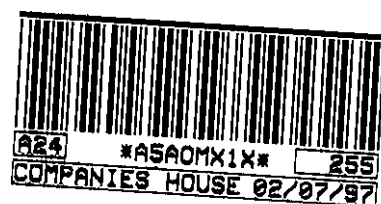


ACETECH PERSONNEL LIMITED

Registered Number: 349147

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996



ACETECH PERSONNEL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of an employment agency.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The further development into the telecoms market in the UK coupled with a steady growth in the German market accounted for the substantial increase in both turnover and profits during 1996. This is expected to continue during 1997.

RESULTS AND DIVIDENDS

The profit after taxation for the year is £236,000 (1995: £118,000) from which the directors propose a final dividend of £118,000 (1995: £58,000) and recommend that the balance of £118,000 (1995: £60,000) be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

W E Jacobson (Chairman)
D P Martin

None of the directors in office at 31 December 1996 held any interest in the shares of the company. Their interests in the shares of the ultimate parent undertaking, Hunting PLC, are disclosed in the directors' report incorporated within the accounts of Hunting Aviation Limited except as follows:

	<u>At 31 December 1996</u>	<u>At 31 December 1995</u>
	<u>Executive</u>	<u>Executive</u>
	<u>Share Options</u>	<u>Share Options</u>
W E Jacobson	10,404	10,404

Options in the Executive Share Option Scheme are exercisable at various prices between 67p and 224p per share in whole or in part at various dates after 1 January 1992 and before 15 December 1999. The options of Mr W E Jacobson are exercisable at 201p.

There were no options granted during the year and none of the directors exercised any options during the year.

FIXED ASSETS

During the year, all tangible assets were transferred to group undertakings. Details of movements in fixed assets are set out in note 6 to the accounts.

ACETECH PERSONNEL LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

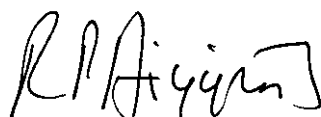
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 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

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



R P Higgins
Secretary

23 June 1997

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF ACETECH PERSONNEL LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

23 June 1997

ACETECH PERSONNEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER (Note 2)	5,814	2,620
Cost of sales	(5,084)	(2,148)
GROSS PROFIT	<u>730</u>	<u>472</u>
Distribution and marketing costs	(163)	(152)
Administrative expenses	(165)	(124)
OPERATING PROFIT (Note 3)	<u>402</u>	<u>196</u>
Interest receivable	1	4
Interest payable on bank overdraft	(51)	(21)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>352</u>	<u>179</u>
Tax on profit on ordinary activities (Note 5)	(116)	(61)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 11)	<u>236</u>	<u>118</u>
Dividends (Note 11)	(118)	(58)
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	<u><u>118</u></u>	<u><u>60</u></u>

Turnover and operating profits are derived from continuing activities.

The company has recognised no gains or losses other than those shown in the above profit and loss account.

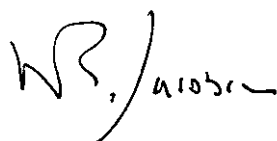
The notes on pages 6 to 12 form part of these accounts.

ACETECH PERSONNEL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

		1996	1995
	£'000	£'000	£'000
FIXED ASSETS			
Tangible assets (Note 6)		-	5
Investments (Note 7)		16	16
		<hr/>	<hr/>
		16	21
CURRENT ASSETS			
Debtors (Note 8)	2,379		1,037
Cash at bank and in hand (Note 13)	95		223
	<hr/>	<hr/>	<hr/>
	2,474	1,260	
CREDITORS (Amounts falling due within one year) (Note 9)	(2,252)	(1,161)	
	<hr/>	<hr/>	
NET CURRENT ASSETS		222	99
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		238	120
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital (Note 10)		50	50
Profit and loss account (Note 11)		188	70
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS (Note 11)		238	120
		<hr/>	<hr/>

Approved by the Board on 23 June 1997
Signed on behalf of the Board



W E JACOBSON
DIRECTOR

The notes on pages 6 to 12 form part of these accounts.

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards with the exception of pension costs, as discussed in Note 1(f) below.

The company has not presented a statement of cash flows in accordance with Financial Reporting Standard 1 as its ultimate parent undertaking has published a consolidated statement of cash flows which includes the cash flows of the company.

The company is exempt from preparing group accounts by virtue of Section 228 Companies Act 1985, as it is a wholly-owned subsidiary of a company incorporated in Great Britain. These accounts, therefore, present financial information about the company as an individual undertaking only and not about its group.

(b) Depreciation

Depreciation on fixed assets is provided in equal annual instalments at the following principal rates per annum:

Office equipment	- 33 1/3%
Motor vehicles	- 25%

(c) Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date.

Exchange differences are taken to the profit and loss account.

(d) Deferred taxation

Provision for deferred taxation is made using the liability method on the excess of capital allowances over depreciation and other timing differences to the extent that, in the opinion of the directors, it is probable that the liability will crystallize in the foreseeable future.

(e) Leased assets

Operating lease rentals are charged to the profit and loss account as they fall due.

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(f) Pensions

Contributions to the Hunting PLC defined benefit pension scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating group companies, without calculation of the pension obligation for which the company is responsible. The company's share of the group contribution is based upon pensionable salaries. Contributions are charged to the profit and loss account in the period in which they become payable.

2 TURNOVER

Turnover represents the total amount receivable for services provided in the ordinary course of business excluding VAT, and is derived from the following geographical markets:

	<u>1996</u> £'000	<u>1995</u> £'000
United Kingdom	3,723	1,392
Rest of Europe	2,091	1,228
	<hr/>	<hr/>
	5,814	2,620
	<hr/>	<hr/>

United Kingdom turnover includes sales to group undertakings of £48,000 (1995: £66,000).

3 OPERATING PROFIT

	<u>1996</u> £'000	<u>1995</u> £'000
Operating profit is stated after charging the following items:		
Auditors' remuneration - audit services	-	-
- other services	3	1
Rent payable to group undertaking	2	6
Depreciation of tangible fixed assets	1	6
Operating lease rentals: - plant and machinery	64	30
- land and buildings	2	2
	<hr/>	<hr/>

Audit fees are paid by the company's immediate parent undertaking.

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

4 STAFF COSTS AND DIRECTORS' REMUNERATION

	<u>1996</u> £'000	<u>1995</u> £'000
Staff costs comprise:		
Wages and salaries	1,114	890
Social security costs	112	88
Other pension costs	3	3
	<hr/>	<hr/>
	1,229	981
	<hr/>	<hr/>

The average number of employees in the year, classified by geographical market, was as follows:

	<u>1996</u> Number	<u>1995</u> Number
United Kingdom	25	16
Rest of Europe	30	25
	<hr/>	<hr/>
	55	41
	<hr/>	<hr/>

Included in the above staff costs were directors' emoluments in respect of management services, totalling £45,000 (1995: £42,000) including pension contributions.

The emoluments, excluding pension contributions, in respect of services provided to the company during the year of the Chairman were £Nil (1995: £Nil), and of the highest paid director were £43,000 (1995: £41,000).

None of the other directors received any remuneration in respect of their services to the company.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £'000	<u>1995</u> £'000
Group relief payable at 33%	116	60
Adjustment in respect of prior years	-	1
	<hr/>	<hr/>
	116	61
	<hr/>	<hr/>

There is no actual or potential liability to deferred taxation.

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

6

TANGIBLE ASSETS

	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 1996	2	30	32
Transfer to group undertaking	-	(12)	(12)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	2	18	20
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1996	2	26	28
Charge for the year	-	1	1
Transfer to group undertaking	-	(9)	(9)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	2	18	20
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 1996	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 1995	-	4	4
	<hr/>	<hr/>	<hr/>

7

INVESTMENTS

	Shares in subsidiary undertakings £'000
At 31 December 1996 and 1995	16
	<hr/>

The company holds a 100% beneficial interest in the shares of TSC Technical Support and Consultancy GmbH, a company incorporated in Germany, whose business is that of an employment agency. The directors consider that the value of the company's investment in its subsidiary undertaking is not less than the amount stated in the balance sheet.

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

8	DEBTORS	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Trade debtors	1,820	724
	Amounts due from other group undertakings	9	5
	Accrued income	531	277
	Prepayments	19	31
		<hr/>	<hr/>
		2,379	1,037
		<hr/>	<hr/>
9	CREDITORS (Amounts falling due within one year)	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Bank overdraft (Note 13)	1,408	709
	Trade creditors	19	17
	Amounts due to other group undertakings	1	-
	Group relief payable	176	60
	Other taxation and social security	299	221
	Accruals	173	96
	Proposed dividends	176	58
		<hr/>	<hr/>
		2,252	1,161
		<hr/>	<hr/>
10	CALLED UP SHARE CAPITAL	<u>1996</u>	<u>1995</u>
		£'000	£'000
	Authorised, allotted and fully paid 50,000 ordinary shares of £1 each	50	50
		<hr/>	<hr/>

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit and loss account	Total Shareholders' funds 1996	Total Shareholders' funds 1995
	£'000	£'000	£'000	£'000
Opening shareholders' funds	50	70	120	60
Profit for the financial year	-	236	236	118
Dividends	-	(118)	(118)	(58)
	<u>50</u>	<u>188</u>	<u>238</u>	<u>120</u>
Closing shareholders' funds	50	188	238	120

12 LEASE OBLIGATIONS

The company has annual commitments payable under operating leases which expire:

	Land and Buildings		Other	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Within one year	-	2	17	36
Within two to five years	2	-	-	-
	<u>2</u>	<u>2</u>	<u>17</u>	<u>36</u>

13 BANKING ARRANGEMENTS

The company is a party to a group set-off arrangement with Lloyds Bank plc.

14 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 31 December 1996 (1995: Nil).

ACETECH PERSONNEL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

15 PENSION ARRANGEMENTS

Pension arrangements exist for employees. Under these arrangements, which apply to the majority of employees, the company makes contributions based on actuarial advice to funded pension schemes. The contributions are charged against the profit and loss account.

Employees of the company are members of the Hunting PLC scheme, contributions to which are determined by the aggregate membership and funding of the scheme. On the basis of the latest actuarial valuation the value of the assets was in excess of the benefits that had accrued to members after allowing for expected future increases in pensionable earnings. Further details of the scheme are contained within the accounts of Hunting PLC, the ultimate parent undertaking.

16 ULTIMATE PARENT UNDERTAKING

The company which is incorporated in England and Wales is a wholly owned subsidiary of Hunting Aviation Limited.

The company's ultimate parent undertaking and ultimate controlling party is Hunting PLC. Copies of the group accounts of Hunting PLC may be obtained from 3 Cockspur Street, London SW1Y 5BQ.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related party disclosures", as the consolidated accounts of Hunting PLC in which the company is included are available at the address noted above.