

Kömmerring International Limited
(Registered Number: 1811296)

Annual Report

Year Ended 31 December 2000



Kömmerling International Limited

Annual Report for the Year ended 31 December 2000

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Kömmerling International Limited

Directors' Report for the Year Ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal Activity

The company continues to market PVC profiles and other components for the production of windows.

Review of Business and Future Developments

The profit and loss account for the year is set out on page 4. The operating results of the company were severely affected due to the write-off of Patent / Know-How of £465,116 which has been previously reported at cost in the Balance Sheet.

The directors have received written confirmation that the Company's immediate parent company, Kömmerling Kunststoff GmbH, intends to provide financial support to the company to meet its liabilities as they fall due for the foreseeable future and at least for the next one year. The directors expect the company to return to operating profitability during 2001.

Change in parent company

On 1 October 2000 HT Troplast Beteiligungs GmbH bought the shares of Kömmerling International Limited. Subsequently, HT Troplast Beteiligungs GmbH was renamed Kömmerling Kunststoff GmbH. Kömmerling Kunststoff GmbH's ultimate parent company is RAG AG.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company all of whom were directors for the full year (except as indicated below) were:

Otto Schmid (resigned 1 March 2000)
Peter Schmid-Kömmerling (resigned 13 February 2001)
Wolfgang Posner (appointed 12 February 2001)
Winfried Tanzer (appointed 12 February 2001)

Interests of Directors

No director of the company had an interest in the company at 31 December 2000, according to the register required to be kept by Section 325 of the Companies Act 1985.

Year 2000

The Year 2000 date change did not cause problems in the functionality of software and in the operation of equipment controlled by microprocessors. The cost of the Year 2000 programme was not significant. The company did not experience any significant disruptions or problems arising out of the issue.

Kömmerling International Limited

Directors' Report for the Year Ended 31 December 2000 (Continued)

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 period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. (See note 1).

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.

Close Company Provisions

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company; there has been no change in this respect since the end of the financial year.

Auditors

A resolution reappointing PricewaterhouseCoopers will be proposed at the Annual General Meeting.

By order of the board

Director



Date

23 October 2001

Auditors' Report to the Members of Kömmerling International Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

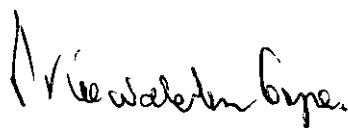
Basis of Opinion

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 at 31 December 2000 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
Uxbridge, Middlesex

23 October 2001

Kömmerling International Limited

Profit and Loss Account for the Year Ended 31 December 2000

	<i>Notes</i>	2000 £	1999 £
Turnover	2	12,040,679	13,014,625
Cost of sales		(10,874,037)	(10,890,702)
Gross profit		1,166,642	2,123,923
Normal operating expenses		(1,485,169)	(1,495,164)
Exceptional operating expenses		(465,116)	(757,758)
Net operating expenses	3	(1,950,285)	(2,252,922)
Operating loss	4	(783,643)	(128,999)
Interest receivable and similar income		44,969	42,037
Interest payable	7	(36)	-
Loss on ordinary activities before taxation		(738,710)	(86,962)
Tax on (loss) on ordinary activities	8	-	(175,722)
Loss on ordinary activities after taxation		(738,710)	(262,684)
Statement of retained (losses)/profits			
Retained (loss)/ profit at 1 January		(45,017)	217,667
Retained (loss) for the year		(738,710)	(262,684)
Retained (loss) at 31 December		(783,727)	(45,017)

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The results for the above years are derived entirely from continuing operations.

The notes on pages 6 to 11 form part of these accounts.

Kömmerling International Limited

Balance Sheet as at 31 December 2000

	Notes	2000	1999
		£	£
Fixed assets			
Intangible assets	9	-	465,116
Tangible assets	10	34,717	54,913
		34,717	520,029
Current assets			
Stock		1,724,975	1,772,436
Debtors	11	2,231,923	3,272,983
Cash at bank and in hand		1,336,886	1,157,840
		5,293,784	6,203,259
Creditors: amounts falling due within one year	12	(6,112,226)	(6,768,303)
Net current (liabilities)		(818,442)	(565,044)
Net (liabilities)		(783,725)	(45,015)
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		(783,727)	(45,017)
Equity shareholders' funds	15	(783,725)	(45,015)

The financial statements on pages 4 to 11 were approved by the board of directors and were signed on its behalf by:

Director



Date

23 October 2001

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

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.

(1) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention and on a going concern basis. The company has received written confirmation that the Company's immediate parent company, Kömmerling Kunststoff GmbH, intends to provide financial support to the company to meet its liabilities as they fall due for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

(2) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures and fittings	20
Furniture	20
Other equipment	20/25
Computer equipment	33.33

(3) Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

(4) Foreign Currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Exchange gains or losses are included in operating expenses.

(5) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

(6) Turnover

Turnover, which excludes value-added tax and trade discounts, represents the invoiced value of goods supplied.

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000 (Continued)

(7) Deferred Taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

(8) Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

2 Turnover

All turnover arises within the United Kingdom.

3 Net Operating Expenses

Net operating expenses are made up as follows:

	2000 £	1999 £
Selling and distribution costs	1,123,021	1,134,976
Normal administrative expenses	400,454	377,013
Write-off of manufacturing know-how	465,116	-
Write-off of loan to a company under common control	-	757,758
Total administrative expenses	865,570	1,134,771
Operating expenses	1,988,591	2,269,747
Less: royalties receivable	(38,306)	(16,825)
Net operating expenses	1,950,285	2,252,922

4 Operating Loss

Operating loss is stated after charging/(crediting):

	2000 £	1999 £
Depreciation of tangible fixed assets	30,565	30,384
Auditors' remuneration		
Audit fees	25,000	23,875
Other fees	44,641	11,000
Loan to company under common control written-off	-	757,758
Exchange (gain)/loss	(4,144)	3,114
Manufacturing know-how written off (See note 9)	465,116	-
Hire of motor vehicles – operating leases	55,540	56,250
Hire of other assets – operating leases	16,164	17,041

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000 (Continued)

5 Directors' Emoluments

None of the directors received any emoluments for their services as directors of the company (1999: £Nil).

6 Employee information

The average monthly number of persons employed by the company during the year is analysed below:

	2000 Number	1999 Number
Selling and distribution	7	7
Administration	4	6
	11	13

Employment costs - all employees including executive directors:

	2000 £	1999 £
Wages and salaries	330,523	360,885
Social security costs	34,304	36,930
Other pension costs	25,586	30,844
Total direct costs of employment	390,413	428,659

7 Interest Payable on Bank Overdraft

	2000 £	1999 £
Interest payable on bank overdraft	36	-

8 Tax on Profit on Ordinary Activities

	2000 £	1999 £
United Kingdom corporation tax payable at 30% (1999: 30.25%)	-	172,356
Under provision in respect of prior years	-	3,366
	-	175,722

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000 (Continued)

9 Intangible Fixed Assets

	2000 £	1999 £
At 31 December	-	465,116

The know-how was purchased in September 1984. The know-how was not used to produce income during the year ended 31 December 1999 and the directors did not believe that manufacturing in the UK would materialise in the foreseeable future, therefore the know-how was written-off in full in 2000.

10 Tangible Fixed Assets

	Fixtures and fittings £	Furniture £	Office And other Equipment £	Total £
Cost				
At 1 January 2000	4,918	16,859	113,312	135,089
Additions	-	-	10,369	10,369
At 31 December 2000	4,918	16,859	123,681	145,458
Depreciation				
At 1 January 2000	4,918	9,261	65,997	80,176
Charge for year	-	2,306	28,259	30,565
At 31 December 2000	4,918	11,567	94,256	110,741
Net book value				
At 31 December 2000	-	5,292	29,425	34,717
At 31 December 1999	-	7,598	47,315	54,913

11 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	2,115,105	3,147,208
Amounts owed by parent company	39,807	67,156
Other debtors	39,896	30,760
Prepayments and accrued income	37,115	27,859
	2,231,923	3,272,983

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000 (Continued)

12 Creditors: Amounts Falling Due Within One Year

	2000 £	1999 £
Trade creditors	176,657	272,991
Amounts owed to parent and fellow subsidiary undertakings	5,550,886	5,380,818
Corporation tax	-	172,356
Other taxation and social security costs	9,580	11,784
VAT	196,777	576,215
Accruals and deferred income	178,326	354,139
	6,112,226	6,768,303

13 Called Up Share Capital

	Ordinary shares of £1 each	
	2000	1999
Authorised		
Value	£1,000,000	£1,000,000
Number	1,000,000	1,000,000
Allotted, called up and fully paid		
Value	£2	£2
Number	2	2

14 Commitments

The company has financial commitments in respect of non-cancellable operating leases of plant and machinery. The rentals payable under these leases in the next year are as follows:

	Motor Vehicles	
	2000 £	1999 £
Date of lease termination		
Within one year	2,612	9,947
In second to fifth years	40,904	15,600
	43,516	25,547

The company also has financial commitments in respect of non-cancellable operating leases of land and buildings. The rentals payable under these leases in the next year are as follows:

	2000 £	1999 £
Date of lease termination		
In second to fifth years inclusive	42,500	42,500

Kömmerling International Limited

Notes to the Financial Statements for the Year Ended 31 December 2000 (Continued)

15 Reconciliation of Movements in Shareholders' Funds

	2000 £	1999 £
(Loss) for the financial year	(738,710)	(262,684)
Opening shareholders' (deficit)/funds	(45,015)	217,669
Closing shareholders' funds	(783,725)	(45,015)

16 Related Party Transactions

During the year the company made purchases of goods and services of £8,607,548 (1999: £9,427,854) from its parent companies. Purchases from fellow subsidiaries during the year amounted to £826,344 (1999: £340,179). At 31 December 2000 amounts due to Kömmerling Kunststoff GmbH and fellow subsidiaries were £5,550,886 (1999: £5,052,936) and nil (1999: £260,726) respectively.

17 Ultimate and Immediate Parent Companies

The directors regard RAG AG, a company incorporated in Germany, as the ultimate parent company. The immediate parent is Kömmerling Kunststoff GmbH, a company incorporated in Germany, which, according to the register kept by the company has owned 100% of the company's share capital since 1 October 2000.