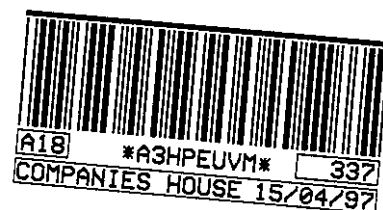


SILLECK DAVALL LIMITED  
(Registered Number 3088344)

DIRECTORS' REPORT AND ACCOUNTS FOR  
THE PERIOD ENDED 31 DECEMBER, 1996



SILLECK DAVALL LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements from the date of incorporation to 31st December, 1996.

ACTIVITIES

The principal activity of the company is the manufacture of moulded plastic components.

REVIEW OF THE BUSINESS

The company performed satisfactorily during its first year of operation.

RESULTS

	£
Profit on ordinary activities for the period before taxation	11,928
Taxation	(18,122)
Loss for the period	(6,194)
Dividends - proposed	-
Retained loss in period	(6,194)
Retained profit brought forward	-
Retained loss carried forward	(6,194)

DIRECTORS

The directors who served during the period were:-

Mr P J K Haslehurst	(Chairman)	(Appointed 31.7.95)
Mr R Chalkley		(Appointed 27.7.95)
Mr J J Hobbs		(Appointed 10.7.95)

Swift Incorporations who were the first directors resigned on 7th August 1995.

SILLECK DAVALL LIMITED

REPORT OF THE DIRECTORS  
(contd.)

DIRECTORS' INTERESTS

Directors' interests in the share capital of the ultimate parent undertaking, EIS Group PLC, as recorded in the register of directors' interests were:-

	<u>Interest in 25p ordinary shares</u>		<u>Options to acquire 25p ordinary shares</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Mr R Chalkley	—	3,750	22,300	12,300

The interests of Mr P J K Haslehurst and Mr J J Hobbs in the share capital of the ultimate parent undertaking are shown in the directors' report of that company. The directors' interests were beneficially owned.

With the exception of the interests disclosed above, no director had any interest in the shares or debentures of any group undertaking at either 31st December 1996 or 31st December 1995.

RESEARCH AND DEVELOPMENT

The company is committed to a policy of investment in the future both by acquisition of new capital equipment and by expenditure on product development and improvement.

By order of the board

M Liddle  
M Liddle  
Secretary

11th March 1997

SILLECK DAVALL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial Period which give a true and fair view of the state of affairs of the company and of the profit of the company for the Period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) prepare the financial statements on a 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

REPORT OF THE AUDITOR TO THE MEMBERS OF SILLECK DAVALL LTD.

We have audited the financial statements on pages 4 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, 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

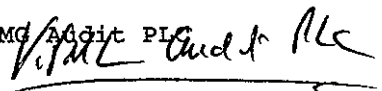
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as 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.

KPMG Audit PL

  
Chartered Accountants  
Registered Auditors

Cardiff

11th March, 1997

SILLECK DAVALL LIMITED

PROFIT AND LOSS ACCOUNT FOR  
THE PERIOD ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £
TURNOVER	2	1,646,479
Cost of sales		(1,454,690)
		<hr/>
GROSS PROFIT		191,789
Administration costs		(164,936)
		<hr/>
OPERATING PROFIT	3	26,853
Net Interest		(14,925)
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,928
Taxation on profit on ordinary activities	6	(18,122)
		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(6,194)
		<hr/>
RETAINED LOSS FOR THE PERIOD	14	(6,194)
		<hr/>

The results for the period relate to continuing operations.

There have been no acquisitions or discontinued operations during the period.

The notes on pages 7 to 13 form part of these accounts.

The movements on reserves are shown in note 14.

SILLECK DAVALL LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between reported profit on ordinary activities before tax and historical cost profit before tax.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit or loss for the period.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u> £
Loss for the financial period	(6,194)
Shares issued in period	—
	<hr/>
Opening shareholders' funds	(6,194) 2
	<hr/>
Closing shareholders' funds	(6,192) <hr/>

SILLECK DAVALL LIMITED

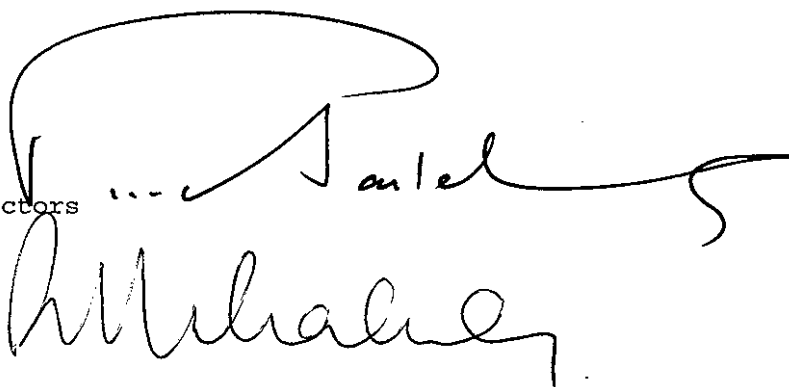
BALANCE SHEET AT 31 DECEMBER, 1996

	<u>Note</u>	<u>1996</u> £
FIXED ASSETS		
Tangible assets	7	1,288,452
CURRENT ASSETS		
Stocks	8	288,027
Debtors	9	1,020,969
Cash at bank and in hand		27,857
		<hr/> 1,336,853
CREDITORS: amounts falling due within one year	10	(1,257,934)
NET CURRENT ASSETS		<hr/> 78,919
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,367,371
CREDITORS: amounts falling due after one year	11	(1,322,441)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(51,122)
Net Liabilities		<hr/> (6,192)
CAPITAL AND RESERVES		
Called up share capital	13	2
Profit and loss account	14	(6,194)
Equity Shareholders Deficit		<hr/> (6,192)

The notes on pages 7 to 13 form part of these accounts.

The accounts were approved by the board of directors on 11th March, 1997 and signed on their behalf by:

P J K Haslehurst )  
R M Chalkley ) Directors



SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies which are in accordance with applicable accounting standards have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Fixtures & Fittings	10% to 20%
Plant and machinery	10% to 25%
Buildings	2%
Leasehold land and building	2%

c) Stocks and work-in-progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes works overheads where applicable.

d) Research and development

Research and development expenditure is written off against profit in the Period in which the expenditure arises.

e) Deferred taxation

Deferred taxation is provided at the future rate of taxation using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date or where there are matching forward contracts in respect of trading transactions, the rates of exchange specified in the contracts are used. All realised differences are taken to the profit and loss account and unrealised differences on forward contracts are taken to the balance sheet.



SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS  
(contd.)

g) Grants

Government and other similar grants are recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

h) Cash flow statement

The company has not produced a Cash Flow Statement as it is a wholly owned subsidiary of EIS Group P.L.C., whose accounts include a consolidated Cash Flow Statement.

2. TURNOVER

Turnover represents invoiced sales during the Period exclusive of value added tax.

All of the company's turnover and profit on ordinary activities before taxation relate to the company's principal activity.

The geographic analysis of turnover is as follows:

	<u>1996</u> £
United Kingdom	<u>1,646,479</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following items:

	<u>1996</u> £
Auditors' remuneration	3,000
Depreciation	<u>97,338</u>

SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS  
(contd.)

4. DIRECTORS' EMOLUMENTS

	<u>1996</u>
	£
For services as directors	NIL

The amounts (excluding pension contributions) paid to the chairman and highest paid director were as follows:

	<u>1996</u>
	£
Chairman	NIL
Highest paid director	NIL

The emoluments of the directors fell within the following bands:

	<u>1996</u>
	No.
£Nil - £5,000	5

5. STAFF COSTS

The average weekly number of employees, including directors, during the Period was as follows:

	<u>1996</u>
	No.
Sales, administration and distribution	4
Manufacturing	24
	28

The aggregate payroll costs of these persons were as follows:

	<u>1996</u>
	£
Wages and salaries	329,447
Social security costs	10,746
Other pension costs	6,750
	<u>346,943</u>

SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS  
(contd.)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £
Based on the profit for the Period:	
Group relief	(33,000)
Deferred taxation charge	51,122
	<hr/> 18,122 <hr/>

7. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £	<u>Plant and machinery</u> £	<u>Total</u> £
COST OR VALUATION			
Additions	—	908,632	908,632
Inter-group transfers	537,425	—	537,425
	<hr/>	<hr/>	<hr/>
At 31 December, 1996	537,425	908,632	1,446,057
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
Charge for the Period	11,742	85,596	97,338
Inter-group transfers	60,267	—	60,267
	<hr/>	<hr/>	<hr/>
At 31 December, 1996	72,009	85,596	157,605
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December, 1996	465,416	823,036	1,288,452
	<hr/>	<hr/>	<hr/>

8. STOCKS

	<u>1996</u> £
Raw materials	196,917
Finished goods	91,110
	<hr/> 288,027 <hr/>

NOTES TO THE ACCOUNTS  
(contd.)

9. DEBTORS

	<u>1996</u> £
Amounts falling due within one year:	
Amounts owed by parent and fellow subsidiary undertakings	966,914
Prepayments and accrued income	21,055
Group Relief receivable	33,000
	<hr/> 1,020,969 <hr/>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u> £
Bank overdrafts & loans	37,856
Trade creditors	287,151
Payments on account	106,200
Other taxation and social security	55,280
Amounts owed to parent and fellow subsidiary undertakings	729,639
Accruals and deferred income	41,808
	<hr/> 1,257,934 <hr/>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1996</u> £
Bank loans	208,215
Amounts owed to Ultimate parent company	1,114,226
	<hr/> 1,322,441 <hr/>

SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS  
(contd.)

12. PROVISION FOR LIABILITIES AND CHARGES

	<u>Amount Provided</u>
	<u>1996</u>
	£
Deferred taxation:	
Accelerated capital allowances	52,147
Other timing differences	(1,025)
	<hr/>
	51,122
	<hr/>
<u>Movement in Period</u>	
Amount charged to profit and loss account for the period	51,122
	<hr/>
Balance at 31 December 1996	51,122
	<hr/>

There is no unprovided deferred tax liability in the Period.

13. SHARE CAPITAL

	<u>1996</u>		<u>Allotted, called up</u>	
	<u>Authorised</u>		<u>and fully paid</u>	
	No.	£	No.	£
Ordinary shares of £1 each	1,000	1,000	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

14. RESERVES

	<u>Profit and</u>
	<u>loss account</u>
	£
At date of incorporation	—
Retained loss for period	6,194
	<hr/>
At 31 December, 1996	6,194
	<hr/>

SILLECK DAVALL LIMITED

NOTES TO THE ACCOUNTS  
(contd.)

15. PENSIONS

The Company operates a pension scheme providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the company being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 5th April 1996 and showed that the market value of the scheme's assets were £52.2m and that the actuarial value of those assets represented 118% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The valuation assumed that the investment return would be 1.5% higher than the rate of annual salary increase and that present and future pensions would increase at a rate of 3% per annum.

The pension charge for the period was £6,750 and has been determined over the average remaining service lives of the employees. There may be some increase in pension costs in future years as a consequence of the recent Pensions Act.

16. RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary of EIS Group P.L.C. In accordance with paragraph 3(c) of FRS 8, "Related Party Transactions", the company is exempt from disclosing details of arrangements with other companies in the EIS Group.

17. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is EIS Group P.L.C., a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements are available from:

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff