
	£'000	£'000
Taxation based on profit on ordinary activities for the year comprises		
Current year UK corporation tax at 30% (2001: 30%)	1	-

There are no unprovided deferred tax liabilities (2001: £Nil).

4 Dividends

	2002	2001
	£'000	£'000
Interim dividend	500	700

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5 Investments

	2002	2001
	£'000	£'000
Shares in group undertakings – at 30 September	3,692	163

Group undertakings	Business	Country of registration / incorporation	Proportion of nominal value of shares held
Rayfast Limited	Marketing plastic tubing	England	100%
Clarendon Engineering Supplies Limited	Marketing fasteners	England	100%
IS Group (Europe) Limited	Dormant	England	100%
Insyst Group Limited	Dormant	England	100%

On 21 December 2001 the Company acquired the whole of the issued share capital of Clarendon Engineering Supplies Limited for £3,529,000 of which £432,000 comprised deferred consideration. The deferred consideration was based on performance of Clarendon in the year ended 30 September 2002. It will shortly be settled by a further issue of Loan Notes.

6 Debtors

	2002	2001
	£'000	£'000
Amounts owed by subsidiary undertaking	553	552
Other debtors	5	-
	558	552

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7 Creditors – Amounts falling due within one year

	2002	2001
	£'000	£'000
Loan Notes	750	-
Amounts owed to immediate holding company	3,060	-
Corporation tax payable	1	-
Other creditors	40	-
Deferred consideration	432	-
	4,283	-

During the year, £3.0m Guaranteed Unsecured Loan Notes 2001 – 2003 (“Notes”) were issued as consideration for the acquisition of Clarendon Engineering Supplies Limited. In September 2002 £2.2m of the Notes were redeemed by the Noteholder. The Notes bear interest at 0.95% below LIBOR. The Notes are redeemable at par at the discretion of the Noteholder. Any Notes outstanding on 31 December 2003 will be repaid by the Company.

8 Called up share capital

	2002	2001
	£'000	£'000
Authorised		
Ordinary shares of £1 each	250,000	250,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	210,218	210,218

9 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
Balance at 1 October 2001	19	486
Retained profit for the financial year	-	2
Balance at 30 September 2002	19	488

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10 Reconciliation of movements in shareholders' funds

	2002	2001
	£'000	£'000
Profit for the financial year	502	700
Dividends	(500)	(700)
Net increase in shareholders' funds	2	-
Opening shareholders' funds	715	715
Closing shareholders' funds	717	715

11 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose details of transactions with other related parties within the group.

12 Ultimate parent undertaking

The company's immediate parent is Diploma Holdings PLC

The company's ultimate parent undertaking and ultimate controlling party is Diploma PLC, a company incorporated in England, which is the smallest and largest group into which the results of Pride Limited are consolidated. Copies of the group's financial statements are available from the Company Secretary, Diploma PLC, 20 Bunhill Row, London EC1Y 8LP.