

COLD JET EUROPE LIMITED

Report and Financial Statements

31 December 1998

Deloitte & Touche
2 Queens Terrace
Aberdeen



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COMPANIES HOUSE 17/01/01

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REPORT AND FINANCIAL STATEMENTS 1998

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COLD JET EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Lloyd
J Stanton

SECRETARY

P Berryman

REGISTERED OFFICE

2 Queens Terrace
Aberdeen

BANKERS

Lloyds Bank
3 North Brink
Wisbech
Cambridgeshire

AUDITORS

Deloitte & Touche
Chartered Accountants
2 Queens Terrace
Aberdeen

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

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 6. 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 | |
|-----------|-----------------|------|
| | 1998 | 1997 |
| | 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.

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 12 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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. Following a period of reduced trading during the year ended 31 December 1998, the company had net current liabilities of £2,787 and net assets of £657. 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.

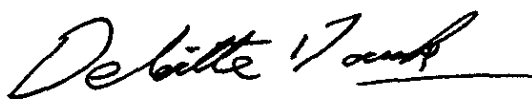
In forming our opinion we also evaluated the overall accuracy of the presentation of information in the financial statements.

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

Qualified opinion arising from limitation in audit scope

Except for any adjustment to the financial statements that might have been found to be necessary had we been able to obtain sufficient evidence regarding going concern, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In respect alone of 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.



Chartered Accountants and
Registered Auditors



PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

| | Note | 1998 £ | 1997 £ |
|---|------|-----------------|-----------------|
| TURNOVER: continuing operations | 2 | 137,927 | 182,048 |
| Cost of sales | | 106,427 | 184,286 |
| Gross profit/(loss) | | <u>31,500</u> | <u>(2,238)</u> |
| Administrative expenses | | 44,050 | 46,890 |
| Other operating income | | <u>(15,115)</u> | <u>(44,866)</u> |
| | | <u>28,935</u> | <u>2,024</u> |
| OPERATING PROFIT/(LOSS): continuing operations | 4 | 2,565 | (4,262) |
| Interest payable and similar charges | 5 | <u>(116)</u> | <u>-</u> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 2,449 | (4,262) |
| Tax on profit/(loss) on ordinary activities | 6 | <u>846</u> | <u>(846)</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>1,603</u> | <u>(3,416)</u> |
| (Accumulated losses)/retained profit brought forward | | <u>(1,046)</u> | <u>2,370</u> |
| Retained profit/(accumulated losses) carried forward | | <u>557</u> | <u>(1,046)</u> |

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

COLD JET EUROPE LIMITED**Deloitte
& Touche****BALANCE SHEET
31 December 1998**

| | Note | 1998 £ | 1997 £ |
|--|------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 9,658 | - |
| CURRENT ASSETS | | | |
| Stocks | 8 | 3,790 | 10,000 |
| Debtors | 9 | 32,285 | 39,731 |
| Cash at bank and in hand | | 22,253 | 9,064 |
| | | 58,328 | 58,795 |
| CREDITORS: amounts falling due within one year | 10 | 61,115 | 59,741 |
| NET CURRENT LIABILITIES | | (2,787) | (946) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 6,871 | (946) |
| CREDITORS: amounts falling due after more than one year | 11 | (6,214) | - |
| | | 657 | (946) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 100 | 100 |
| Profit and loss account | | 557 | (1,046) |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | | 657 | (946) |

These financial statements were approved by the Board of Directors on 13 January 2001

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

NOTES TO THE ACCOUNTS
Year ended 31 December 1998**1 ACCOUNTING POLICIES**

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

| | |
|--------------------|--------------|
| Motor vehicles | 25%per annum |
| Computer equipment | 25%per annum |

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. The translation differences are dealt with in the profit and loss account.

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 1998.

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

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

| | 1998 £ | 1997 £ |
|--|-------------------|-------------------|
| Staff costs during the year (including directors) | | |
| Wages and salaries | - | 373 |
| | <u> </u> | <u> </u> |

4 OPERATING PROFIT/(LOSS)

| | 1998 £ | 1997 £ |
|---|-------------------|-------------------|
| Operating profit/(loss) is after charging: | | |
| Depreciation | | |
| Owned assets | 644 | - |
| Leased assets | 2,575 | - |
| Auditors' remuneration | 2,500 | 2,500 |
| | <u> </u> | <u> </u> |

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 1998 £ | 1997 £ |
|--|-------------------|-------------------|
| Finance leases and hire purchase contracts | 116 | - |
| | <u> </u> | <u> </u> |

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

| | 1998 £ | 1997 £ |
|--|-------------------|-------------------|
| Corporation tax repayable | - | (846) |
| Adjustments to prior years' tax provisions | | |
| Corporation tax | 846 | - |
| | <u> </u> | <u> </u> |
| | <u>846</u> | <u>(846)</u> |
| | <u> </u> | <u> </u> |

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

7 TANGIBLE FIXED ASSETS

| | Motor vehicles £ | Computer equipment £ | Total £ |
|---------------------------------|------------------------|----------------------------|------------|
| Cost | | | |
| Additions in year | 10,300 | 2,577 | 12,877 |
| At 31 December 1998 | 10,300 | 2,577 | 12,877 |
| Accumulated depreciation | | | |
| Charge in year | 2,575 | 644 | 3,219 |
| At 31 December 1998 | 2,575 | 644 | 3,219 |
| Net book value | | | |
| At 31 December 1998 | 7,725 | 1,933 | 9,658 |

The net book value of motor vehicles of £7,725 (1997: nil) is in respect of assets held under hire purchase.

8 STOCKS

| | 1998 £ | 1997 £ |
|----------------|-----------|-----------|
| Finished goods | 3,790 | 10,000 |

9 DEBTORS

| | 1998 £ | 1997 £ |
|---------------|-----------|-----------|
| Trade debtors | 25,522 | 19,614 |
| Other debtors | 6,763 | 20,117 |
| | 32,285 | 39,731 |

All amounts are due within one year.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1998 £ | 1997 £ |
|--|---------------|---------------|
| Obligations under finance leases and hire purchase contracts | 2,571 | - |
| Trade creditors | 5,292 | 13,134 |
| Due to ultimate parent company | 32,285 | 32,481 |
| Corporation tax | - | 846 |
| Loan from director | 11,057 | 10,780 |
| Accruals | 9,910 | 2,500 |
| | <u>61,115</u> | <u>59,741</u> |

Obligations under hire purchase contracts are secured on the related assets.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1998 £ | 1997 £ |
|--|--------------|-----------|
| Obligations under finance leases and hire purchase contracts | 6,214 | - |
| | <u>6,214</u> | <u>-</u> |

12 BORROWINGS

| | 1998 £ | 1997 £ |
|--|--------------|-----------|
| Obligations under finance leases and hire purchase contracts | 8,785 | - |
| | <u>8,785</u> | <u>-</u> |
| The maturity of the above amounts is as follows: | | |
| Within one year or on demand | 2,571 | - |
| Between one and two years | 2,571 | - |
| Between two and five years | 3,643 | - |
| | <u>8,785</u> | <u>-</u> |

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

13 CALLED UP SHARE CAPITAL

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| Authorised | | |
| 100,000 ordinary shares of £1.00 each | 100,000 | 100,000 |
| Called up, allotted and fully paid | | |
| 100 ordinary shares of £1.00 each | 100 | 100 |

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Profit/(loss) attributable to members of the company | 1,603 | (3,416) |
| Opening shareholders' funds | (946) | 2,470 |
| Closing shareholders' funds | 657 | (946) |

15 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.

16 RELATED PARTY TRANSACTIONS

During the year the company purchased goods amounting to £101,119 (1997: £159,268) from Cold Jet Inc. This included £15,444 (1997: £16,759) 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 £1,920 (1997: £44,866) to Cold Jet Europe Limited to meet specific expenditure incurred during the year.

At the balance sheet date £32,285 (1997: £32,481) was due to Cold Jet Inc by Cold Jet Europe Limited. These amounts are included within creditors due within one year.

17 POST BALANCE SHEET EVENTS

On 31 March 2000 Dan Lloyd, a director, purchased 100% of the share capital from the parent company, Cold Jet Inc.