Company Registration No. 2380921

Deloitte & Touche

REGISTRAR OF COMPANIES

LINEAR COMPOSITES LIMITED

Report and Financial Statements

30 September 2000

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A24 30/07/01
COMPANIES HOUSE

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS

LINEAR COMPOSITES LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

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NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Linear Composites Limited will be held at the Ward Industrial Estate, Church Road, Lydney, Gloucestershire, GL15 5EL, on 26 June 2001 at 9.30am for the following purposes:

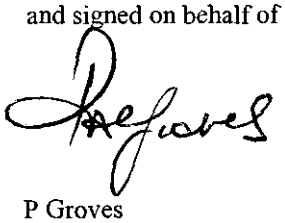
1. To receive and adopt the financial statements for the year ended 30 September 2000, together with the reports of the directors and auditors thereon.

2. To approve the remuneration of the directors.

3. To reappoint the auditors and fix their remuneration.

4. To transact any other ordinary business of the company.

Approved by the Board of Directors
and signed on behalf of the Board



P Groves

Secretary

Date 25 June 2001

Note:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. Proxy forms must be lodged with the secretary not later than 48 hours before the time fixed for the meeting.

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J L R Ward (Chairman)
D Kenyon
D Kingston
T F H Ward

SECRETARY

P Groves

REGISTERED OFFICE

Vale Mills
Oakworth
Keighley
West Yorkshire
BD22 0EB

BANKERS

HSBC Bank PLC

SOLICITORS

Morgan Cole

AUDITORS

Deloitte & Touche

Deloitte & Touche

DIRECTORS' REPORT
Year ended 30 September 2000

The directors present their annual report and the audited financial statements for the year ended 30 September 2000.

ACTIVITIES

The principal activity of the company is the extrusion of textile reinforced plastic composites.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Difficult market conditions have continued in the civil engineering sector; when combined with major reorganisations and streamlining at our two largest distributors, this led to a sales performance lower than the excellent performances of previous years. Apart from civil engineering, the rest of the business held up well, with significant progress especially for PARAFIL, PARAWEB Fence, PARALOOPS and PARARIB.

The capital expenditure programmes of the last 3 years have resulted in notable increases in productivity and waste reduction. Product costs reflect these improvements. Product quality has been maintained, or improved, in all areas.

There are several promising signs that the civil engineering environment should move in our favour in the not too distant future. The company is well poised to take full advantage of the improving situation, with a set of unique products of good quality at competitive prices. Adjustments to our marketing strategy in several areas should ensure a continuing improvement in our fortunes.

DIVIDENDS

The directors do not recommend the payment of a dividend (1999 - £nil).

DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the year.

The directors had no beneficial interest in the ordinary shares of the company at 30 September 2000 and 1 October 1999. The following director had a non-beneficial interest in the shares:

	Ordinary shares of £1 each	
	2000	**1999**
J L R Ward	1	1

J L R Ward and T F H Ward are also directors of the ultimate parent company, John Ward (Holdings) Limited, and their interests in its shares are disclosed in the financial statements of that company. D Kenyon and D Kingston have no interests in the shares of the ultimate parent company. The directors had no beneficial interests in the shares of any other group company at 30 September 2000 and 1 October 1999.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

P Groves
Secretary

Date 25 June 2001

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 as at the end of the financial year and of the profit or loss of the company 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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AUDITORS' REPORT TO THE MEMBERS OF LINEAR COMPOSITES LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with United Kingdom law and accounting standards. 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 United Kingdom 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 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Date 25 June 2001

Deloitte Touche Tohmatsu

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2000

	Note	2000 £	1999 £
TURNOVER	2	2,876,973	3,528,721
Cost of sales		(1,765,081)	(2,305,604)
Gross profit		1,111,892	1,223,117
Distribution costs		(114,002)	(85,664)
Administrative expenses		(824,530)	(738,664)
OPERATING PROFIT		173,360	398,789
Interest receivable		27,961	102,510
Interest payable and similar charges	3	(58,312)	(199,784)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	143,009	301,515
Tax on profit on ordinary activities	6	27,872	(78,165)
PROFIT FOR THE FINANCIAL YEAR		170,881	223,350

There were no recognised gains and losses for the current and prior financial years other than those shown in the profit and loss account. All the transactions during the current and prior years relate to continuing operations.

Deloitte & Touche

COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Issued share capital £	Profit and loss account £	Total 2000 £	Total 1999 £
At 1 October	2	2,081,335	2,081,337	1,857,987
Profit retained for the year	-	170,881	170,881	223,350
At 30 September	2	2,252,216	2,252,218	2,081,337

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BALANCE SHEET
30 September 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	7		616,749		616,749
Tangible assets	8		531,163		669,839
			1,147,912		1,286,588
CURRENT ASSETS					
Stocks	9	428,581		397,918	
Debtors	10	555,735		614,828	
Cash at bank and in hand		1,903,495		1,691,532	
		2,887,811		2,704,278	
CREDITORS: amounts falling due within one year	11	(585,031)		(624,320)	
NET CURRENT ASSETS			2,302,780		2,079,958
TOTAL ASSETS LESS CURRENT LIABILITIES			3,450,692		3,366,546
CREDITORS: amounts falling due after more than one year	12		(1,171,174)		(1,253,459)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	13		(27,300)		(31,750)
NET ASSETS			2,252,218		2,081,337
CAPITAL AND RESERVES					
Called up share capital	14		2		2
Profit and loss account			2,252,216		2,081,335
TOTAL EQUITY SHAREHOLDERS' FUNDS			2,252,218		2,081,337

These financial statements were approved by the Board of Directors on 25 June 2001.

Signed on behalf of the Board of Directors

D Kenyon
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below:

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible assets

No amortisation is charged on goodwill and it is accordingly shown at cost.

In the opinion of the directors, this departure from standard accounting practice is necessary in order to give a true and fair view.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	-	10% - 20%
Office equipment	-	20%
Motor vehicles	-	20% - 25%

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents direct materials and labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign currency

Transactions in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Differences arising on translation are dealt with in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The charge for the year represents contributions payable in the year.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Assets held under finance lease are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic life of the asset. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

2. ANALYSIS OF TURNOVER

Turnover by destination:	2000 £	1999 £
United Kingdom	1,756,749	2,160,078
Europe	708,046	1,170,907
Rest of world	412,178	197,736
	2,876,973	3,528,721

Turnover consists of the sale of textile reinforced plastic composites.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Group company loans	45,000	180,000
Finance lease interest	13,312	19,784
	58,312	199,784

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' emoluments		
Emoluments	130,936	149,107
Pension scheme contributions	-	13,416
	130,936	162,523

2 directors are members of a defined contribution pension scheme (1999 - 2).

Employee costs during the period (including directors' remuneration)	£	£
Wages and salaries	656,971	736,283
Social security costs	66,722	69,663
Other pension costs	31,575	46,524
	755,268	852,470

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Average number of persons employed	2000 No.	1999 No.
Directors	4	4
Production	21	23
Administration	8	8
Commercial	2	2
	35	37

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
Profit on ordinary activities before taxation is after charges in respect of:		
Management charge	245,000	80,000
Depreciation: owned assets	131,712	147,606
leased assets	32,456	32,450
Auditors' remuneration	5,600	5,750
Operating leases – land and buildings	70,000	66,250

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999 - 30%)	-	-
Adjustment in respect of prior years	(23,422)	(47,303)
Group relief charge	-	116,718
Deferred tax (credit)/charge	(4,450)	8,750
	(27,872)	78,165

The tax credit for the year has occurred due to the transfer of losses from other group companies.

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost and net book value	
At 30 September 2000 and 30 September 1999	616,749

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

8. TANGIBLE FIXED ASSETS

	Total	Leasehold property	Plant and machinery	Office equipment	Motor vehicles
	£	£	£	£	£
Cost					
At 1 October 1999	1,367,114	1	1,165,254	79,487	122,372
Additions	29,672	-	13,841	629	15,202
Disposals	(30,026)	-	-	-	(30,026)
At 30 September 2000	1,366,760	1	1,179,095	80,116	107,548
Accumulated depreciation					
At 1 October 1999	697,275	-	605,857	63,439	27,979
Provisions	164,168	-	131,020	5,302	27,846
Disposals	(25,846)	-	-	-	(25,846)
At 30 September 2000	835,597	-	736,877	68,741	29,979
Net book value					
At 30 September 2000	531,163	1	442,218	11,375	77,569
At 30 September 1999	669,839	1	559,397	16,048	94,393

The net book value of the company's fixed assets includes £239,044 (1999 - £271,500) in respect of assets held under finance leases.

9. STOCKS

	2000	1999
	£	£
Raw materials	150,969	105,310
Work in progress	142,184	132,146
Finished goods	135,428	160,462
	428,581	397,918

10. DEBTORS

	2000	1999
	£	£
Trade debtors	542,198	580,259
Amounts owed by group undertakings	-	14,585
Other debtors	13,537	19,984
	555,735	614,828

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	71,315	108,867
Obligations under finance leases and hire purchase contracts	84,446	102,158
Amounts owed to group undertaking	301,285	284,118
Other taxes and social security	21,917	17,360
Accruals and deferred income	106,068	111,817
	585,031	624,320

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

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	82,285
Amounts owed to group undertakings	1,171,174	1,171,174
	1,171,174	1,253,459

The amounts owed to group undertakings relates to a loan from Petlon Polymers Limited which bears interest at variable rates and is unsecured. There is no agreed repayment schedule other than that it is not repayable within the next

13. DEFERRED TAXATION

The amounts of deferred tax provided at 30% (1999 - 30%) and unprovided in the financial statements are:

	£
At 1 October 1999	31,750
Charge for the year	(4,450)
At 30 September 2000	27,300

	Provided		Unprovided	
	2000 £	1999 £	2000 £	1999 £
Capital allowances in excess of depreciation	27,300	31,750	-	-
Gain deferred by roll over relief	-	-	17,291	17,291
	27,300	31,750	17,291	17,291

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

14. CALLED UP SHARE CAPITAL

		Authorised	Allotted and fully paid
		2000	1999
		£	£
Ordinary shares of £1 each	1,000	2	2

15. CONTINGENT LIABILITIES

The company has an unlimited multilateral cross guarantee with its fellow group companies to secure their bank borrowings, which at 30 September 2000 amounted to £11,412,226 (1999 - £9,160,583).

16. OPERATING LEASE COMMITMENTS

At 30 September 2000, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings
	£
Leases which expire:	
After five years	70,000

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by FRS 8 not to disclose transactions with other group companies, as the consolidated financial statements of the parent company, John Ward (Holdings) Limited, are publicly available.

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is John Ward (Holdings) Limited which is registered in England and Wales and whose accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff.

The directors consider J L R Ward to be the ultimate controlling party.