DIRECTORS' REPORT AND ACCOUNTS

VECTOR ENGINEERING PRODUCTS LIMITED
(Registered Number 994043)

31 December 2001

VECTOR ENGINEERING PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report and the audited accounts of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity is that of a holding company. The company's principal subsidiary undertakings are shown in note 7 to the accounts.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £109,113,000 (2000: £2,752,000). An interim dividend of £336,521,000 (2000: £Nil) was paid during the year. The directors do not propose the payment of a final dividend (2000: £3,924,000). Accordingly the retained loss for the year of £227,408,000 (2000: £1,172,000) is deducted from reserves.

DIRECTORS AND THEIR INTERESTS

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

AO Fischer
I Fisher
AT Fletcher
SA Smith

None of the directors held any beneficial interests in the share capital of the company during the year.

All directors are also directors of the ultimate parent undertaking, Helix Industries Limited, and their interests in the share capital and unsecured loan notes of that company are disclosed in the accounts of Helix Industries Limited.

VECTOR ENGINEERING PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

DIRECTORS' RESPONSIBILITY STATEMENT

Company law requires the directors to prepare accounts 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 year. The directors are required to prepare the accounts 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 as explained on page 6 under note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the accounts for the year ended 31 December 2001 and that applicable United Kingdom accounting standards have been followed.

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 accounts comply with the United Kingdom 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, the company has passed an elective resolution to dispense with the obligation to appoint auditors annually.

Approved by the Board

SA SMITH
Director

16 May 2002

Registered Office:

2B Sidings Court
Doncaster
DN4 5NU

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP
Telephone +44 (0) 113 289 4000
Facsimile +44 (0) 113 289 4460

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VECTOR ENGINEERING PRODUCTS LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the accounts 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 accounts in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. 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 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 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 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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

16 May 2002

VECTOR ENGINEERING PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes		2000
		£'000	£'000
(Provision)/write back of provision against investments in subsidiary undertakings	7	(4,279)	2,835
Income from shares in subsidiary undertakings		113,392	-
Profit on disposal of a subsidiary undertaking	4	-	16
Loss on disposal of a subsidiary undertaking in prior year		-	(175)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		109,113	2,676
Taxation on profit on ordinary activities	5	-	76
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		109,113	2,752
Dividends	6	(336,521)	(3,924)
RETAINED LOSS FOR THE FINANCIAL YEAR	12	(227,408)	(1,172)

The company has no recognised gains or losses other than those shown in the profit and loss account and therefore no separate statement of recognised gains and losses has been presented.

VECTOR ENGINEERING PRODUCTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	£'000	2000 £'000
FIXED ASSETS			
Investments	7	130,076	134,355
CURRENT ASSETS			
Debtors (amounts falling due after one year)	8	-	295,228
CREDITORS (amounts falling due within one year)	9	-	(39,868)
NET CURRENT ASSETS		-	255,360
TOTAL ASSETS LESS CURRENT LIABILITIES		130,076	389,715
CREDITORS (amounts falling due after one year)	10	(102,076)	(134,307)
NET ASSETS		28,000	255,408
CAPITAL AND RESERVES			
Called up share capital	11	28,000	28,000
Profit and loss account	12	-	227,408
SHAREHOLDERS' FUNDS	13	28,000	255,408

SA SMITH

Director

Approved by the Board on 16 May 2002

VECTOR ENGINEERING PRODUCTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2001

1 ACCOUNTING POLICIES

(1) **Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principle accounting policies, which the directors have adopted within that convention, are set out below. FRS 18 has been adopted in the current year, but this did not require any change in accounting policy.

(2) **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less provisions to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

2 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company (2000: £Nil). There were no employees other than the directors (2000: Nil).

3 AUDITORS' REMUNERATION

Auditors' remuneration has been borne by a group company.

4 PROFIT ON DISPOSAL OF SUBSIDIARY INVESTMENT

In 2000 the company acquired and disposed of its interest in Air Diffusion Limited for a profit of £16,000.

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
Taxation credit based upon the profit for the year:		
Corporation tax at 30% (2000: 30%)	-	76

NOTES TO THE ACCOUNTS - 31 DECEMBER 2001 (CONTINUED)

6 DIVIDENDS

	2001	2000
	£'000	£'000
Interim dividend paid: £12.02 (2000: £Nil) per £1 ordinary share	336,521	-
Final dividend proposed: £Nil (2000: £0.14) per £1 ordinary share	-	3,924
	336,521	3,924

7 INVESTMENTS

	Gross investment	Provision	Total
	£'000	£'000	£'000
At 1 January 2001	137,578	(3,223)	134,355
Provision	-	(4,279)	(4,279)
At 31 December 2001	137,578	(7,502)	130,076

The principal subsidiary undertakings are set out below. All subsidiaries are wholly owned and are held via intermediate subsidiaries, except where indicated.

Name	Country of registration	Main activity
Vector Building Products Limited *	England and Wales	Investment holding
Vector Engineering & Aviation Limited *	England and Wales	Investment holding
Vector Engineering Industries Limited *	England and Wales	Investment holding
John Lee (Sacks) Limited (78.6% owned)	England and Wales	Sack and bag reclamation and manufacture of IBC's
Pneumatic Components Limited	England and Wales	Manufacture of tyre inflation and air line products
Pressweld Limited	England and Wales	Manufacture of bright trim products

* owned directly by the company

NOTES TO THE ACCOUNTS - 31 DECEMBER 2001 (CONTINUED)

8 DEBTORS

	2001	2000
	£'000	£'000
Amounts owed by ultimate parent undertaking	-	142,017
Amounts owed by parent undertaking	-	153,211
	-	295,228

9 CREDITORS (amounts falling due within one year)

	2001	2000
	£'000	£'000
Amounts owed to group undertakings	-	35,944
Proposed dividend	-	3,924
	-	39,868

10 CREDITORS (amounts falling due after one year)

	2001	2000
	£'000	£'000
Amounts owed to group undertakings	102,076	134,307

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment dates.

11 CALLED UP SHARE CAPITAL

	2001	2000
	£'000	£'000
Authorised		
28,000,000 ordinary shares of £1 each	28,000	28,000
Allotted, called up and fully paid		
28,000,000 ordinary shares of £1 each	28,000	28,000

NOTES TO THE ACCOUNTS - 31 DECEMBER 2001 (CONTINUED)

12 PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2001	227,408
Retained loss for the financial year	(227,408)
At 31 December 2001	-

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit on ordinary activities after taxation	109,113	2,752
Dividend	(336,521)	(3,924)
Net reduction in shareholders' funds	(227,408)	(1,172)
Opening shareholders' funds	255,408	256,580
Closing shareholders' funds	28,000	255,408

14 CASH FLOW STATEMENT

The company is exempt from preparing a cash flow statement as required by FRS 1 (Revised) 1996 as it is a wholly owned subsidiary undertaking within the context of the standard. A consolidated group cash flow statement is included in the accounts of Helix Industries Limited, the ultimate parent undertaking.

15 CONTINGENT LIABILITIES

The company has entered into an unlimited cross guarantee arrangement in respect of the borrowings of all companies in the Helix Industries group. At 31 December 2001 the net borrowings of the group amounted to approximately £62 million (2000: £89 million).

The bank holds a debenture in respect of the company incorporating a fixed and floating charge over all assets.

16 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Vector Engineering Limited, a company registered in England and Wales, and thus under Section 228 of the Companies Act 1985 is exempt from producing group accounts.

On 17 January 2001, the ultimate parent undertaking and controlling became Helix Industries Limited, a company registered in England and Wales. The Helix Industries group is both the smallest and the largest group into which the company's accounts are consolidated. Copies of the group accounts for the ultimate parent undertaking may be obtained from the following address:

The Secretary
Helix Industries Limited
2B Sidings Court
Doncaster
South Yorkshire
DN4 5NU

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", as the consolidated accounts of Helix Industries Limited in which the company is included are available at the address noted above.