

Advanced Composite Materials Limited

**Directors' report and financial
statements**

Registered number 01938206

31 March 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Principal activity

The company did not trade during the year.

Dividend

The directors do not recommend the payment of a dividend (2004: £nil).

Directors

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

CS Snowdon	(Appointed 6 May 2004)
RJK Beaumont	(Appointed 6 May 2004)
AB Moss	(Appointed 6 May 2004)
AM Moore	
J Mabbitt	
M Malitskie	
E Ghavam-Shahidi	(Appointed 6 May 2004)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the parent company, as recorded in the register of directors' share and debenture interests

	Beneficial interest in shares	Conditional rights to shares	Performance related share options	SAYE Scheme options
AB Moore				
Granted in year	-	-	-	3,250
Acquired in year	13,500	-	-	-
At end of year	13,500	-	-	3,250
AB Moss				
At start of year	4,205	1,950	253,528	4,678
Granted in year	-	3,488	38,310	-
Lapsed in year	-	-	(167,584)	-
Rights adjusted in year	-	-	14,968	276
Acquired in year	3,459	-	-	-
At end of year	7,664	5,438	139,222	4,954

Directors' report (continued)

	Beneficial interest in shares	Conditional rights to shares	Performance related share options	SAYE Scheme options
JP Mabbitt				
Granted in year	-	-	-	3,250
At end of year	-	-	-	3,250
M Malitskie				
Acquired in year	2,750	-	-	-
Granted in year	-	-	-	3,250
At end of year	2,750	-	-	3,250
E Shahidi				
Granted in year	-	-	-	3,250
Acquired in year	5,000	-	-	-
At end of year	5,000	-	-	3,250

The interests of CJ Snowden and RJK Beaumont in the shares of the ultimate holding company, UMECO plc, are disclosed in the directors' report of that company.

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company.

Auditors

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

Steve J. Bowers

S Bowers
Secretary

Concorde House
24 Warwick New Road
Leamington Spa
Warwickshire
CV32 5JG

1 June 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.

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

We have audited the financial statements on pages 5 and 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 3, 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 2005 and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
*Chartered Accountants
Registered Auditor
Birmingham*

1 June 2005

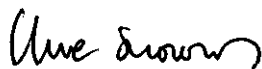
Profit and loss account

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 2005*

	<i>Note</i>	2005 £000	2004 £000
Current assets			
Debtors	2	1,244	1,244
		<hr/>	<hr/>
Net assets		1,244	1,244
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	3	-	-
Profit and loss account		1,244	1,244
		<hr/>	<hr/>
Shareholders' funds		1,244	1,244
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 1 June 2005 and were signed on its behalf by:



CS Snowdon
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.

2 Debtors

	2005 £000	2004 £000
Amounts owed by group undertakings	1,244	1,244

3 Called up share capital

	2005 £000	2004 £000
<i>Authorised, allotted, called up and fully paid</i> 100 ordinary shares of £1 each	-	-

4 Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank borrowings of each company. At 31 March 2005, the outstanding liability under this guarantee was £Nil (2004: £1,301,000).

5 Ultimate parent undertaking

The ultimate parent undertaking at the year end was UMECO plc, a company incorporated in Great Britain.

Copies of the financial statements of the ultimate parent undertaking can be obtained from the address on page 2.

The immediate parent undertaking is Advanced Composite Components Limited, which is incorporated in Great Britain.