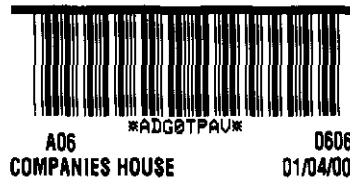


P J O (INDITHERM) Limited

PJO (INDITHERM) LIMITED

**Annual Report
For the Period Ended
30th June 1999**

Registered No: 3587944



P J O (INDITHERM) Limited

Annual Report For the Period Ended 30 June 1999

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P J O (INDITHERM) Limited

DIRECTORS

P J O'Grady
J O'Grady
D Wicks (Non Executive)

SECRETARY AND REGISTERED OFFICE

A J Knapton
Commercial Road
Goldthorpe Industrial Estate
Goldthorpe
Rotherham
S63 9BL

AUDITORS

Geoffrey Britton & Co
Old Linen Court
83 – 85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

BANKERS

Midland Bank plc
Montgomery Road
Wath Upon Deanre
Rotherham
S63 7QW

P J O (INDITHERM) Limited

DIRECTORS REPORT

For the Period Ended 30 June 1999

The Directors present their Report and the Audited Financial Statements for the period ended 30th June 1999.

INCORPORATION

The Company was incorporated on 25th June 1998 with an authorised Share Capital of 100,000 £1 shares of which 2 were issued. A further 9998 shares of £1 were issued on 28th October 1998. On 9th September 1999 555 Ordinary Shares were issued at £1.50 per Share. On 28th September 1999, the authorised share capital was re-designated as 98,000 ordinary £1 shares and 2000 'A' shares of £1 each. On that same day 555 'A' Shares were issued for a £50,000 investment into the Company.

PRINCIPAL ACTIVITIES

The manufacture, sale, installation and licensing of specialised heating materials for use in Industry and Medical activities and professions.

REVIEW OF BUSINESS

The Company commenced trading on 1st January 1999 having agreed to be responsible for all the development costs incurred to date by PJO Industrial Limited. In return, all intellectual property rights of the Inditherm Product were vested in PJO (Inditherm) Limited.

DIVIDENDS AND TRANSFERS TO RESERVES

The Directors do not recommend the payment of a dividend.

P J O (INDITHERM) Limited

DIRECTORS REPORT Continued For the Period Ended 30 June 1999

CHANGES IN FIXED ASSETS

Movements in tangible fixed assets during the year are as detailed in note 9.

Development Costs incurred are set out in note 10.

DIRECTORS

The Directors who served during the period and their interests in the Company were as follows:

	At 30 June 1999 No of Shares
P J O'Grady (acquired 28.10.98)	8,000
J O'Grady (acquired on 28.10.98)	1,000

Both were appointed with effect from 1 July 1998

D Wicks was appointed a Non-Executive Director on 28th September 1999.

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK Company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonably and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 30th June 1999. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

P J O (INDITHERM) Limited

DIRECTORS REPORT Continued For the Period Ended 30 June 1999

CLOSE COMPANY PROVISIONS

The Company is a close Company within the meaning of the Income and Corporation Taxes Act 1988, and there has been no change in this respect since the end of the financial year.

AUDITORS

A resolution to appoint Geoffrey Britton & Co as the Company's Auditors will be proposed at the Annual General Meeting.

By Order of the Board.



P J O'GRADY
Director

Date: 17 January 2000

P J O (INDITHERM) Limited

DIRECTORS REPORT Continued

For the Period Ended 30 June 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF PJO (INDITHERM) LIMITED

We have audited the financial statements on pages 7 to 15 which have been prepared in accordance with the Accounting Policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 and 4, 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 relating 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 mis-statement, 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.

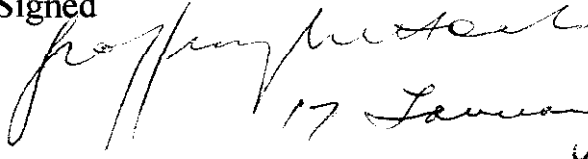
P J O (INDITHERM) Limited

DIRECTORS REPORT Continued For the Period Ended 30 June 1999

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 30 June 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Signed


17 January 2000

Geoffrey Britton & Co
Registered Auditors
Old Linen Court
83 - 85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

P J O (INDITHERM) Limited

PROFIT AND LOSS ACCOUNT For the Period Ended 30 June 1999

	Notes	£
CONTINUING OPERATIONS		
TURNOVER	2	108,613
COST OF SALES		<u>35,298</u>
GROSS PROFIT		73,315
ADMINISTRATIVE EXPENSES		<u>116,508</u>
OPERATING (LOSS)	3	(43,193)
Interest Payable & Similar Charges	6	<u>9,921</u>
(Loss) on Ordinary Activities Before Taxation	7	(53,114)
Taxation	8	-
Retained Loss for the period		<u>£(53,114)</u>

The Company had no recognised gains or losses in 1999 other than the (loss) for the period.

The notes on pages 9 to 15 form an integral part of the Accounts.

The Company commenced trading on 1st January 1999 and all of its activities in the period derived from continuing operations.

P J O (INDITHERM) Limited

BALANCE SHEET


As at 30 June 1999

	Notes	£
FIXED ASSETS		
Tangible Assets	9	4,244
Intangible Assets	10	<u>140,592</u>
		<u>144,836</u>
CURRENT ASSETS		
Stocks	11	111,645
Debtors	12	<u>50,364</u>
		<u>162,009</u>
CREDITORS		
Amounts falling due within one year	13	<u>(149,959)</u>
NET CURRENT ASSETS		12,050
TOTAL ASSETS LESS CURRENT LIABILITIES		156,886
CREDITORS		
Amounts falling due after more than one year	14	200,000
Provisions for liabilities & charges	15	<u>-</u>
		<u>200,000</u>
NET (LIABILITIES)		<u>(£43,114)</u>
CAPITAL & RESERVES		
Called up Share Capital	16	10,000
Reserves	17	<u>(53,114)</u>
		<u>(£43,114)</u>

The Financial Statements on pages 7 to 15 were approved by the Board of Directors and were signed on its behalf by:

P J O'GRADY

Director


17.1.00.

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 30 June 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.

Basis of Preparation of the Financial Statements

These Financial Statements are prepared under the historical cost convention. The Financial Statements have been prepared on the going concern basis which assumes that the Company will have sufficient resources to fund its working capital requirements for the foreseeable future.

Tangible Fixed Assets

Depreciation is calculated at rates intended to write off the cost of tangible fixed assets on a straight line basis over their expected useful economic lives. The principal annual rates used for this purpose are:

Plant and Machinery	20%
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Office Equipment	20%
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In all cases residual values are taken account of where appropriate.

Stocks and Work In Progress

Stocks are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued **For the Period Ended 30 June 1999**

Deferred Taxation

Provision is made for deferred taxation on all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Development Costs

All development costs will be written off over a period of 5 years unless the products concerned no longer have a saleable value in which case any costs not written off will be fully and immediately written off.

Cashflow Statement

A Cashflow Statement has not been prepared on the grounds that the Company is exempt from the requirements to do so on the grounds of its size in accordance with Financial Reporting Standard Number 1.

2. TURNOVER

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied and arises wholly within the United Kingdom.

3. OPERATING (LOSS)

Operating Loss is arrived at as follows:

	£
Turnover	108,613
Increase in Stocks & Work in Progress	<u>111,645</u>
	220,258
Purchase of Stocks & Consumables	(115,213)
Staff Recharges	(78,497)
Depreciation & other amounts written off	(15,545)
Other Operating Charges	<u>(54,196)</u>
	<u>(43,193)</u>

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued **For the Period Ended 30 June 1999**

4. DIRECTORS' EMOLUMENTS

	£
Emoluments (including pension Contributions & benefits in kind)	<u>NIL</u>
Emoluments (excluding pension contributions) include amounts paid to:	
	£
The Chairman	<u>NIL</u>
The Highest Paid Director	<u>NIL</u>

5. EMPLOYEE INFORMATION

The average weekly number of persons (including Directors) employed during the year was 2.

All salaries and wages costs have been recharged on a time basis from PJO Industrial Limited.

6. INTEREST PAYABLE & SIMILAR CHARGES

	£
On bank overdrafts and other loans:	
Repayable within 5 years	
Bank Overdraft	208
Other Loans	<u>9,713</u>
	<u>9,921</u>

7. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	£
(Loss) on Ordinary Activities before Taxation is stated after charging	
Depreciation charges for the year:	
Tangible Fixed Assets	305
Amortisation of Development Costs	15,240
Auditors Remuneration	<u>1,250</u>

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued For the Period Ended 30 June 1999

8. TAXATION

No Corporation Tax liability exists with losses being carried forward for relief against future trading profits.

9. TANGIBLE FIXED ASSETS

	Plant / Mach	Office Equip.	Total
Cost			
Additions in Period	3,401	1,148	4,549
Disposals	-	-	-
At 30th June 1999	<u>3,401</u>	<u>1,148</u>	<u>4,549</u>
Charge for Period	213	92	305
Elimination in respect of Disposals	-	-	-
At 30th June 1999	<u>213</u>	<u>92</u>	<u>305</u>
Net Book Value at 30th June 1999	<u>3,188</u>	<u>1,056</u>	<u>4,244</u>

10. INTANGIBLE FIXED ASSETS

Development Costs	
Costs Incurred in Period	155,832
Less Amortisation Charged for Period	<u>15,240</u>
Net Book Value at 30th June 1999	<u>140,592</u>

Development costs incurred in the period are the costs incurred by PJO Industrial Ltd in the initial development of the Inditherm product range. The company purchased the intellectual property rights from PJO Industrial Ltd at the beginning of 1999 in return for accepting full responsibility for settlement of all the development costs incurred by PJO Industrial Ltd.

11. STOCKS

	£
Consumables and Goods for Resale	68,098
Work in Progress	16,922
Finished Goods	<u>26,625</u>
	<u>111,645</u>

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued For the Period Ended 30 June 1999

12. DEBTORS

	£
Amounts falling due within one year	
Trade Debtors	37,157
Other Debtors	8,259
Prepayments and Accrued Income	4,948
	<u>50,364</u>

13. CREDITORS

	£
Amounts falling due within one year	
Bank Overdraft	12,671
Trade Creditors	59,238
Accruals	1,250
Loan - PJO Industrial Limited	76,800
	<u>149,959</u>

The Bank borrowings are secured by a floating charge on the assets of the Company.

14. CREDITORS

	£
Amounts falling due after more than one year	
Loan - PJO Industrial Ltd	200,000
	<u>200,000</u>

The loan is repayable when the Company has available resources to do so, but, not before 30 June 2000. It bears interest at 10% per annum.

15. PROVISIONS FOR LIABILITIES & CHARGES

Deferred Tax	Nil
30th June 1999	<u>Nil</u>

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued **For the Period Ended 30 June 1999**

16. CALLED UP SHARE CAPITAL

	£
Authorised £1 Shares (including 'A' Shares)	<u>100,000</u>
Issued and Fully Paid	
10,000 Ordinary Shares of £1 each	<u>10,000</u>
	<u>10,000</u>

10,000 Ordinary Shares were issued at par in the period to form the capital base of the company.

17. RESERVES

	£
Profit and Loss Account	-
(Loss) for the period	(<u>53,114</u>)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	£
Shares Issued in Period	10,000
(Loss) for the Period	(53,114)
Closing Shareholders Funds	(<u>43,114</u>)

19. FINANCIAL COMMITMENTS

The Company had no commitments for Capital Expenditure at 30th June 1999.

P J O (INDITHERM) Limited

NOTES TO THE FINANCIAL STATEMENTS Continued **For the Period Ended 30 June 1999**

20. RELATED PARTY TRANSACTIONS

The Company is controlled by Mr P J O'Grady who also is a Director of and ultimately controls PJO Industrial Limited. On 1 January 1999 the Company purchased the intellectual property rights of the Inditherm Product range from PJO Industrial Ltd, together with stocks and fixed assets for £178,694 and assumed full responsibility for past as well as future development costs. Various expenses and salary costs incurred by PJO Industrial Limited on behalf of the company in the period have been recharged to the company at cost. At 30 June 1999 £276,800 was owed to PJO Industrial Limited and interest is being charged on part of the loan at 10%.

21. POST BALANCE SHEET EVENTS

On the 9 September 1999 555 Ordinary Shares of £1 each were issued at £1.50 per Share. On the 28 September 1999 the authorised share capital was re-designated as 98,000 Ordinary Shares of £1 each and 2000 "A" Shares were issued for £50,000. "A" Shares carry certain preferential dividend rights.