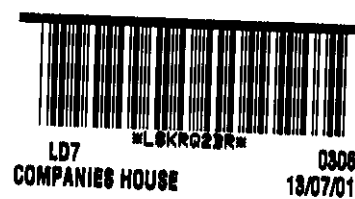


**Kömmerling International Limited**  
(Registered Number: 1811296)

**Annual Report**

**Year Ended 31 December 1999**



# **Kömmerling International Limited**

## **Annual Report for the Year Ended 31 December 1999**

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# Kömmerling International Limited

## Directors' Report for the Year Ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

### Principal Activity

The company continues to market PVC profiles and other components for the production of windows.

### Review of Business and Future Developments

The profit and loss account for the year is set out on page 4. The operating results of the company were severely affected due to the write-off of a loan of £757,768 given to a company under common control (see note 19). But for this, the company's performance is considered satisfactory.

The directors have received written confirmation that the Company's immediate parent company, Kömmerling Kunststoff GmbH, intends to provide financial support to the company to meet its liabilities as they fall due for the foreseeable future and at least for the next one year. The directors expect the company to return to operating profitability during 2000.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors

The directors of the company all of whom were directors for the full year (except as indicated below) were:

Otto Schmid (resigned 1 March 2000)  
Peter Schmid-Kömmerling (resigned 13 February 2001)  
Wolfgang Posner (appointed 12 February 2001)  
Winfried Tanzer (appointed 12 February 2001)

### Interests of Directors

The interests of the directors of the company at 31 December 1999 in the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Ordinary shares of £1 each			
	31 December 1999		31 December 1998	
	Number	Amount	Number	Amount
O Schmid	1	£1	1	£1

### Year 2000

The Year 2000 date change had the potential to cause problems in the functionality of software and in the operation of equipment controlled by microprocessors. To minimise this risk, the company carried out an assessment of its own systems to assess their ability to deal with the date change from 1999 to 2000. The cost of the Year 2000 programme was not significant.

The company has not experienced any significant disruptions or problems arising out of the issue.

# Kömmerling International Limited

## Directors' Report for the Year Ended 31 December 1999 (Continued)

### 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 or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and 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 financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. (See note 1).

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.

### Close Company Provisions

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company; there has been no change in this respect since the end of the financial year.

### Auditors

A resolution re-appointing PricewaterhouseCoopers will be proposed at the Annual General Meeting.

### By order of the board

Director



Date

July 12<sup>th</sup>, 2001

## **Auditors' Report to the Members of Kömmerling International Limited**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### **Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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**

The balance sheet includes intangible fixed assets with a net book value of £465,116 in respect of purchased manufacturing know-how (Note 9). This know-how has not been used since its acquisition and is unlikely to be of use in the United Kingdom even if manufacturing operations were commenced in the near future. Accordingly, in our opinion intangible fixed assets and shareholders' funds are overstated by £465,116.

Except for the matter referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers  
Chartered Accountants & Registered Auditors  
West London

13 July 2001.

# Kömmerling International Limited

## Profit and Loss Account for the Year Ended 31 December 1999

	<i>Notes</i>	1999 £	1998 £
<b>Turnover</b>	2	13,014,625	10,331,597
<b>Cost of sales</b>		(10,890,702)	(8,517,752)
<b>Gross profit</b>		2,123,923	1,813,845
Net operating expenses	3	(1,495,164)	(1,393,094)
Exceptional operating expense (Loan given to a company under common control written off)	3	(757,758)	-
<b>Operating (loss)/profit</b>	4	(128,999)	420,751
Interest receivable and similar income		42,037	38,354
Interest payable	7	-	(75)
<b>(Loss)/profit on ordinary activities before taxation</b>		(86,962)	459,030
Tax on (loss)/profit on ordinary activities	8	(175,722)	(8,040)
<b>(Loss)/profit on ordinary activities after taxation</b>		(262,684)	450,990
<b>Statement of retained profits/(losses)</b>			
Retained profit/(loss) at 1 January		217,667	(233,323)
Retained (loss)/profit for the year		(262,684)	450,990
<b>Retained (loss)/profit at 31 December</b>		(45,017)	217,667

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The results for the above years are derived entirely from continuing operations.

The notes on pages 7 to 14 form part of these accounts.

# Kömmerling International Limited

## Balance Sheet as at 31 December 1999

	Notes	1999 £	£	1998 £	£
<b>Fixed assets</b>					
Intangible assets	9		465,116		465,116
Tangible assets	10		54,913		60,134
			520,029		525,250
<b>Current assets</b>					
Stock	11	1,772,436		1,693,874	
Debtors	12	3,272,983		2,395,399	
Cash at bank and in hand		1,157,840		2,127,914	
		6,203,259		6,217,187	
<b>Creditors: amounts falling due within one year</b>	13	(6,768,303)		(6,524,768)	
<b>Net current (liabilities)</b>			(565,044)		(307,581)
<b>Net (liabilities)/assets</b>			(45,015)		217,669
<b>Capital and reserves</b>					
Called up share capital	14		2		2
Profit and loss account			(45,017)		217,667
<b>Equity shareholders' (deficit)/funds</b>	18		(45,015)		217,669

The financial statements on pages 4 to 14 were approved by the board of directors on 12 July 2001 and were signed on its behalf by:

Director



The notes on pages 5 to 14 form part of these accounts.

# Kömmerling International Limited

## Cash Flow Statement for the Year Ended 31 December 1999

	<i>Notes</i>	1999 £	£	1998 £	£
Net cash inflow from continuing operating activities	16		(966,844)		1,176,602
Returns on investments and servicing of finance					
Interest received		42,037		38,354	
Net cash inflow on investments and servicing of finance			42,037		38,354
Taxation					
Corporation tax paid		(11,406)		(5,965)	
Net cash inflow from taxation			(11,406)		(5,965)
Capital expenditure					
Purchase of tangible fixed assets		(25,163)		(45,675)	
Net cash outflow from capital expenditure			(25,163)		(45,675)
Net cash inflow before financing			(961,376)		1,163,316
Financing activities			-		-
(Decrease)/increase in cash and cash equivalents	17		(961,376)		1,163,316

The notes on pages 7 to 14 form part of these accounts.



# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999

### 1 Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### (1) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention and on a going concern basis. The company has received written confirmation that the Company's immediate parent company, Kömmerling Kunststoff GmbH, intends to provide financial support to the company to meet its liabilities as they fall due for the foreseeable future and at least for the next one year. Accordingly, these financial statements have been prepared on a going concern basis.

#### (2) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures and fittings	20
Furniture	20
Other equipment	20/25
Computer equipment	33.33

#### (3) Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

#### (4) Foreign Currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Exchange gains or losses are included in operating expenses.

#### (5) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### (6) Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods supplied.

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### (7) Deferred Taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

### (8) Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 2 Turnover

All turnover arises within the United Kingdom.

## 3 Net Operating Expenses

Net operating expenses are made up as follows:

	1999 £	1998 £
Selling and distribution costs	1,134,976	1,079,240
Administrative expenses (includes £757,768 (1998:nil) loan to a company under common control written off. See note 19)	1,134,771	327,129
	<hr/>	<hr/>
	2,269,747	1,406,369
Less: royalties receivable	(16,825)	(18,500)
Loss on disposal of assets	-	5,225
	<hr/>	<hr/>
Net operating expenses	2,252,922	1,393,094

## 4 Operating Profit

Operating profit is stated after charging:

	1999 £	1998 £
Depreciation of tangible fixed assets	30,384	24,652
Auditors' remuneration		
Audit fees	23,875	25,563
Other fees	11,000	9,465
Loss on disposal of fixed assets	-	5,225
Exchange loss	3,114	-
Loan to company under common control written off (See note 19)	757,758	-
Hire of motor vehicles – operating leases	56,250	57,216
Hire of other assets – operating leases	17,041	25,687

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### 5 Directors' Emoluments

None of the directors received any emoluments (1998: £Nil).

### 6 Employee information

The average monthly number of persons employed by the company during the year is analysed below:

	1999 Number	1998 Number
Selling and distribution	7	6
Administration	6	6
	<u>13</u>	<u>12</u>

Employment costs - all employees including executive directors:

	1999 £	1998 £
Wages and salaries	360,885	326,006
Social security costs	36,930	32,018
Other pension costs	30,844	24,175
	<u>428,659</u>	<u>382,199</u>

### 7 Interest Payable on Bank Overdraft

	1999 £	1998 £
Interest payable on bank overdraft	-	75

### 8 Tax on Profit on Ordinary Activities

	1999 £	1998 £
United Kingdom corporation tax payable at 30.25% (1998: 31%)	172,356	8,040
Under provision in respect of prior years	3,366	-
	<u>175,722</u>	<u>8,040</u>

The tax charge for the year has increased as a result of the write off of a loan given to a company under common control, for which no tax relief is available.

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### 9 Intangible Fixed Assets

	£
<b>Cost</b>	
At 1 January 1999 and at 31 December 1999	465,116

The know-how was purchased in September 1984. No amortisation has been charged as the know-how was not used to produce income during the year ended 31 December 1999. The directors believe that the know-how could be used in manufacturing operations at some future date depending on market conditions.

### 10 Tangible Fixed Assets

	Fixtures and fittings £	Furniture £	Office and other equipment £	Total £
<b>Cost</b>				
At 1 January 1999	4,918	16,859	88,149	109,926
Additions	-	-	25,163	25,163
Disposals	-	-	-	-
<b>At 31 December 1999</b>	<b>4,918</b>	<b>16,859</b>	<b>113,312</b>	<b>135,089</b>
<b>Depreciation</b>				
At 1 January 1999	4,918	6,041	38,833	49,792
Charge for year	-	3,220	27,164	30,384
Depreciation on disposals	-	-	-	-
<b>At 31 December 1999</b>	<b>4,918</b>	<b>9,261</b>	<b>65,997</b>	<b>80,176</b>
<b>Net book value</b>				
<b>At 31 December 1999</b>	<b>-</b>	<b>7,598</b>	<b>47,315</b>	<b>54,913</b>
At 31 December 1998	-	10,818	49,316	60,134

### 11 Stock

	1999 £	1998 £
Finished goods and goods for resale	1,772,436	1,693,874

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### 12 Debtors

	1999	1998
	£	£
Amounts falling due within one year		
Trade debtors	3,147,208	2,150,831
Amounts owed by parent company	67,156	162,787
Other debtors	30,760	35,622
Prepayments and accrued income	27,859	46,159
	<u>3,272,983</u>	<u>2,395,399</u>

### 13 Creditors: Amounts Falling Due Within One Year

	1999	1998
	£	£
Bank overdraft	-	8,698
Trade creditors	272,991	145,681
Amounts owed to parent and fellow subsidiary undertakings	5,380,818	5,638,908
Corporation tax	172,356	8,040
VAT	576,215	416,561
Other taxation and social security costs	11,784	11,243
Accruals and deferred income	354,139	295,637
	<u>6,768,303</u>	<u>6,524,768</u>

### 14 Called Up Share Capital

	Ordinary shares of £1 each	
	1999	1998
Authorised		
Value	<u>£1,000,000</u>	<u>£1,000,000</u>
Number	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
Value	<u>£2</u>	<u>£2</u>
Number	<u>2</u>	<u>2</u>

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### 15 Commitments

The company has financial commitments in respect of non-cancellable operating leases of plant and machinery. The rentals payable under these leases in the next year are as follows:

	Motor vehicles		Total	
	1999	1998	1999	1998
	£	£	£	£
<b>Date of lease termination</b>				
Within one year	9,947	13,261	9,947	13,261
In second to fifth years	15,600	35,698	15,600	35,698
	<b>25,547</b>	<b>48,959</b>	<b>25,547</b>	<b>48,959</b>

The company also has financial commitments in respect of non-cancellable operating leases of land and buildings. The rentals payable under these leases in the next year are as follows:

	1999	1998
	£	£
<b>Date of lease termination</b>		
In second to fifth years inclusive	42,500	42,500

### 16 Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	1999	1998
	£	£
<b>Continuing operations</b>		
Operating (loss)/profit	(128,999)	420,677
Depreciation on tangible fixed assets	30,384	24,652
Loss on sale of tangible fixed assets	-	5,225
(Increase) in stocks	(78,562)	(441,677)
(Increase) in debtors	(877,584)	(453,365)
Increase in creditors	87,917	1,621,090
	<b>(966,844)</b>	<b>1,176,602</b>

Cash flow from continuing operations above includes loan of £757,768 provided to a company under common control which has been written off as not recoverable (See note 19)

# Kömmerling International Limited

## Notes to the Financial Statements for the Year Ended 31 December 1999 (Continued)

### 17 Reconciliation of Movement in Net Cash

	1999 £	1998 £
<b>Reconciliation to net cash</b>		
Net cash at 1 January 1998	2,119,216	955,900
(Decrease)/increase in net cash	(961,376)	1,163,316
<b>Net cash at 31 December 1998</b>	<b>1,157,840</b>	<b>2,119,216</b>

	At 1 January 1999 £	Cash flow £	At 31 December 1999 £
Cash in hand and at bank	2,127,914	(970,074)	1,157,840
Overdrafts	(8,698)	8,698	-
	<b>2,119,216</b>	<b>(961,376)</b>	<b>1,157,840</b>

### 18 Reconciliation of Movements in Shareholders' Funds

	1999 £	1998 £
(Loss)/Profit for the financial year	(262,684)	450,990
Opening shareholders' funds/(deficit)	217,669	(233,321)
<b>Closing shareholders' (deficit)/funds</b>	<b>(45,015)</b>	<b>217,669</b>

### 19 Related party transactions

During the year the company made purchases of goods and services of £9,427,854 (1998: £7,309,950) from Gebrüder Kömmerling Kunststoffwerke GmbH. Purchases from fellow subsidiaries during the year amounted to £340,179 (1998: nil). At 31 December 1999 amounts due to Gebrüder Kömmerling GmbH & Co. and fellow subsidiaries were £5,052,936 (1998: £5,459,035) and £260,726 (1998: £17,086) respectively.

During the year the company provided a loan of £757,768 to Groupe Fermoba Holding SA, a company under the common control as that of the Gebrüder Kömmerling GmbH & Co. group. This loan has been written off as not recoverable in the accounts.

### 20 Post balance sheet events

On 1 October 2000 HT Troplast Beteiligungsgesellschaft mbH bought the shares of Kömmerling International Limited. Subsequently, HT Troplast Beteiligungsgesellschaft mbH was renamed Kömmerling Kunststoff GmbH. Kömmerling Kunststoff GmbH's ultimate parent company is RAG AG.

## **Kömmerling International Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 1999** (Continued)

#### **21 Ultimate and Immediate Parent Companies**

The directors regard RAG AG, a company incorporated in Germany, as the ultimate parent company. The immediate parent is Kömmerling Kunststoff GmbH, a company incorporated in Germany, which, according to the register kept by the company has owned 100% of the company's share capital since 1 October 2000.

Prior to the change of ownership in 2000 (see note 20), the directors regarded Gebrüder Kömmerling GmbH & Co., a company incorporated in Germany, as the ultimate parent company. The immediate parent was Gebrüder Kömmerling Kunststoffwerke GmbH, a company incorporated in Germany, which, according to the register kept by the company, owned 100% of the company's share capital at 31 December 1999.