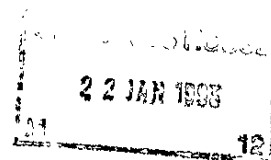


WALLOP HOLDINGS LIMITED

(Registered Number: 1564807)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1992



WALLOP HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their Annual Report, together with the audited financial statements for the year ended 31 March 1992

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be that of an intermediate holding company. None of the undertakings of the Company carries on any trade.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results of the Company for the year are given in the Profit and Loss account on page 5 and in the accompanying notes

DIVIDENDS

The Directors recommend the payment of a dividend of £4.67 per share (1991: £15.82)

TRANSFER TO RESERVES

Movements in reserves are set out in note 11 of the accounts. The amount to be transferred from reserves is £185,550 (1991: £135,334).

DIRECTORS AND DIRECTORS' INTERESTS

The members of the Board during the year and their interests, including family interests, in the issued share capital of the Company's ultimate holding company are as detailed below:

	Beneficial Interest shares of 5p each		* Options for shares of 5p each	
	31 March 1992	1 April 1991	31 March 1992	1 April 1991
J.D. Loveridge	500	500	119,285	110,000
I. Pickering	-	-	50,000	15,000

* These options were granted in February 1986, March, October and December 1987, July 1988, February 1989, July 1991 and February and March 1992 under the Executive Share Option Scheme and Employees Savings Related Share Option Scheme and have been adjusted to reflect the effects of the Rights Issue in February 1988.

On 30 July 1992 Mr I. Pickering resigned as a director and Mr J.M. Bryson was appointed as a director.

No director had any interest in the issued share capital of the Company or any of its subsidiary undertakings.

WALLOP HOLDINGS LIMITED

DIRECTORS' REPORT

(Continued)

INSURANCE FOR OFFICERS

The Company maintains Directors' and Officers' Insurance

TAX STATUS

The Company is not a close company within the terms of the Income and Corporation Taxes Act 1988

POST BALANCE SHEET EVENT

On 7 August 1992 the Company entered into a Debenture and Guarantee jointly with Barclays Bank PLC and Lloyds Bank PLC to secure the borrowings of the ultimate holding company. The Debenture includes a charge over all of the Company's UK assets.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



J.D. Loveridge
Secretary
7 August 1992

WALLOP HOLDINGS LIMITED

AUDITORS' REPORT

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF WALLOP HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 10 in accordance with Auditing Standards

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

James Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors
London

7 August 1992

WALLOP HOLDINGS LIMITED

Profit and Loss Account for the year ended 31 March 1992

	Note	1992 £	1991 £
Other Income	2	725,127	1,100,250
Depreciation and other amounts written off tangible assets		—	(18,400)
Exceptional item	4	(558,467)	—
Interest payable and similar charges	5	—	(37,984)
Profit on ordinary activities before taxation		166,660	1,043,946
Tax on profit on ordinary activities	6	—	12,331
Profit on ordinary activities after taxation		166,660	1,056,277
Proposed dividend		(352,210)	(1,191,811)
Retained loss for the year	11	(185,550)	(135,334)

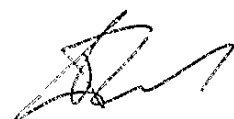
The notes on pages 7 to 10 form part of these financial statements.

WALLOP HOLDINGS LIMITED

Balance Sheet as at 31 March 1992

	Note	1992 £	1991 £
Fixed assets			
Investments	7	113,618	672,086
		113,618	672,086
Current assets			
Debtors	8	725,127	1,109,674
Creditors: amounts falling due within one year	9	(763,410)	(1,520,874)
Net current liabilities		(38,283)	(411,200)
Total assets less current liabilities		75,336	260,886
Net assets		75,336	260,886
Capital and reserves			
Called up share capital	10	75,336	75,336
Profit and loss account	11	-	185,550
		75,336	260,886

These financial statements were approved by the Directors on 7 August 1992.



J.D. Loveridge
Director

The notes on pages 7 to 10 form part of these financial statements

WALLOP HOLDINGS LIMITED

Notes to the Financial Statements

for the year ended 31 Mar 1992

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

(a) Basis of preparation

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

(b) Financial reporting standard number 1

In accordance with Financial Reporting Standard number 1, the Company, being a wholly owned subsidiary of ML Holdings PLC, has not included a cash flow statement as part of these financial statements

(c) Consolidation

Consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of a company incorporated in England.

WALLOP HOLDINGS LIMITED

Notes to the Financial Statements continued

2 Other income

Other income relates wholly to dividends receivable from subsidiary undertakings

3 Directors and employees

Directors

Emoluments

No directors received any emoluments from the Company during the year (1991: £Nil).

Employees

The company has no employees (1991: None).

4 Exceptional item

	1992 £	1991 £
Amounts written off investments	558,467	-
	558,467	-

The exceptional charge arises from the write down of the value of investments in subsidiary undertakings to the net assets of those subsidiary undertakings after taking into account any dividends proposed by those companies.

5 Interest payable

	1992 £	1991 £
Payable to group undertakings	-	37,904
	-	37,904

6 Tax on profit on ordinary activities

	1992 £	1991 £
U K Corporation tax	-	(13,412)
Deferred taxation	-	(2,007)
Adjustments re prior year	-	3,669
	-	(12,331)

WALLOP HOLDINGS LIMITED

Notes to the Financial Statements continued

7 Investments

	£
Shares in subsidiaries at cost	693,618
Amounts written off at 1 April 1991	(23,530)
Amounts written off during the year	(558,467)
At 31 March 1992	113,619

The investments comprise the whole of the issued share capital of the following subsidiary companies which are registered in England:

Company	Activity
ML Wallop Defence Systems Limited	Dormant
Wallop Avionics Limited	Dormant
Wallop SES Limited	Dormant
Walloptronics Limited	Dormant
Wallop Systems Limited	Dormant
Wallop Simbrow Limited	Dormant
Civil Protection Limited	Dormant

During the year the Company wrote down the value of its investment to the net assets of these companies

8 Debtors

	1992	1991
	£	£
Amounts owed by group undertakings	-	1,096,282
Group relief receivable	-	13,412
<u>Dividends receivable from subsidiary undertakings</u>	<u>725,127</u>	<u>-</u>
	725,127	1,109,674

9 Creditors: amounts falling due within one year

	1992	1991
	£	£
Amounts due to group undertakings	411,200	329,263
<u>Dividends payable</u>	<u>352,210</u>	<u>1,191,611</u>
	763,410	1,520,874

10 Share capital

	Authorised		Allotted, called up & fully paid	
	1992	1991	1992	1991
	£	£	£	£
<u>Ordinary shares of £1 each</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>75,336</u>	<u>75,336</u>

11 Reserves

	Profit and loss account
	£
At 1 April 1991	75,550
<u>Retained loss for the year</u>	<u>(165,550)</u>
At 31 March 1992	-

WALLOP HOLDINGS LIMITED

Notes to the Financial Statements continued

12 Guarantees and financial commitments

Guarantees

Throughout the year there were limited upstream guarantees in operation in respect of all monies due to the Company's bankers.

On 7 August 1992 the Company entered into a debenture and Guarantee with the Group's bankers to secure the borrowings of the ultimate holding company. The Debenture includes a legal mortgage over the property which the Company entered into contract to sell to a group undertaking in the year ended 31 March 1991.

Capital commitments

At the balance sheet date capital expenditure of £ nil (1991 £ nil) had been contracted for but not provided for in the financial statements.

13 Ultimate holding company

The Company's ultimate holding company is ML Holdings PLC, a company registered in England and Wales. Copies of this Group's financial statements can be obtained from:-

ML Holdings PLC
644 Ajax Avenue
Slough
Berkshire
SL1 4BQ