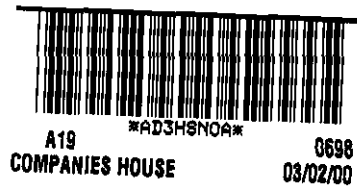


Launchfirm Limited

**Directors' report and financial
statements**

Registered number 2567091

31 March 1999



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Directors' report

The directors present their annual report and the audited financial statements for the five months ended 31 March 1999.

Principal activities

The principal activities of the company is that of a holding company.

Results and dividend

The company's profit for the period after taxation amounted to £26,294. It is recommended that this amount is transferred to reserves and that no dividend is paid.

Directors and directors' interests

The directors who held office during the period, and their beneficial interests in the share capital of the company, were as follows:

	Interest at end of period	Interest at start of period or date of appointment
Number of ordinary shares of £1 each		
Mr HT Gibson (resigned 2 March 1999)	-	26
Mrs J Gibson (resigned 2 March 1999)	-	25
Mr RH Gibson (resigned 2 March 1999)	-	-
Mrs LJ Tischler (resigned 2 March 1999)	-	-
Mr CJ Snowden (appointed 2 March 1999)	-	-
Mr RJK Beaumont (appointed 2 March 1999)	-	-

Charitable contributions

During the period the company made charitable donations totalling £Nil (1998: £260).

Year 2000

The company has not experienced any significant issues arising from the 1999 to 2000 date change.

The directors have reviewed the implications for the company's business of the impact of the year 2000 on the company's suppliers and customers and do not expect any material problems affecting the business to arise.

In common with other businesses, no guarantees can be given about the financial impact of any year 2000 problems.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, 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



RJK Beaumont
Secretary

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

26 January 2000

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.

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of Launchfirm Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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 group'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 affairs of the company as at 31 March 1999 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

26 January 2000

Profit and loss account
for the period ended 31 March 1999

	<i>Note</i>	Five months ended 31 March 1999 £	Year ended 31 October 1998 £
Turnover		50,000	600,000
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		50,000	600,000
Administrative expenses		(14,553)	(472,175)
		<hr/>	<hr/>
Operating profit	2	35,447	127,825
Interest receivable and similar income	3	363	893
Interest payable and similar charges	4	(2,526)	(18,047)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		33,284	110,671
Taxation on profit on ordinary activities	7	(6,990)	(25,572)
		<hr/>	<hr/>
Profit after taxation		26,294	85,099
Dividend		-	-
		<hr/>	<hr/>
Retained profit for the period	12	26,294	85,099
		<hr/> <hr/>	<hr/> <hr/>

The results shown in the profit and loss account derive wholly from continuing activities.

There were no recognised gains or losses other than the retained profit for the period.

Balance sheet
at 31 March 1999

	<i>Note</i>	31 March 1999	31 October 1998
		£	£
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	552,768	785,230
Cash at bank and in hand		945	2,780
		<hr/>	<hr/>
Creditors: amounts falling due within one year	10	553,713 (32,749)	788,010 (293,340)
		<hr/>	<hr/>
Net current assets		520,964	494,670
		<hr/>	<hr/>
Total assets less current liabilities		520,964	494,670
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	520,864	494,570
		<hr/>	<hr/>
Equity shareholders' funds		520,964	494,670
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26 January 2000 and were signed on its behalf by:



CJ Snowdon
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statement present information about the company as an individual undertaking and not about its group.

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

As the company is a wholly owned subsidiary undertaking of UMECO plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the management charges to subsidiary companies.

Notes (continued)

2 Operating profit

	Five months ended 31 March 1999 £	Year ended 31 October 1998 £
<i>Operating profit is stated after charging/(crediting):</i>		
Auditors' remuneration:		
- audit	-	-
- non audit	308	750
	<u>308</u>	<u>750</u>

3 Interest receivable and similar income

	1999 £	1998 £
Receivable from group undertakings	363	893
	<u>363</u>	<u>893</u>

4 Interest payable and similar charges

	1999 £	1998 £
On other loans	2,526	18,047
	<u>2,526</u>	<u>18,047</u>

5 Remuneration of directors

	1999 £	1998 £
Directors' emoluments	11,529	44,180
Pension contributions	-	380,000
	<u>11,529</u>	<u>424,180</u>

The number of directors to whom benefits accrued under money purchase pension schemes was Nil (1998: 4).

Notes (continued)

6 Staff numbers and costs

The company employed 6 (1998: 4) directors only during the period.

The aggregate payroll costs of these persons were as follows:

	Five months ended 31 March 1999 £	Year ended 31 October 1998 £
Wages and salaries	11,329	44,180
Social security costs	200	4,156
Other pension costs	-	380,000
	<u>11,529</u>	<u>428,336</u>

7 Taxation

	1999 £	1998 £
UK corporation tax at 21 % (1998 : 32.5 %)	6,990	25,572
	<u>6,990</u>	<u>25,572</u>

8 Fixed asset investments

	Interest in group undertakings £
<i>Cost</i>	
At beginning and end of period	-
	<u>-</u>

The interest in the group undertaking was gifted to the company and no consideration was paid.

Interest in group undertakings:

<i>Name of undertaking</i>	Country of incorporation	Description of shares held	Class and percentage of shares held
Aerovac Systems Limited	England and Wales	Ordinary £1	100%
Aerovac Systems Limited holds investments in subsidiary undertakings as follows:			
Aerovac Systemes France SARL	France	Ordinary	76%
Fluorovac Limited	England and Wales	Ordinary	100%

Notes (continued)

8 Fixed asset investments (continued)

The principal activities of all the above undertakings are the manufacture of vacuum tools and the distribution of a range of consumable materials used within the composite bonding industry except Fluorovac Limited which ceased trading on 1 November 1997.

The aggregate amount of capital and reserves as at 31 March 1999 and the profit after taxation of the undertakings for the period ended 31 March 1999 was as follows:

	Capital and reserves £	Profit after taxation £
Aerovac Systems Limited	2,593,425	132,342
Aerovac Systemes France SARL	193,846	150,102
Fluorovac Limited	84,873	-
	<hr/>	<hr/>
	2,872,144	282,444
	<hr/>	<hr/>

9 Debtors

	1999 £	1998 £
Amounts due from group undertakings	550,125	785,125
Prepayments	-	105
Other debtors	2,643	-
	<hr/>	<hr/>
	552,768	785,230
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	-	11,828
Directors' and family members' loan accounts	-	204,903
Corporation tax	32,569	25,579
Other taxes and social security	-	16,388
Accruals	180	34,642
	<hr/>	<hr/>
	32,749	293,340
	<hr/>	<hr/>

Notes (continued)

11 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

12 Shareholders' funds

	Share capital £	Profit and loss account £	Total £
At beginning of period	100	494,570	494,670
Profit for the period	-	26,294	26,294
	<hr/>	<hr/>	<hr/>
At end of period	100	520,864	520,964
	<hr/>	<hr/>	<hr/>

13 Pension obligations

The company operates money purchase pension schemes in respect of its directors, staff and employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes and amounted to £Nil (1998: £381,964). There were no prepaid or outstanding contributions at the balance sheet date.

14 Related party disclosures

Amounts owed to/(by) directors were as follows:

Name	As at 1 November 1998 £	Maximum amount outstanding during period £	As at 31 March 1999 £
HT Gibson	108,810	108,810	-
J Gibson	96,093	96,093	-
	<hr/>	<hr/>	<hr/>
	204,903	204,903	-
	<hr/>	<hr/>	<hr/>

Notes *(continued)*

15 Contingent liabilities

Certain indemnities have been given in the ordinary course of the company's business, but on these no material losses are expected to arise.

16 Ultimate holding company

Since 2 March 1999 the company's ultimate holding company has been UMECO plc, which is incorporated in Great Britain and registered in England and Wales.

The results of the company from the date of acquisition by UMECO are included in the consolidated accounts of UMECO plc which are available to the public and may be obtained from UMECO plc, Concorde House, 24 Warwick New Road, Leamington Spa, Warwickshire, CV32 5JG.

No other group accounts include the results of the company.