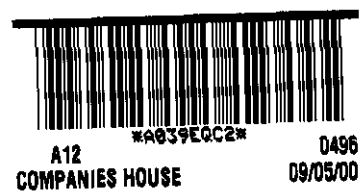


Company Registration No. 3063453 (England and Wales)

MIDLAND INDUSTRIAL SERVICES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999



MIDLAND INDUSTRIAL SERVICES LIMITED

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MIDLAND INDUSTRIAL SERVICES LIMITED

AUDITORS' REPORT TO MIDLAND INDUSTRIAL SERVICES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the year ended 30 September 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

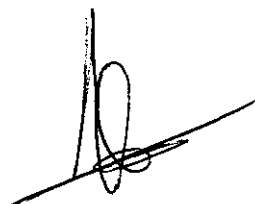
Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

11th April 2000



MORTON THORNTON
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS
TORRINGTON HOUSE
47 HOLYWELL HILL
ST ALBANS
HERTS. AL1 1HD

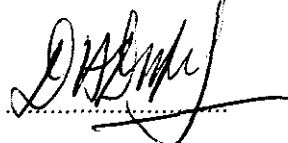
MIDLAND INDUSTRIAL SERVICES LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 SEPTEMBER 1999

| | Notes | 1999 £ | £ | 1998 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 2 | | 94,109 | | 108,903 |
| Current assets | | | | | |
| Stocks | | 3,723 | | 11,257 | |
| Debtors | | 253,461 | | 288,121 | |
| Cash at bank and in hand | | 64,384 | | 1,917 | |
| | | <u>321,568</u> | | <u>301,295</u> | |
| Creditors: amounts falling due within one year | | <u>(171,118)</u> | | <u>(266,958)</u> | |
| Net current assets | | | 150,450 | | 34,337 |
| Total assets less current liabilities | | | <u>244,559</u> | | <u>143,240</u> |
| Creditors: amounts falling due after more than one year | 3 | | <u>(120,434)</u> | | <u>(575,549)</u> |
| | | | <u>124,125</u> | | <u>(432,309)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 4 | | 500,100 | | 100 |
| Profit and loss account | | | <u>(375,975)</u> | | <u>(432,409)</u> |
| Shareholders' funds | | | <u>124,125</u> | | <u>(432,309)</u> |
| Equity interests | | | <u>(375,875)</u> | | <u>(432,309)</u> |
| Non-equity interests | | | <u>500,000</u> | | <u>-</u> |
| | | | <u>124,125</u> | | <u>(432,309)</u> |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 10/11/00



Director

MIDLAND INDUSTRIAL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The loss of a customer just before the year end resulted in a relatively large reduction in monthly profit, which the company has negated by the implementation of a cost cutting plan. The company is actively pursuing additional contracts with other customers, however, in their absence the company forecasts a much smaller profit next year. The financial statements have been prepared on a going concern basis.

1.2 Turnover

The total turnover of the company for the year has been derived from its principle activity wholly undertaken in the United Kingdom.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|----------------------------------|----------------------|
| Plant and machinery | 25% straight line |
| Fixtures, fittings and equipment | 15% reducing balance |
| Motor vehicles | 25% reducing balance |

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

MIDLAND INDUSTRIAL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

2 Fixed assets

| | Tangible assets £ |
|-----------------------|-------------------------|
| Cost | |
| At 1 October 1998 | 190,451 |
| Additions | 29,002 |
| Disposals | (13,777) |
| At 30 September 1999 | 205,676 |
| Depreciation | |
| At 1 October 1998 | 81,548 |
| On disposals | (8,522) |
| Charge for the year | 38,541 |
| At 30 September 1999 | 111,567 |
| Net book value | |
| At 30 September 1999 | 94,109 |
| At 30 September 1998 | 108,903 |

3 Creditors: amounts falling due after more than one year

The aggregate amount of creditors for which security has been given amounted to £- (1998 - £54,337).

MIDLAND INDUSTRIAL SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

| 4 | Share capital | 1999 £ | 1998 £ |
|---|---|----------------|------------|
| | Authorised | | |
| | 100 Ordinary shares of £ 1 each | 100 | 100 |
| | 500,000 Preference shares of £ 1 each | 500,000 | - |
| | | <u>500,100</u> | <u>100</u> |
| | Allotted, called up and fully paid | | |
| | 100 Ordinary shares of £ 1 each | 100 | 100 |
| | 500,000 Preference shares of £ 1 each | 500,000 | - |
| | | <u>500,100</u> | <u>100</u> |

During the year the company issued £500,000 of £1 redeemable preference shares. The board intend to redeem these shares on the third anniversary of the capitalisation at the rate of £100,000 per annum until such time as the shares are fully redeemed.

On the fifth anniversary from capitalisation, a dividend will be paid to the holders of the preference shares at the rate of 2% above the bank base rate then prevailing.