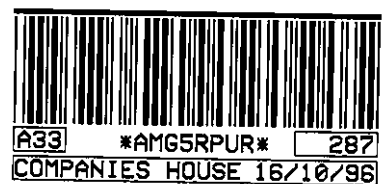


COMPSTOCK ELECTRONICS LIMITED
(Registered Number 1208652)

DIRECTORS' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER, 1995



COMPSTOCK ELECTRONICS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year to 31 December, 1995.

ACTIVITIES

The principal activity of the company continues to be the sale and distribution of electronic components.

REVIEW OF THE BUSINESS

On 20 July 1995 the company became a wholly owned subsidiary of EIS Group P.L.C.

RESULTS

| | £ |
|---|----------|
| Profit on ordinary activities for the year before taxation | 116,589 |
| Taxation | (50,225) |
| Profit for the year | 66,364 |
| Dividends - paid | (21,250) |
| Retained profit in year | 45,114 |
| Retained profit brought forward | 15,133 |
| Retained profit carried forward | 60,247 |

DIRECTORS

The directors who served during the year were:-

| | | |
|------------------|------------|---------------------------|
| P J K Haslehurst | (Chairman) | (Appointed 20 July 1995) |
| J J Hobbs | | (Appointed 20 July 1995) |
| D B Martin | | (Appointed 1 August 1995) |
| I R Hawkins | | (Resigned 19 July 1995) |
| W J McKnight | | (Appointed 1 August 1995) |
| J S Walker | | |

COMPSTOCK ELECTRONICS LIMITED

REPORT OF THE DIRECTORS
(contd.)

DIRECTORS' INTERESTS

Directors' interests in the share capital of the ultimate holding company, 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>1995</u> | <u>20.07.95</u> | <u>1995</u> | <u>20.07.95</u> |
| W J McKnight | - | - | 1,044 | - |
| D B Martin | - | - | 35,350 | 30,350 |
| I R Hawkins | - | - | - | - |
| J S Walker | - | - | - | - |

The interests of Mr P J K Haslehurst and Mr J J Hobbs in the share capital of the ultimate holding company 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 company at either 31st December 1995 or 31st December 1994.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 8 to the accounts.

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

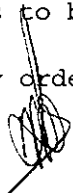
No charitable or political donations were made during the year.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practice to Deloitte & Touche, and accordingly, have signed their report in their new name.

A resolution for the re-appointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


M Lee
Secretary

18th April 1996

COMPSTOCK ELECTRONICS LIMITED

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 of the company for the year. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments 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 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 of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF COMPSTOCK ELECTRONICS LTD.

We have audited the financial statements on pages 4 to 15 which have been prepared in accordance with the accounting policies set out in Note 1 on page 7 and 8.

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 1995 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
Registered Auditors

30 August 1996.

COMPSTOCK ELECTRONICS LIMITED

PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31 DECEMBER 1995

| | <u>Notes</u> | <u>1995</u> £ | <u>1994</u> £ |
|--|--------------|------------------|------------------|
| TURNOVER | 2 | 5,574,354 | 4,395,645 |
| Cost of sales | | (4,101,130) | (3,144,222) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 1,473,224 | 1,251,423 |
| Distribution & Selling costs | | (156,055) | (126,556) |
| Administration costs | | (1,141,417) | (872,778) |
| Other income | | — | 3,483 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 175,752 | 255,572 |
| Loss from shares in associated undertakings | | — | (17,072) |
| Interest payable | 6 | (59,163) | (58,555) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 116,589 | 179,945 |
| Taxation on profit on ordinary activities | 7 | (50,225) | (60,120) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 66,364 | 119,825 |
| Dividend - paid | | (21,250) | (42,500) |
| | | <hr/> | <hr/> |
| RETAINED PROFIT FOR THE YEAR | 16 | 45,114 | 77,325 |
| | | <hr/> | <hr/> |

The notes on pages 7 to 15 form part of these accounts.

All results derive from continuing operations.

The movements on reserves are shown in note 16.

COMPSTOCK ELECTRONICS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

| | <u>1995</u> | <u>1994</u> |
|---|-------------|-------------|
| | £ | £ |
| Reported profit on ordinary activities before taxation | 116,589 | 179,945 |
| Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued asset | 6,979 | 7,332 |
| | <hr/> | <hr/> |
| Historical cost profit on ordinary activities before taxation | 123,568 | 187,277 |
| | <hr/> | <hr/> |
| Historical cost profit for the year, retained after taxation and dividends | 52,093 | 84,657 |
| | <hr/> | <hr/> |

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>1995</u> | <u>1994</u> |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Profit for the financial year | 66,364 | 119,825 |
| Dividends | (21,250) | (42,500) |
| | <hr/> | <hr/> |
| | 45,114 | 77,325 |
| Opening shareholders' funds | 993,008 | 915,683 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 1,038,122 | 993,008 |
| | <hr/> | <hr/> |
| Attributable to: | | |
| Equity shareholders | 538,122 | 493,008 |
| Non - Equity shareholders | 500,000 | 500,000 |
| | <hr/> | <hr/> |

COMPSTOCK ELECTRONICS LIMITED

BALANCE SHEET AT 31 DECEMBER, 1995

| | <u>Note</u> | <u>1995</u> £ | <u>1994</u> £ |
|---|-------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 560,534 | 584,966 |
| Investments | 9 | 26,793 | 82,361 |
| | | <hr/> | <hr/> |
| | | 587,327 | 667,327 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 1,075,461 | 848,084 |
| Debtors | 11 | 1,485,861 | 1,249,749 |
| Cash at bank and in hand | | 11,500 | 1,905 |
| | | <hr/> | <hr/> |
| | | 2,572,822 | 2,099,738 |
| CREDITORS: amounts falling due within one year | 12 | (1,810,500) | (1,548,757) |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 762,322 | 550,981 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,349,649 | 1,218,308 |
| CREDITORS: amounts falling due after one year | 13 | (306,002) | (220,000) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 14 | (5,525) | (5,300) |
| | | <hr/> | <hr/> |
| | | 1,038,122 | 993,008 |
| | | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 640,000 | 640,000 |
| Revaluation reserve | 16 | 337,875 | 337,875 |
| Profit and loss account | 16 | 60,247 | 15,133 |
| | | <hr/> | <hr/> |
| | | 1,038,122 | 993,008 |
| | | <hr/> | <hr/> |

The accounts were approved by the board of directors on 18th April, 1996.

P J K Haslehurst)
) Directors
 W McKnight)

The notes on pages 7 to 15 form part of these accounts.

COMPSTOCK ELECTRONICS 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.

In accordance with section 228 of Companies Act 1985 the company is exempt from preparing consolidated accounts.

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 year 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.

COMPSTOCK ELECTRONICS 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.

i) Operating Leases

All leases are accounted for as operating leases and the rental charges are charged to the profit and loss account in the period in which these are incurred.

2. TURNOVER

Turnover represents invoiced sales during the year 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>1995</u> | <u>1994</u> |
|--------------------------------|-------------|-------------|
| | £ | £ |
| United Kingdom | 5,181,872 | 3,994,645 |
| Asia, Far East and Australia | 306,462 | 401,000 |
| North, South & Central America | 37,785 | - |
| Europe | 35,844 | - |
| Africa | 7,265 | - |
| Middle East | 5,126 | - |
| | <hr/> | <hr/> |
| | 5,574,354 | 4,395,645 |
| | <hr/> | <hr/> |

3. OPERATING PROFIT

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

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Auditors' remuneration - Audit | 12,750 | 17,000 |
| Depreciation | 44,136 | 43,339 |
| Operating lease charges - Other | 16,502 | 16,502 |
| - Plant | 54,750 | 47,435 |
| | <hr/> | <hr/> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS
(contd.)

4. DIRECTORS' EMOLUMENTS

| | <u>1995</u> £ | <u>1994</u> £ |
|---------------------------|------------------|------------------|
| For services as directors | 19,752 | 52,000 |

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

| | <u>1995</u> £ | <u>1994</u> £ |
|----------------------------------|------------------|------------------|
| Chairman & Highest paid director | 19,752 | 44,000 |

5. STAFF COSTS

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

| | <u>1995</u> No. | <u>1994</u> No. |
|--|--------------------|--------------------|
| Sales, administration and distribution | 34 | 29 |
| Stores | 5 | 5 |
| | <u>39</u> | <u>34</u> |

The aggregate payroll costs of these persons were as follows:

| | <u>1995</u> £ | <u>1994</u> £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 539,476 | 492,621 |
| Social security costs | 42,059 | 43,786 |
| Other pension costs | 23,509 | 19,535 |
| | <u>605,044</u> | <u>555,942</u> |

6. INTEREST

| | <u>1995</u> £ | <u>1994</u> £ |
|---------------------------|------------------|------------------|
| Interest Payable: | | |
| Bank loans and overdrafts | (59,163) | (58,555) |
| Interest (net) | <u>(59,163)</u> | <u>(58,555)</u> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS
(contd.)

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | <u>1995</u> | <u>1994</u> |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Based on the profit for the year: | | |
| Corporation tax at 33% (1994:25%) | 50,000 | 60,120 |
| Deferred taxation credit | (3,130) | — |
| | <hr/> | <hr/> |
| | 46,870 | 60,120 |
| Taxation relating to prior years: | | |
| Deferred taxation | 3,355 | — |
| | <hr/> | <hr/> |
| | 50,225 | 60,120 |
| | <hr/> | <hr/> |

8. TANGIBLE FIXED ASSETS

| | <u>Land and buildings</u> | <u>Plant and machinery</u> | <u>Total</u> |
|----------------------|-------------------------------|--------------------------------|--------------|
| | £ | £ | £ |
| COST OR VALUATION | | | |
| At 1 January, 1995 | 580,827 | 466,753 | 1,047,580 |
| Additions | 9,460 | 15,961 | 25,421 |
| Disposals | — | (25,476) | (25,476) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December, 1995 | 590,287 | 457,238 | 1,047,525 |
| | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | |
| At 1 January, 1995 | 109,473 | 353,141 | 462,614 |
| Charge for the year | 14,530 | 29,606 | 44,136 |
| Disposals | — | (19,759) | (19,759) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December, 1995 | 124,003 | 362,988 | 486,991 |
| | <hr/> | <hr/> | <hr/> |
| NET BOOK VALUE | | | |
| At 31 December, 1995 | 466,284 | 94,250 | 560,534 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December, 1994 | 471,354 | 113,612 | 584,966 |
| | <hr/> | <hr/> | <hr/> |

The land and buildings, which were revalued in 1991 on an existing use basis, are freehold except for a part of the land which is long leasehold. The value of this long leasehold is not separately identifiable.

If stated under the historical cost convention the comparable amounts for the land and buildings would be:-

| | <u>1995</u> | <u>1994</u> |
|--------------|-------------|-------------|
| | £ | £ |
| Cost | 233,150 | 214,230 |
| Depreciation | (88,302) | (80,751) |
| | <hr/> | <hr/> |
| Net value | 144,848 | 133,479 |
| | <hr/> | <hr/> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

(contd.)

9. INVESTMENTS

| | <u>Shares in group companies</u> | <u>Interest in associated undertakings</u> | <u>Endowments at cost</u> | <u>Total</u> |
|-------------------------|--|--|-------------------------------|--------------|
| | £ | £ | £ | £ |
| At 1 January | 26,893 | 25,000 | 30,468 | 82,361 |
| Written off in year | — | (25,000) | — | (25,000) |
| Sold during the year | (100) | — | (30,468) | (30,568) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December | 26,793 | — | — | 26,793 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

All subsidiaries are incorporated in England & Wales and are dormant.

10. STOCKS

| | <u>1995</u> | <u>1994</u> |
|----------------|-------------|-------------|
| | £ | £ |
| Finished goods | 1,075,461 | 848,084 |
| | <hr/> | <hr/> |

11. DEBTORS

| | <u>1995</u> | <u>1994</u> |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 1,178,589 | 913,233 |
| Amounts owed by group undertakings | 274,170 | 274,172 |
| Other debtors | 2,379 | 5,855 |
| Prepayments and accrued income | 30,723 | 56,489 |
| | <hr/> | <hr/> |
| | 1,485,861 | 1,249,749 |
| | <hr/> | <hr/> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>1995</u> | <u>1994</u> |
|---|-------------|-------------|
| | £ | £ |
| Bank loans and overdrafts | — | 1,711 |
| Payments received in advance | — | 111,105 |
| Corporation tax | 50,000 | |
| Trade creditors | 1,234,818 | 868,628 |
| Other creditors | 38,181 | |
| Other taxation and social security | 52,176 | 112,100 |
| Amounts owed to group undertakings | 351,681 | 351,681 |
| Amounts owed to associated undertakings | 17,357 | 34,508 |
| Accruals and deferred income | 66,287 | 69,024 |
| | <hr/> | <hr/> |
| | 1,810,500 | 1,548,757 |
| | <hr/> | <hr/> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

(contd.)

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (contd.)

The TSB holds a floating charge over the book debts of Compstock Electronics Limited. Lloyds Bank holds a floating charge over all assets of Compstock Electronics Limited. There are no cross-guarantees in place.

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

| | <u>1995</u> | <u>1994</u> |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans between 1 and 2 years | | |
| between 2 and 5 years | 220,000 | 220,000 |
| Amounts owed to group undertakings | 86,002 | - |
| | <u>306,002</u> | <u>220,000</u> |

14. PROVISION FOR LIABILITIES AND CHARGES

| | <u>Amount not Provided</u> | | <u>Amount Provided</u> | |
|---|----------------------------|---------------|------------------------|--------------|
| | <u>1995</u> | <u>1994</u> | <u>1995</u> | <u>1994</u> |
| | £ | £ | £ | £ |
| Deferred taxation: | | | | |
| Accelerated capital allowances | - | - | 225 | 5,300 |
| Other timing differences | - | - | 5,300 | - |
| Surplus on revaluation of property | 21,000 | 21,000 | - | - |
| | <u>21,000</u> | <u>21,000</u> | <u>5,525</u> | <u>5,300</u> |
| <u>Movement in year</u> | | | | |
| Balance at 1 January 1995 | | | | 5,300 |
| Amount credited to profit and loss account for the year | | | | 225 |
| Balance at 31 December 1995 | | | | <u>5,525</u> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS
(contd.)

15. SHARE CAPITAL

| | <u>1995 and 1994</u> | | | |
|---|----------------------|---------|---|---------|
| | <u>Authorised</u> | | <u>Allotted, called up and fully paid</u> | |
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 140,000 | 140,000 | 140,000 | 140,000 |
| 8.5% Cumulative convertible preference shares of £1 each | 300,000 | 300,000 | 300,000 | 300,000 |
| 8.5% Cumulative redeemable preference shares of £1 each | 200,000 | 200,000 | 200,000 | 200,000 |
| | | 640,000 | | 640,000 |

The cumulative redeemable preference shares are redeemable by the company at par value in five annual instalments, commencing in 1992 or immediately in the event of a sale of the business or a re-financing. The company may also voluntarily redeem the shares at any time. Where the company is unable to redeem the preference shares on the stipulated date, it must do so as soon thereafter as it is able. In the meantime it must not make any distribution of distributable profits except for the fixed preference dividend.

The cumulative convertible preference shares have conversion rights in the event of the sale or refinancing of the business. The conversion rate is to be determined in accordance with a formula detailed in the Articles of Association. Following conversion the ordinary shares will rank pari passu in all respect with the other ordinary shares in the company.

All preference shareholders are entitled to receive a fixed cumulative dividend at the rate of 8.5 percent per annum (exclusive of any associated tax credit) on the nominal amount.

The redeemable preference shares rank ahead of the convertible preference shares as regards return of capital and payment of dividends. After repayment of their nominal value and any accrued unpaid dividend the convertible preference shares have a right of participation in the assets of the company as though they had been converted into ordinary shares. The preference shares do not carry voting rights unless the preference dividends are in arrears or, in the case of the redeemable preference shares, any redemption instalments due have not been paid.

Dividends on ordinary shares are only payable after dividends on preference shares. In the event of any distributions as a result of a winding up of the company or other return of capital, the ordinary shareholders will be entitled, alongside the convertible preference shareholders, to the balance of any amounts after payments to the preference shareholders.

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS
(contd.)

15. SHARE CAPITAL (Contd.)

Ordinary shares carry the right to one vote per £1 in nominal value.

Further particulars of the rights of each class of share are contained in the Articles of Association of the company.

16. RESERVES

| | <u>Revaluation reserve</u> £ | <u>Profit and loss account</u> £ | <u>Total</u> £ |
|--------------------------|-------------------------------------|---|-------------------|
| At 1 January, 1995 | 337,875 | 15,133 | 353,008 |
| Movements in year | - | - | - |
| Retained profit for year | - | 45,114 | 45,114 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December, 1995 | 337,875 | 60,247 | 398,122 |
| | <hr/> | <hr/> | <hr/> |

17. CONTINGENT LIABILITIES

| | <u>1995</u> £ | <u>1994</u> £ |
|---|------------------|------------------|
| Guarantees in respect of indebtedness of third parties | 30,000 | 30,000 |
| | <hr/> | <hr/> |

18. OPERATING LEASES

The commitments which fall to be paid in the following year under non-cancellable operating leases are:

| | <u>1995</u> | | <u>1994</u> | |
|--------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|
| | <u>Land and Buildings</u> £ | <u>Other</u> £ | <u>Land and Buildings</u> £ | <u>Other</u> £ |
| Operating leases which expire: | | | | |
| Within one year | - | 39,189 | - | 22,772 |
| Between 1 year and 5 years | 16,500 | 16,128 | 16,500 | 19,360 |
| Over 5 years | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 16,500 | 55,317 | 16,500 | 42,132 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

COMPSTOCK ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

(contd.)

19. PENSIONS

With effect from 5 April 1992, the group operated a defined contribution scheme for certain employees. Prior to that date the group operated target benefit schemes which were funded in accordance with actuarial advice.

All the assets of the defined contribution scheme are held in a separate fund administered by London and Manchester Pensions for the benefit of the members of the scheme, and employers' contributions are charged to profit and loss account as they are incurred.

The pension charge for the period was £23,509 (1994: £19,535) 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.

20. ULTIMATE HOLDING COMPANY

The ultimate holding company is EIS Group P.L.C., a company incorporated in England. Copies of the group accounts are available from:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3HZ