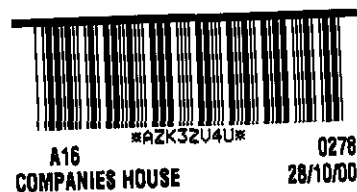


KURT KELLERMANN (UK) LIMITED
DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1999



KURT KELLERMANN (UK) LIMITED

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KURT KELLERMANN (UK) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

The director presents his report and the audited accounts for the company for the year ended 31st December 1999.

Principal activities and review of business

The company undertook no activity during the year as the group re-organisation throughout Europe continued. The director does not expect the company to commence trading in the foreseeable future although should the director see improvements in the forthcoming year it is possible this position may change.

Both the level of business and the year end financial position were satisfactory and the director expects that the present level of activity will continue for the foreseeable future.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The director does not recommend a dividend .

Director and his interests

The director who held office during the year and his beneficial interest in the company's issued share capital are given below:

Name of director	At 31st December 1999	At 1st January 1999
D Kellermann Esq	-	-

Year 2000

The company reviewed its computer systems for the impact of the Year 2000 change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occur at a later date. The issue is complex and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

KURT KELLERMANN (UK) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

Statement of director's responsibilities

Company law requires the director to prepare accounts 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 year. In preparing those accounts the director is 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 accounts;

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

This report was approved on 25 October 2000 and signed on its behalf.

FOR AND ON BEHALF OF
ASHCROFT CAMERON SECRETARIES LTD

J. Saba

Ashcroft Cameron Secretaries Limited
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF KURT KELLERMANN (UK) LIMITED

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

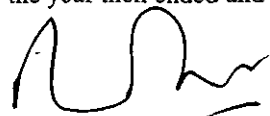
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rayner Essex
Chartered Accountants and Registered Auditors
Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Date: 25 October 2000

KURT KELLERMANN (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £	1998 £
Administrative expenses		(3,846)	(919)
Operating loss	2	(3,846)	(919)
Loss on ordinary activities before taxation		(3,846)	(919)
Tax on loss on ordinary activities	3	(537)	-
Loss for the financial year		(4,383)	(919)
Retained profit brought forward		46,639	47,558
Retained profit carried forward		42,256	46,639

Continuing activities

All amounts relate to continuing activities.

Recognised gains and losses

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.


KURT KELLERMANN (UK) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1999

	Notes	£	1999 £	£	1998 £
Current assets					
Debtors	4		95,779		96,069
Cash at bank and in hand			-		2,935
			<u>95,779</u>		<u>99,004</u>
Creditors: Amounts falling due within one year	5		<u>(48,298)</u>		<u>(47,142)</u>
Total assets less current liabilities			47,481		51,862
Creditors: amounts falling due after more than one year	6		<u>(225)</u>		<u>(225)</u>
			<u>47,256</u>		<u>51,637</u>
Capital and reserves					
Share capital	7		5,000		5,000
Profit and loss account			<u>42,256</u>		<u>46,639</u>
Shareholders' funds	8		<u>47,256</u>		<u>51,639</u>

These accounts were approved by the board on 25 October 2000 signed on its behalf.



D Kellermann Esq
Director

KURT KELLERMANN (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director considers that a liability to taxation is unlikely to crystallise.

2 Operating loss

The operating loss is stated after charging or crediting:

	1999	1998
	£	£
Auditors' remuneration	3,396	767

3 Taxation

	1999	1998
	£	£
UK corporation tax due for 1997	247	-
UK corporation tax	290	-
	537	-

4 Debtors

	1999	1998
	£	£
Amounts owed by related undertaking	62,643	62,643
Other debtors	33,136	33,426
	95,779	96,069

5 Creditors: amounts falling due within one year

	1999	1998
	£	£
Trade creditors	870	4
Amounts owed to related undertaking	30,682	30,682
Corporation tax	247	-
Other creditors	15,499	15,456
Accruals and deferred income	1,000	1,000
	48,298	47,142

KURT KELLERMANN (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

6	Creditors: amounts falling due after more than one year	1999	1998
		£	£
	Amounts owed to associated undertakings	225	225
		<hr/>	<hr/>
7	Share capital	1999	1998
		£	£
	Authorised		
	Equity shares		
	100,000 Ordinary shares of £1.00 each	100,000	100,000
		<hr/>	<hr/>
	Allotted		
	Equity shares		
	5,000 Allotted, called up and fully paid ordinary shares of £1.00 each	5,000	5,000
		<hr/>	<hr/>
8	Reconciliation of movement in shareholders' funds	1999	1998
		£	£
	Loss for the financial year	(4,383)	(919)
	Decrease in the shareholders' funds	(4,383)	(919)
	Opening shareholders' funds	51,639	52,558
	Closing shareholders' funds	47,256	51,639
		<hr/>	<hr/>

9 Ultimate Controlling Party

The company's immediate parent undertaking is Scandinavian Manufactrust APS, a Company registered in Sweden.

KURT KELLERMANN (UK) LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1999

		1999		1998
	£	£	£	£
Less expenses				
Legal and professional fees	266		-	
Audit and accountancy	3,396		767	
Bad and doubtful debts	-		(0)	
Bank charges	184		152	
		<u>3,846</u>		<u>919</u>
Net loss for the year		<u>(3,846)</u>		<u>(919)</u>