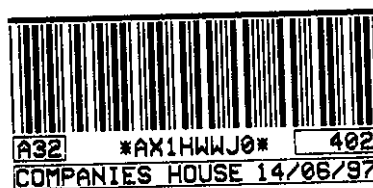


COMPLAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996

Company registration number 1683851



COMPLAS LIMITED

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COMPLAS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report, together with the financial statements of the company, for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are those of design, development and manufacture of high performance products in composite materials.

In September 1996 the company disposed of its Plastics Distribution Business in order to concentrate more time and space on the manufacture of high performance components in composite materials.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend (1995: £nil). It is proposed that the retained profit of £19,000 be transferred to reserves (1995: £304,000).

BOARD OF DIRECTORS

The following directors held office during the year:

P A Hogan	
G C Cooper	
P D Long	(Resigned 1 May 1996)
E G Masterson	(Appointed 1 May 1996)
L J Marshall	(Appointed 31 July 1996)

The directors' shareholdings and interests are shown in note 7 to the financial statements.

PAYMENTS TO SUPPLIERS

The company agrees terms and conditions for its business transactions with suppliers. Payment is generally made on those terms subject to the terms and conditions being met by the supplier.

COMPLAS LIMITED

REPORT OF THE DIRECTORS (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the report of the auditors set out on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed. The financial statements have been prepared on a going concern basis.

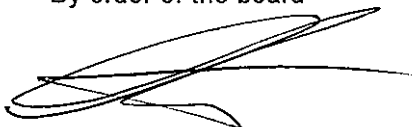
The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

AUDITORS

The company's auditors, Price Waterhouse, have signified their willingness to continue in office. In accordance with section 386 of the Companies Act 1985, as a result of an elective resolution passed on 4 November 1993, Price Waterhouse are deemed reappointed as auditors to the company for the forthcoming year.

By order of the board



G C Cooper
Director

9 April 1997

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF COMPLAS LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

9 April 1997

COMPLAS LIMITED

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

TURNOVER

Turnover is based on sales value exclusive of value added tax together with the sales value of work done on long term contracts.

DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, where there is a reasonable probability that it will become payable within the foreseeable future.

TANGIBLE FIXED ASSETS

Fixed assets are depreciated on a straight line basis over their estimated useful economic lives, as follows:

Freehold building	- 50 years
Plant, machinery, fixtures, fittings, tools and equipment	- Over 3 to 8 years

STOCKS

Stock and work in progress are stated at the lower of cost, which includes an appropriate proportion of production overheads, and net realisable value.

Payments received and receivable on account of work in progress are deducted from the cost of the work carried out at the balance sheet date to the extent of the valuation of the work done.

RESEARCH AND DEVELOPMENT

Research and development expenditure not chargeable to customers is written off in the year in which it is incurred.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

PENSION COSTS

Pension costs represent contributions paid during the period to the company's defined contribution pension scheme and the money purchase scheme for the benefit of PA Hogan.

COMPLAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	Continuing Operations 1996 £'000	Discontinued Operations 1996 £'000	Total 1996 £'000	Total 1995 £'000
TURNOVER	1,2	487	462	949	1,746
Cost of sales		(426)	(372)	(798)	(1,093)
GROSS PROFIT		61	90	151	653
Distribution costs		(25)	(51)	(76)	(89)
Administrative expenses		(88)	(46)	(134)	(164)
OPERATING (LOSS)/PROFIT	2,3	(52)	(7)	(59)	400
Profit on disposal of discontinued operations		—	20	20	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(52)	13	(39)	400
Interest receivable	4			46	47
Interest payable	5			(1)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				6	444
Tax on profit on ordinary activities	6			13	(140)
PROFIT FOR THE FINANCIAL YEAR	14,17			19	304

The discontinued operations relates to the Plastics Distribution business which was disposed of in September 1996 (see note 2).

The company had no recognised gains or losses other than the above profit for the year.

The notes on pages 7 to 12 form part of these financial statements.

COMPLAS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	<u>1996</u>	<u>1995</u>
		£000	£000
FIXED ASSETS			
Tangible assets	9	499	409
CURRENT ASSETS			
Stocks	10	70	113
Debtors	11	752	968
Cash at bank and in hand		<u> </u>	<u>36</u>
		822	1,117
CREDITORS: Amounts falling due within one year	12	<u>(295)</u>	<u>(519)</u>
NET CURRENT ASSETS		<u>527</u>	<u>598</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,026</u>	<u>1,007</u>
CAPITAL AND RESERVES			
Called up share capital	13	10	10
Profit and loss account	14	<u>1,016</u>	<u>997</u>
SHAREHOLDERS' FUNDS	17	<u>1,026</u>	<u>1,007</u>

These financial statements were approved by the board on 9 April 1997 and were signed on its behalf by


E G Masterson
Director

The notes on pages 7 to 12 form part of these financial statements.

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 TURNOVER

All sales are made in the United Kingdom and are deemed as being attributable to one class of business.

2 CONTINUING AND DISCONTINUED OPERATIONS

	Continuing £'000	1996 Discontinued £'000	Total £'000	Continuing £'000	1995 Discontinued £'000	Total £'000
Turnover	487	462	949	1,237	509	1,746
Cost of sales	(426)	(372)	(798)	(701)	(392)	(1,093)
Gross profit	61	90	151	536	117	653
Distribution costs	(25)	(51)	(76)	(24)	(65)	(89)
Administrative expenses	(88)	(46)	(134)	(108)	(56)	(164)
Operating (loss)/profit	<u>(52)</u>	<u>(7)</u>	<u>(59)</u>	<u>404</u>	<u>(4)</u>	<u>400</u>

3 OPERATING PROFIT

	1996 £000	1995 £000
The operating profit is stated after charging:		
Depreciation	23	26
Auditors' remuneration - in respect of audit	<u>2</u>	<u>2</u>

4 INTEREST RECEIVABLE

	1996 £000	1995 £000
Bank interest	-	1
Interest receivable from group undertakings	<u>46</u>	<u>46</u>
	<u>46</u>	<u>47</u>

5 INTEREST PAYABLE

	1996 £000	1995 £000
On bank loans and overdrafts	<u>1</u>	<u>3</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £000	1995 £000
Based on the result of the year:		
UK corporation tax at 33% (1995: 33%)	(13)	141
Prior Year Adjustment	<u>-</u>	<u>(1)</u>
	<u>(13)</u>	<u>140</u>

No deferred taxation provision has been made as there is no foreseeable reversal of timing differences. The total amount of unprovided deferred tax on a full provision basis is:

	1996 £'000	1995 £'000
Accelerated capital allowances	<u>23</u>	<u>8</u>
	<u>23</u>	<u>8</u>

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 DIRECTORS

Directors' shareholdings and interests

None of the directors held an interest in the company's shares or rights to subscribe for such shares.

The interests of G C Cooper and his family in the shares of the ultimate parent undertaking and rights to subscribe for such shares are disclosed in the financial statements of the ultimate parent undertaking.

The interests of P A Hogan, E G Masterson and L J Marshall and their families in the shares of the ultimate parent undertaking and their rights to subscribe for such shares were:

	<u>At 31 December 1996</u>		<u>At 31 December 1995</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
P A Hogan	-	4,312	-	4,312
E G Masterson	261	2,757	218	972
L J Marshall	88	1,093	52	1,093

The following options were granted during the year:

	<u>Number</u>	<u>Exercise price</u>	<u>Exercise period</u>
E G Masterson	1,785	483.00p	01/02/02-01/08/02

No options were exercised during the year.

Directors' emoluments

	<u>1996</u> £	<u>1995</u> £
The emoluments of the directors, including pension contributions, were:	<u>61,028</u>	<u>57,125</u>

The analysis of the directors' emoluments, excluding pensions contributions, is:

	<u>1996</u> £	<u>1995</u> £
Chairman	-	-
Highest paid director	<u>56,816</u>	<u>53,303</u>

The number of directors, whose emoluments excluding pension contributions were within the following bands is:

	<u>Number</u>	<u>Number</u>
£nil to £5,000	4	2
£50,001 to £55,000	-	1
£55,001 to £60,000	<u>1</u>	<u>-</u>

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 EMPLOYEES

	1996 Number	1995 Number
Average number of employees	<u>16</u>	<u>17</u>
	1996 £000	1995 £000
Employment costs:		
Wages and salaries	280	303
Social security costs	29	32
Other pension costs (note 15)	<u>10</u>	<u>7</u>
	<u>319</u>	<u>342</u>

9 TANGIBLE FIXED ASSETS

	Land and buildings (freehold) £000	Plant and machinery including vehicles £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At 1 January 1996	395	225	82	702
Additions	-	110	3	113
Disposals	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(11)</u>
At 31 December 1996	<u>395</u>	<u>324</u>	<u>85</u>	<u>804</u>
Depreciation				
At 1 January 1996	42	183	68	293
Charge for year	6	12	5	23
Disposals	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(11)</u>
At 31 December 1996	<u>48</u>	<u>184</u>	<u>73</u>	<u>305</u>
Net book amount				
At 31 December 1996	<u>347</u>	<u>140</u>	<u>12</u>	<u>499</u>
At 31 December 1995	<u>353</u>	<u>42</u>	<u>14</u>	<u>409</u>

Capital commitments

At 31 December 1996 and 31 December 1995 the company had no outstanding capital commitments.

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 STOCKS

	<u>1996</u> £000	<u>1995</u> £000
Raw materials and consumables	36	84
Work in progress	<u>34</u>	<u>29</u>
	<u>70</u>	<u>113</u>

There is no significant difference between the replacement cost and value of stocks shown.

11 DEBTORS

	<u>1996</u> £000	<u>1995</u> £000
Trade debtors	59	288
Amounts owed by group undertakings	527	588
Other debtors	3	-
Prepayments and accrued income	11	3
Amounts recoverable on contracts	139	89
Taxation recoverable	<u>13</u>	<u>-</u>
	<u>752</u>	<u>968</u>

12 CREDITORS: Amounts falling due within one year

	<u>1996</u> £000	<u>1995</u> £000
Bank loans and overdraft	11	-
Trade creditors	166	195
Amount owed to group undertakings	-	26
Other creditors	1	1
Other taxes and social security	7	50
Accruals and deferred income	10	6
Loan from group undertaking	100	100
Corporation tax payable	<u>-</u>	<u>141</u>
	<u>295</u>	<u>519</u>

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 CALLED UP SHARE CAPITAL

The share capital of the company consists of 10,000 authorised, allotted and fully paid ordinary shares of £1 each. There have been no changes during the year.

14 PROFIT AND LOSS ACCOUNT

£000

At 1 January 1996	997
Retained profit for the year	<u>19</u>
At 31 December 1996	<u>1,016</u>

15 PENSION COSTS

The company operates a defined contribution scheme for senior employees. The pension cost for the year was £6,276 (1995: £3,132).

There is also a money purchase scheme for the benefit of one director, P A Hogan. The pension cost for the year was £4,212 (1995: £3,822).

16 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Chelton Limited and its ultimate parent undertaking is Cobham plc, both of which are registered in England. The smallest and largest group for which group financial statements are prepared is Cobham plc and copies of its financial statements may be obtained from the Secretary, Cobham Plc, Brook Road, Wimborne, Dorset, BH21 2BJ.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £000	<u>1995</u> £000
Profit for the financial year	19	304
Opening shareholders' funds	<u>1,007</u>	<u>703</u>
Closing shareholders' funds	<u>1,026</u>	<u>1,007</u>

COMPLAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 CASH FLOW STATEMENT

The Cobham plc financial statements for the year ended 31 December 1996 contain a consolidated statement of cash flows. The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (revised) whereby it is not required to publish its own cash flow statement.

19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by paragraph 3(c) of FRS 8 not to disclose transactions with entities that are part of the Cobham plc group.

The company is controlled by Chelton Limited the company's immediate parent undertaking. The ultimate controlling company is Cobham plc.