

EXHAUSTO LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



Company number 3056589

EXHAUSTO LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 1999

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1999

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

1. REVIEW OF THE BUSINESS

The principal activity of the Company during the year has been that of selling products produced by EXHAUSTO or other suppliers for the heating and ventilation market with accessories for various fields of application and to service above products according to requirements.

2. STATEMENTS 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 or loss of the company for that year. 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,

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.

3. RESULTS AND DIVIDENDS

The Company's profit for the year amounted to GBP 66,737. The Directors do not recommend the payment of a dividend.

REPORT OF THE DIRECTORS FOR
THE YEAR ENDED 31 DECEMBER 1999 - continued

4. DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The Directors who held office during and at the end of the year, and their interest in the shares of the Company are as follows:

	Ordinary Shares of GBP 1 each
Jorn Peter Hansen	0
Peter Hermansen	0

5. AUDITORS

Krogh & Partners Limited , Chartered Accountants & Registered Auditors have signified their willingness to continue in office. The re-appointment of Krogh & Partners Limited as auditors will be proposed at the forthcoming Annual General Meeting.

805 Salisbury House
31 Finsbury Circus
London
EC2M 5SQ

BY ORDER OF THE BOARD


Jorn Peter Hansen
Director

26-1 2000

REPORT OF THE AUDITORS
TO THE MEMBERS OF EXHAUSTO LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

805 Salisbury House
31 Finsbury Circus
London
EC2M 5SQ

KROGH & PARTNERS LIMITED
Chartered Accountants & Registered Auditors

K. Krogh & Partners Ltd.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 GBP	1998 GBP
TURNOVER		963,031	827,073
Cost of sales		<u>-561,155</u>	<u>-501,996</u>
GROSS PROFIT		401,876	325,077
Premises costs		-35,744	-30,579
Warrenty / service costs		-455	-1,516
Selling costs		-52,743	-46,300
Salaries and staff expenses		-165,373	-140,823
Administration costs		-28,260	-27,927
Depreciation etc.		<u>-25,656</u>	<u>-24,105</u>
OPERATING PROFIT		93,645	53,827
Financial items		<u>-426</u>	<u>-5,504</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	93,219	48,323
Tax on ordinary activities	4	<u>-26,482</u>	<u>-1,963</u>
PROFIT FOR THE YEAR		66,737	46,360
Retained loss brought forward		<u>-1,316</u>	<u>-47,676</u>
RETAINED PROFIT/LOSS CARRIED FORWARD		<u>65,421</u>	<u>-1,316</u>

There are no recognised gains and losses in 1999 other than the profit and loss for the year.

BALANCE SHEET AS AT
31 DECEMBER 1999

	Note	1999 GBP	1998 GBP
FIXED ASSETS			
Tangible assets	5	<u>61,157</u>	<u>57,106</u>
CURRENT ASSETS			
Stock		49,156	52,026
Debtors	6	262,093	232,712
Cash at bank and in hand		<u>34,094</u>	<u>192</u>
		345,343	284,930
CREDITORS: amounts falling due within one year	7	<u>-211,079</u>	<u>-213,352</u>
NET CURRENT ASSETS		<u>134,264</u>	<u>71,578</u>
NET ASSETS		<u>195,421</u>	<u>128,684</u>
CAPITAL AND RESERVES			
Called up share capital	8	130,000	130,000
Profit and loss account		<u>65,421</u>	<u>-1,316</u>
SHAREHOLDERS FUNDS	9	<u>195,421</u>	<u>128,684</u>

Approved by the Board of Directors on 26/1 2000.

Director:


Jørn Peter Hansen


Peter Hermansen

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

1.1 ACCOUNTING POLICIES

The accounting policies of the Company conform to generally accepted practice in the U.K.. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.2 Turnover

Turnover derives from the principal activity of the Company and is represented by invoiced sales excluding Value Added Tax.

1.3 Foreign currencies

Transactions in foreign currencies are recorded using a fixed rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost.

Depreciation is provided at the following annual rates over the expected useful lives of the assets:

Fixtures	20 - 25% Straight line
Cars	25 - 33% Straight line

1.5 Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999 - continued

2. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is stated after charging:

	1999	1998
	GBP	GBP
Depreciation	25,656	23,286
Directors remuneration	63,673	60,424
Auditor's remuneration	<u>2,000</u>	<u>2,000</u>

3. EMPLOYEES INFORMATION

The average number of employees during the year was 5 (1998-5).

Employee cost including the directors remuneration during the year were:

Wages and social security	<u>157,415</u>	<u>135,135</u>
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4. TAX ON ORDINARY ACTIVITIES

Corporation Tax	<u>26,482</u>	<u>1,963</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999 - continued

5. TANGIBLE FIXED ASSETS

	Fixtures	Cars	Total
Cost			
At 01.01.1999	54,208	42,528	96,736
Additions	13,712	15,995	29,707
Disposals	<u>0</u>	<u>0</u>	<u>0</u>
At 31.12.1999	<u>67,920</u>	<u>58,523</u>	<u>126,443</u>
Depreciation			
At 01.01.1999	33,363	6,267	39,630
Charge for the year	12,332	13,324	25,656
On disposals	<u>0</u>	<u>0</u>	<u>0</u>
At 31.12.1999	<u>45,695</u>	<u>19,591</u>	<u>65,286</u>
Net book value at 31.12.1999	<u>22,225</u>	<u>38,932</u>	<u>61,157</u>
Net book value at 31.12.1998	<u>20,845</u>	<u>36,261</u>	<u>57,106</u>

	1999 GBP	1998 GBP
6. DEBTORS		
Trade debtors	252,209	223,186
Other debtors	400	0
Deposits	2,452	2,455
Prepayments	<u>7,032</u>	<u>7,071</u>
	<u>262,093</u>	<u>232,712</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999 - continued

7. CREDITORS: Amounts falling due
within one year

	1999 GBP	1998 GBP
Other creditors	18,040	7,343
Exhausto group	128,243	114,535
Accruals	18,216	18,518
Corporation Tax	26,482	1,963
VAT	14,497	10,998
PAYE	5,601	4,299
Bank overdraft	<u>0</u>	<u>55,696</u>
	<u>211,079</u>	<u>213,352</u>

8. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid:

130,000 ordinary shares of GBP 1 each	<u>130,000</u>	<u>130,000</u>
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9. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

Profit for the year	66,737	46,360
Opening shareholders funds	<u>128,684</u>	<u>82,324</u>
Closing shareholders funds at 31 December 1999	<u>195,421</u>	<u>128,684</u>

10. CONTINGENT LIABILITIES

The company has provided a guarantee in respect of rent. This guarantee was supported by the company's bankers in the total sum of GBP 10,500 at 31 December 1999.

11. OWNERSHIP

The company is controlled by Exhausto International A/S a company incorporated in Denmark.