Company Registration No. 2380921

Deloitte
& Touche

REGISTRAR
OF COMPANIES

LINEAR COMPOSITES LIMITED

Report and Financial Statements

30 September 2002

Deloitte & Touche
Cardiff

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LINEAR COMPOSITES LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2002

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LINEAR COMPOSITES LIMITED

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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 23 December 2002 at 9.00am for the following purposes:

1. To receive and adopt the financial statements for the year ended 30 September 2002, 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 A Groves

Secretary

23 December 2002

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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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J L R Ward	(Chairman)
D Kenyon	(Resigned 31 March 2002)
D Kingston	(Resigned 31 March 2002)
T F H Ward	
H Whitcomb	
P A Groves	

SECRETARY

P A Groves

REGISTERED OFFICE

Vale Mills
Oakworth
Keighley
West Yorkshire
BD22 0EB

BANKERS

HSBC Bank Plc

SOLICITORS

Morgan Cole

AUDITORS

Deloitte & Touche
Cardiff

Deloitte & Touche

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2002.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors were satisfied with the performance of the company over the last 12 months. All business areas performed satisfactorily, although one distributor continued to under perform as in 2000/2001 and this is now being addressed. During the financial year the managing director and commercial director retired and the Board wish to formally recognise the contribution they have made to progressively growing the Linear Composites business since its acquisition by JWH Group in 1989 from ICI. A new general manager and commercial manager were appointed during the year to replace the two retiring directors. The Board are confident that the combination of a substantial new project, combined with a series of cost down initiatives being implemented in the business, will result in a significant increase in profitability for this business in the next financial year.

DIVIDENDS

The directors do not recommend the payment of a dividend (2001 - £nil).

DIRECTORS

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

The directors had no beneficial interests in the ordinary shares of the company at 30 September 2002 or 1 October 2001.

The current directors are also directors of the ultimate parent company, J W H Group Limited (formerly John Ward (Holdings) Limited), and their interests in its shares are disclosed in the financial statements of that company. The directors had no beneficial interests in the shares of any other group company at 30 September 2002 or 1 October 2001.

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 A Groves
Secretary

23 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINEAR COMPOSITES LIMITED

We have audited the financial statements of Linear Composites Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Cardiff

23 December 2002 .....

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2002

	Note	2002 £	2001 £
TURNOVER	2	3,558,624	3,589,272
Cost of sales		(2,203,289)	(2,205,206)
Gross profit		1,355,335	1,384,066
Distribution costs		(83,014)	(152,524)
Administrative expenses		(1,011,125)	(844,999)
OPERATING PROFIT		261,196	386,543
Interest payable and similar charges	3	(2,334)	(2,464)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	258,862	384,079
Tax on profit on ordinary activities	6	(9,580)	4,300
PROFIT FOR THE FINANCIAL YEAR		249,282	388,379
Profit and loss account brought forward		2,640,595	2,252,216
Profit and loss account carried forward		2,889,877	2,640,595

There were no recognised gains and losses for the current or prior financial year other than those shown in the profit and loss account. All the trading during both the current and prior year relates to continuing operations.

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BALANCE SHEET
30 September 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	7	616,749	616,749
Tangible assets	8	386,039	458,038
		1,002,788	1,074,787
CURRENT ASSETS			
Stocks	9	465,874	437,448
Debtors	10	2,151,192	968,136
Cash at bank and in hand		36,578	2,037,286
		2,653,644	3,442,870
CREDITORS: amounts falling due within one year	11	(734,033)	(678,965)
NET CURRENT ASSETS		1,919,611	2,763,905
TOTAL ASSETS LESS CURRENT LIABILITIES		2,922,399	3,838,692
CREDITORS: amounts falling due after more than one year	12	-	(1,175,095)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(32,520)	(23,000)
NET ASSETS		2,889,879	2,640,597
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Profit and loss account		2,899,877	2,640,595
TOTAL EQUITY SHAREHOLDERS' FUNDS		2,889,879	2,640,597

These financial statements were approved by the Board of Directors on 23 December 2002

Signed on behalf of the Board of Directors

T F H Ward
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

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 accordance with FRS10, the directors carry out an annual impairment review.

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	-	5% - 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 in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and laws. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 2002

2. ANALYSIS OF TURNOVER

The amount of turnover and profit before taxation attributable to each class of the company's business has not been disclosed in these financial statements as, in the opinion of the directors, it would be seriously prejudicial to the interests of the company to do so.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Finance lease interest	2,334	2,464

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments		
Emoluments	69,644	185,820
Pension scheme contributions	6,700	13,410
	76,344	199,230

2 directors are members of the company's defined contribution pension scheme (2001 - 2).

Employee costs during the year (including directors' remuneration)	£	£
Wages and salaries	769,872	762,896
Social security costs	67,895	63,181
Other pension costs	27,400	23,445
	865,167	849,522

Average number of persons employed	No.	No.
Directors	6	6
Production	23	21
Administration	6	6
Commercial	2	2
	37	35

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Profit on ordinary activities before taxation is after charging:		
Management charge	300,000	300,000
Depreciation		
Owned assets	142,811	155,298
Leased assets	3,500	1,825
Auditors' remuneration	5,000	5,000
Operating leases – land and buildings	75,000	71,250

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
UK corporation tax	60	-
Deferred tax	9,520	4,300
	9,580	4,300

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current and previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	2002 £	2001 £
Profit on ordinary activities before tax	256,862	384,079
Tax at 30% thereon	77,659	115,224
Effects of:		
Group relief not charged	(85,292)	(120,186)
Expenses not deductible for tax purposes	-	600
Other	-	32
Marginal relief for small companies	(300)	-
Capital allowances in excess of depreciation	7,993	4,330
Total current tax	60	-

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost and net book value	
At 30 September 2002 and 30 September 2001	616,749

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

8. TANGIBLE FIXED ASSETS

	Total £	Leasehold property £	Plant and machinery £	Office Equipment £	Motor vehicles £
Cost					
At 1 October 2001	1,404,157	1	1,215,093	82,212	106,851
Additions	79,662	-	48,787	11,975	18,900
Disposals	(36,739)	-	-	-	(36,739)
At 30 September 2002	1,447,080	1	1,263,880	94,187	89,012
Accumulated depreciation					
At 1 October 2001	946,119	-	854,982	73,986	17,151
Charge	146,311	-	96,954	5,607	43,750
Disposals	(31,389)	-	-	-	(31,389)
At 30 September 2002	1,061,041	-	951,936	79,593	29,512
Net book value					
At 30 September 2002	386,039	1	311,944	14,594	59,500
At 30 September 2001	458,038	1	360,111	8,226	89,700

The net book value of the company's fixed assets includes £12,400 (2001 - £15,900) in respect of assets held under finance leases.

9. STOCKS

	2002 £	2001 £
Raw materials	164,832	168,948
Work-in-progress	170,693	118,673
Finished goods	130,349	149,827
	465,874	437,448

10. DEBTORS

	2002 £	2001 £
Trade debtors	629,699	949,869
Other debtors	21,493	18,267
Amounts due from group undertakings	1,500,000	-
	2,151,192	968,136

The amounts due from group undertakings are due after more than one year.

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	258,063	137,205
Obligations under finance leases and hire purchase contracts	3,918	7,824
Amounts owed to group undertaking	337,130	276,285
Other taxes and social security	60,147	97,437
Corporation tax	60	
Accruals and deferred income	74,715	160,214
	734,033	678,965

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

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts (1-2 years)	-	3,921
Amounts owed to group undertakings	-	1,171,174
	-	1,175,095

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred tax provided at 30% (2001 - 30%) and unprovided in the financial statements are:

	£
At 1 October 2001	23,000
Credit for the year	9,520
At 30 September 2002	32,520

	Provided		Unprovided	
	2002 £	2001 £	2002 £	2001 £
Capital allowances in excess of depreciation	15,247	23,000	-	-
Gain deferred by roll over relief	17,273	-	-	17,273
	32,520	23,000	-	17,273

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

14. CALLED UP SHARE CAPITAL

	Authorised	Called up, allotted and fully paid	
		2002	2001
	£	£	£
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.

16. OPERATING LEASE COMMITMENTS

At 30 September 2002, 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	71,250

17. RELATED PARTY TRANSACTIONS

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

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent company is J W H (Manufacturing) Limited.

The ultimate parent company is J W H Group Limited (formerly 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.