

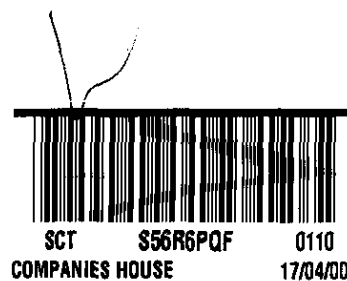


**COLD JET EUROPE LIMITED**

**Report and Financial Statements**

**31 December 1997**

**Deloitte & Touche  
66 Queen's Road  
Aberdeen**



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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D Lloyd  
J Stanton

**SECRETARY**

P Berryman

**REGISTERED OFFICE**

66 Queen's Road  
Aberdeen

**BANKERS**

Lloyds Bank  
3 North Brink  
Wisbech  
Cambridgeshire

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
66 Queen's Road  
Aberdeen



## **DIRECTORS' REPORT**

*The directors present their annual report and the financial statements for the year ended 31 December 1997.*

### **ACTIVITIES**

The company's principal activity is the sale of cryogenic equipment.

### **DIVIDENDS**

The results for the year are set out in detail on page 3. The directors do not recommend the payment of a dividend.

### **DIRECTORS**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the period were:

	Ordinary shares	
	1997	1996
	No	No
D Lloyd	-	-
J Stanton	-	-

The company is a subsidiary of a body corporate incorporated outside Great Britain and therefore the directors are not required to notify the company of any interests in shares or debentures of that or any other body corporate incorporated outside Great Britain.

### **YEAR 2000**

The computer systems have been reviewed and in the opinion of the directors are Year 2000 compliant, and the directors do not foresee any significant problems with any other company equipment. The Year 2000 problem also extends to the computer systems of customers and suppliers, where the company's business may be at risk due to the failure of other parties to address the issue. The costs in this respect have not been quantified.

### **BASIS OF PREPARATION**

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

**DIRECTORS' REPORT (continued)**

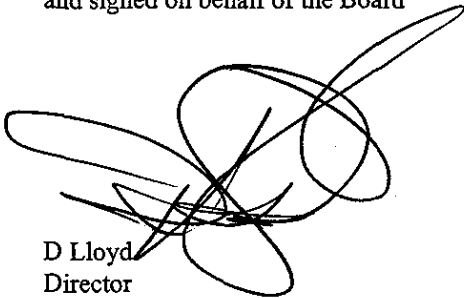
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year 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 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. 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.

Approved by the Board of Directors  
and signed on behalf of the Board



D Lloyd  
Director



## AUDITORS' REPORT TO THE MEMBERS OF COLD JET EUROPE LIMITED

We have audited the financial statements on pages 6 to 11 which have been prepared under the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 3 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.

However, at the balance sheet date the company had net liabilities of £946, following a period of reduced trading during the year ended 31 December 1997. Full details of post balance sheet trading are not presently available to us and the directors have not prepared detailed budgets and projections. Also we have not been able to verify that any necessary financial support would be available from the parent company. In this respect therefore the evidence available to us was limited and there were no practical audit procedures we could adopt to ascertain the likely financial position and therefore the company's ability to continue trading for the foreseeable future.

In forming our opinion we also evaluated the overall accuracy of the presentation of information in the financial statements.



## **AUDITORS' REPORT TO THE MEMBERS OF COLD JET EUROPE LIMITED (continued)**

### **Opinion: disclaimer on view given by the financial statements**

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its loss for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In relation only to the limitation on the scope of our work relating to going concern, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

*14 April 2000*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1997**

		<b>12 months ended 31 December</b>	<b>18 months ended 31 December</b>
	<b>Note</b>	<b>1997 £</b>	<b>1996 £</b>
<b>TURNOVER: continuing operations</b>	<b>2</b>	<b>226,914</b>	<b>308,643</b>
Cost of sales		184,286	244,642
<b>Gross profit</b>		<b>42,628</b>	<b>64,001</b>
Administrative expenses		46,890	60,785
<b>OPERATING (LOSS)/PROFIT: continuing operations</b>		<b>(4,262)</b>	<b>3,216</b>
Tax on (loss)/profit on ordinary activities	<b>4</b>	(846)	846
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(3,416)</b>	<b>2,370</b>
Retained profit brought forward		2,370	-
<b>(Accumulated losses)/retained profit carried forward</b>		<b>(1,046)</b>	<b>2,370</b>

There are no recognised gains or losses for the current financial year and the preceding financial period other than as stated in the profit and loss account.





**BALANCE SHEET**  
**31 December 1997**

	Note	1997 £	1996 £
<b>CURRENT ASSETS</b>			
Stocks	5	10,000	-
Debtors	6	39,731	118,783
Cash at bank and in hand		9,064	7,428
		<u>58,795</u>	<u>126,211</u>
<b>CREDITORS: amounts falling due within one year</b>	7	59,741	123,741
		<u>(946)</u>	<u>2,470</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	100	100
Profit and loss account		(1,046)	2,370
		<u>(946)</u>	<u>2,470</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>(946)</u>	<u>2,470</u>

These financial statements were approved by the Board of Directors on

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of, and schedule 8 to, the Companies Act 1985.

Signed on behalf of the Board of Directors

D Lloyd  
Director

12 April 2000



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**1 ACCOUNTING POLICIES**

The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Foreign currencies**

Transactions of the company denominated in foreign currencies are translated into sterling at the average rate for the period. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and import duties.

**2 TURNOVER**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

90% of the turnover, which arises from the company's principal activity, is derived from outwith the United Kingdom.

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No director received any emoluments in the two financial periods ended 31 December 1997.

The company pays a management charge to its US parent company to cover services which include directors' services to this company.

	12 months ended 31 December	18 months ended 31 December
	1997 £	1996 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	373	-



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	12 months ended 31 December	18 months ended 31 December
	1997 £	1996 £
United Kingdom corporation tax at 21% (1996 - 24%)	-	846
Corporation tax repayable	(846)	-
	<u>(846)</u>	<u>846</u>

**5 STOCKS**

	1997 £	1996 £
Stocks	10,000	-
	<u>10,000</u>	<u>-</u>

**6 DEBTORS**

	1997 £	1996 £
Trade debtors	19,614	106,074
VAT recoverable	19,271	12,371
Prepayments and other debtors	846	338
	<u>39,731</u>	<u>118,783</u>

All amounts are due within one year.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Trade creditors	13,134	26,144
Due to Cold Jet Inc	32,481	85,222
Corporation tax	846	846
Other creditors	10,780	9,618
Accruals	2,500	1,911
	<u>59,741</u>	<u>123,741</u>

The amounts included in other creditors above relate wholly to sums due to Dan Lloyd, a director of the company.  
The maximum amount outstanding during the year was £10,780 (1996: £9,618).

**8 CALLED UP SHARE CAPITAL**

	1997 £	1996 £
<b>Authorised</b>		
100,000 ordinary shares of £1.00 each	100,000	100,000
<b>Called up, allotted and fully paid</b>		
100 ordinary shares of £1.00 each	100	100

**9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
(Loss)/profit attributable to the members of the company	(3,416)	2,370
Opening shareholders' funds	2,470	100
Closing shareholders' funds	<u>(946)</u>	<u>2,470</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**10 ULTIMATE PARENT COMPANY**

In the opinion of the directors, the company's ultimate parent company is Cold Jet Inc, a company incorporated in the United States of America. A copy of the ultimate parent company's accounts may be obtained from Cold Jet Inc, 455 Wards Corner Road, Loveland, Cincinnati, USA.

**11 RELATED PARTY TRANSACTIONS**

During the year the company purchased goods amounting to £159,268 (1996: £149,408) from Cold Jet Inc. This included £16,759 (1996: £14,825) representing a management charge to cover services to the company including the directors' services to Cold Jet Europe Limited.

Cold Jet Inc provided funds of £44,866 to Cold Jet Europe Limited to meet specific expenditure incurred during the 18 month period ended 31 December 1996 and the year ended 31 December 1997.

At the balance sheet date £32,481 (1996: £85,222) was due to Cold Jet Inc by Cold Jet Europe Limited. These amounts are included within creditors due within one year.