

Advanced Composite Components Limited

**Directors' report and financial
statements**

Registered number 01275395

31 March 2004



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of Advanced Composite Components Limited	3
Profit and loss account	4
Balance sheet	4
Notes	5

Directors' report

The directors present their annual report and the audited financial statements for the seven months ended 31 March 2004.

Change of accounting date

The company changed its accounting reference date to 31 March to bring it into line with that of UMECO plc.

Principal activities

The company did not trade during the period.

Dividend

The directors do not recommend the payment of a dividend (*31 Aug 03: nil*).

Directors

The directors who held office during the period were as follows:

AB Moore
J Mabbitt
M Malitskie

The directors are also directors of the ultimate parent company, Advanced Composites Group Holdings Limited at the period end. They held no interest in the shares of the company at any time during the period and their interests in the shares of the ultimate parent company are shown in the financial statements of that company.

Auditors

Our auditors, KPMG LLP, have indicated to the directors that they will resign as auditors and so enable KPMG Audit Plc (auditors of the new holding company) to be appointed in their place. A resolution for the appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AB Moore
Director

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire

27 January 2005

Statement of 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Independent auditors' report to the members of Advanced Composite Components Limited

We have audited the financial statements on pages 4 to 6.

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 auditors' 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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 as at 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.

27 January 2005

*Chartered Accountants
Registered Auditor*

Profit and loss account


The company has not traded during either the current period or preceding year, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss.

Balance sheet

as at 31 March 2004

	<i>Note</i>	31 Mar 04 £000	31 Aug 03 £000
Fixed assets			
Investments	2	51	51
Creditors: amounts falling due within one year	3	(741)	(741)
Net liabilities		<u>(690)</u>	<u>(690)</u>
Capital and reserves			
Called up share capital	4	100	100
Profit and loss account		(790)	(790)
Equity shareholders' deficit		<u>(690)</u>	<u>(690)</u>

These financial statements were approved by the board of directors on 27 January 2005 and were signed on its behalf by:



AB Moore
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Going concern

The directors of the parent company have indicated that they will continue to support the company for the foreseeable future.

Consolidated financial statements

The company is exempt from the requirement to prepare group accounts in accordance with S228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about the group.

The results of this company and those of its subsidiaries are included within the financial statements of the ultimate parent undertaking.

Investments

Fixed asset investments are shown at cost less provisions for permanent diminution in value.

2 Fixed asset investments

Shares in group undertakings Ordinary shares of £1 each	Shareholding %	31 Mar 04 £000	31 Aug 03 £000
Advanced Composite Technology Limited	100	51	51
Advanced Composite Materials Limited	100	-	-
Advanced Composite Engineering Limited	100	-	-
		<hr/>	<hr/>
		51	51
		<hr/>	<hr/>

All subsidiaries are incorporated in Great Britain and are dormant.

Full provision has been made for any loss in the value of investments in subsidiary undertakings where the diminution in value is considered to be permanent.

3 Creditors: amounts falling due within one year

	31 Mar 04 £000	31 Aug 03 £000
Amounts owed to group undertakings	741	741
	<hr/>	<hr/>

Notes (continued)

4 Called up share capital

	31 Mar 04 £000	31 Aug 03 £000
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

5 Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank borrowing of each company. At 31 March 2004, the outstanding liability under this guarantee was £1,301,000 (31 Aug 03: £1,514,000).

6 Ultimate parent undertaking

The ultimate parent undertaking at the period end was Advanced Composites Group Holdings Limited, a company incorporated in Great Britain.

Copies of the financial statements of the ultimate parent can be obtained from the address on page 1.

7 Subsequent event

On 6 May 2004, the entire share capital of the ultimate parent undertaking was acquired by UMECO plc.