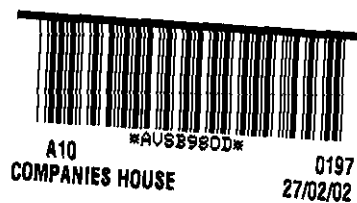


EXHAUSTO LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



Company number 3056589

EXHAUSTO LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2001

The Directors present their report and financial statements for the year ended 31 December 2001.

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 loss for the year after dividend amounted to GBP 2,284. A dividend of GBP 65,000 was voted for the year.

REPORT OF THE DIRECTORS FOR
THE YEAR ENDED 31 DECEMBER 2001 - 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

14/2 2002

BY ORDER OF THE BOARD


Jorn Peter Hansen
Director

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 2001 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

14/2 2002

KROGH & PARTNERS LIMITED
Chartered Accountants & Registered Auditors

J. Krogh & Partners Ltd.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 GBP	2000 GBP
TURNOVER		1,281,798	1,058,998
Cost of sales		<u>-741,773</u>	<u>-619,639</u>
GROSS PROFIT		540,025	439,359
Premises costs		-36,162	-33,500
Warrenty / service costs		3,417	2,189
Selling costs		-79,986	-66,510
Salaries and staff expenses		-271,488	-208,534
Administration costs		-43,119	-34,270
Depreciation etc.		<u>-33,998</u>	<u>-30,320</u>
OPERATING PROFIT		78,689	68,414
Financial items		<u>2,737</u>	<u>1,441</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	81,426	69,855
Tax on ordinary activities	4	<u>-18,710</u>	<u>-19,258</u>
PROFIT BEFORE DIVIDENDS		62,716	50,597
Dividends		<u>-65,000</u>	<u>0</u>
LOSS/PROFIT FOR THE YEAR		-2,284	50,597
Retained profit brought forward		<u>116,018</u>	<u>65,421</u>
RETAINED PROFIT CARRIED FORWARD		<u>113,734</u>	<u>116,018</u>

There are no recognised gains and losses in 2001 other than the profit and loss for the year.

BALANCE SHEET AS AT
31 DECEMBER 2001

	Note	2001 GBP	2000 GBP
FIXED ASSETS			
Tangible assets	5	<u>74,825</u>	<u>57,397</u>
CURRENT ASSETS			
Stock		73,479	83,713
Debtors	6	325,782	238,734
Cash at bank and in hand		<u>111,866</u>	<u>60,702</u>
		511,127	383,149
CREDITORS: amounts falling due within one year	7	<u>-342,218</u>	<u>-194,528</u>
NET CURRENT ASSETS		<u>168,909</u>	<u>188,621</u>
NET ASSETS		<u>243,734</u>	<u>246,018</u>
CAPITAL AND RESERVES			
Called up share capital	8	130,000	130,000
Profit and loss account		<u>113,734</u>	<u>116,018</u>
SHAREHOLDERS FUNDS	9	<u>243,734</u>	<u>246,018</u>

Approved by the Board of Directors on ^{14/}12 2002.

Director:


Jørn Peter Hansen


Peter Hermansen

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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 2001 - continued

2. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is stated after charging:

	2001 GBP	2000 GBP
Depreciation	35,539	30,320
Directors remuneration	64,387	61,679
Auditor's remuneration	<u>2,000</u>	<u>2,000</u>

3. EMPLOYEES INFORMATION

The average number of employees during the year was 8 (2000-6).

Employee cost including the directors remuneration during the year were:

Wages and social security	<u>254,310</u>	<u>192,418</u>
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4. TAX ON ORDINARY ACTIVITIES

Corporation Tax	<u>18,710</u>	<u>19,258</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

5. TANGIBLE FIXED ASSETS

	Fixtures	Cars	Total
Cost			
At 01.01.2001	78,647	73,107	151,754
Additions	6,546	53,530	60,076
Disposals	<u>0</u>	<u>-42,528</u>	<u>-42,528</u>
At 31.12.2001	<u>85,193</u>	<u>84,109</u>	<u>169,302</u>
Depreciation			
At 01.01.2001	57,146	37,211	94,357
Charge for the year	11,629	23,910	35,539
On disposals	<u>0</u>	<u>-35,419</u>	<u>-35,419</u>
At 31.12.2001	<u>68,775</u>	<u>25,702</u>	<u>94,477</u>
Net book value at 31.12.2001	<u>16,418</u>	<u>58,407</u>	<u>74,825</u>
Net book value at 31.12.2000	<u>21,501</u>	<u>35,896</u>	<u>57,397</u>

	2001 GBP	2000 GBP
6. DEBTORS		
Trade debtors	317,208	227,985
Other debtors	600	600
Deposits	942	3,117
Prepayments	<u>7,032</u>	<u>7,032</u>
	<u>325,782</u>	<u>238,734</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

7. CREDITORS: Amounts falling due
within one year

	2001 GBP	2000 GBP
Other trade creditors	20,164	6,252
Exhausto group	137,781	139,575
Accruals	14,344	13,601
Corporation Tax	18,710	19,258
VAT	78,430	9,174
PAYE	7,789	6,668
Other creditors	<u>65,000</u>	<u>0</u>
	<u>342,218</u>	<u>194,528</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

Loss/Profit for the year	-2,284	50,597
Opening shareholders funds	<u>246,018</u>	<u>195,421</u>
Closing shareholders funds at 31 December 2001	<u>243,734</u>	<u>246,018</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 2001.

11. OWNERSHIP

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