

Iseki Vacuum Systems Ltd

Financial Statements

31st December 2002



Buzzacott

Company Registration Number
4363314 (England and Wales)

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 31 December 2002.

PRINCIPAL ACTIVITY

The company was incorporated on 30 January 2002 and commenced trading on 11 June 2002. The principal activity of the company is that of manufacturing and selling vacuum sewerage systems.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The company acquired the assets and trading activities of Iseki Utility Services Limited during the period. The company changed its name from Cognacho Limited to Iseki Vacuum Systems Limited during the period.

The directors consider the results to be good and look forward to a satisfactory result in 2003.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the period are as shown below.

D R O How
R D McDougall
D J Cartwright
Shoosmiths Nominees Limited (appointed 30 January 2002, resigned 25 September 2002)

None of the directors held any of the shares in the company. The directors' interests in the holding company are shown in that company's accounts.

J F Clarke, a partner of Buzzacott, is a trustee of a trust which owns approximately 17% of the ordinary shares in Rediweld Holdings Limited. The beneficiaries of the trust are the daughters of D R O How. J F Clarke is not involved in the audit of Rediweld Holdings Limited and its subsidiaries.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- (iv) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

for the period ended 31 December 2002

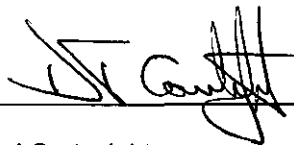
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Buzzacott were appointed as auditors to the company during the period by the directors and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

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

By Order of the Board



D J Cartwright
Secretary

Date: 15/4/03

INDEPENDENT AUDITORS' REPORT**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ISEKI VACUUM SYSTEMS LIMITED**

We have audited the accounts on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and in accordance with the accounting policies set out on page 6 and 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT AUDITORS

As described on pages 1 and 2, the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs prepared as at 31 December 2002 and of its profit for the period from 30 January 2002 to 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.

Date: 15 April 2003

ISEKI VACUUM SYSTEMS LTD

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PROFIT & LOSS ACCOUNT
for the period ended 31 December 2002

	Notes	2002 £
TURNOVER	2	1,710,340
Cost of sales		737,835
GROSS PROFIT		972,505
Selling costs		310,844
Administrative expenses		222,650
		533,494
OPERATING PROFIT		439,011
Other income	3	1,702
Interest payable	4	(4,804)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	435,909
Tax on profit on ordinary activities	6	(134,805)
RETAINED PROFIT FOR THE PERIOD		301,104

THE COMPANY WAS INCORPORATED ON 30 JANUARY 2002 AND COMMENCED TRADING ON 11 JUNE 2002. ALL OF THE COMPANY'S ACTIVITIES DERIVED FROM CONTINUING OPERATION DURING THE PERIOD FROM 11 JUNE 2002 TO 31 DECEMBER 2002

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £
FIXED ASSETS		
Intangible assets	7	72,000
Tangible assets	8	<u>107,704</u>
		179,704
CURRENT ASSETS		
Stocks	9	143,206
Debtors	10	278,954
Cash at bank and in hand		<u>192,374</u>
		614,534
CREDITORS		
Amounts falling due within one year	11	<u>(335,695)</u>
NET CURRENT ASSETS		<u>278,839</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>458,543</u>
CREDITORS		
Amounts falling due after one year	12	(151,133)
PROVISION FOR LIABILITIES AND CHARGES	13	(6,305)
NET ASSETS		<u>301,105</u>
CAPITAL AND RESERVES		
Called up share capital	14	1
Profit & loss account		301,104
SHAREHOLDERS' FUNDS - equity interests	15	<u>301,105</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board:

David Han
Director:

15.4.03
Date:

NOTES TO THE ACCOUNTS
for the period ended 31 December 2002

1 ACCOUNTING POLICIES

The following accounting policies have been used in dealing with items which are considered material in relation to the company's accounts.

a) Basis of preparation:

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Turnover:

Turnover represents invoiced sales during the year net of discounts, returns, and Value Added Tax.

c) Tangible fixed assets and depreciation:

Tangible fixed assets are stated at cost less a provision for depreciation which is calculated to write off the cost of assets over their expected useful lives on a straight line basis as follows:

Fixtures & fittings	-	10% pa straight line
Plant & machinery	-	15% pa straight line (to residual value of 10%)
Office equipment	-	20% pa straight line
Computer equipment	-	33⅓% pa straight line
Motor vehicles	-	25% pa straight line

d) Stocks and work in progress:

Stocks are valued at the lower of cost and net realisable value. The cost of work in progress comprises materials and labour. Provision is made for obsolete, slow moving or defective items where appropriate.

e) Deferred taxation:

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

f) Pension costs:

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account of the year in which they are payable to the scheme.

g) Hire purchase and operating leases:

Assets held under hire purchase agreements are capitalised with the corresponding obligations treated as creditors and interest allocated over the lease term on a straight line basis. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS
for the period ended 31 December 2002
(continued)

1 ACCOUNTING POLICIES (continued)**h) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

i) Goodwill and intellectual property

Goodwill and intellectual property arising on the acquisitions of business is capitalised in the balance sheet and amortised on a straight line basis over its useful economic life of 5 years.

2 TURNOVER

Turnover and the result before taxation arise solely from the company's principal activity carried out during the period.

3 OTHER INCOME

	2002 £
Interest receivable	1,702
	<u>1,702</u>

4 INTEREST PAYABLE

	2002 £
Holding company loan	4,500
Hire purchase	304
	<u>4,804</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2002 £
After charging:	
Depreciation	19,563
Amortisation of intangible fixed assets	18,000
Auditors' remuneration	3,500
Lease rentals for land and buildings	3,750

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £
Corporation Tax payable - 30%	128,500
Provision for deferred tax	6,305
	<u>134,805</u>

7 INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual property £	Total £
COST:			
Additions	15,000	75,000	90,000
at 31 Dec 2002	15,000	75,000	90,000
AMORTISATION:			
Charge for period	3,000	15,000	18,000
at 31 Dec 2002	3,000	15,000	18,000
NET BOOK VALUE:			
at 31 Dec 2002	12,000	60,000	72,000

NOTES TO THE ACCOUNTS
for the period ended 31 December 2002
(continued)

8 TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST:				
additions	42,525	40,842	43,900	127,267
at 31 Dec 2002	42,525	40,842	43,900	127,267
DEPRECIATION:				
charge for period	3,626	3,837	12,100	19,563
at 31 Dec 2002	3,626	3,837	12,100	19,563
NET BOOK VALUE:				
at 31 Dec 2002	38,899	37,005	31,800	107,704

Included in the above are items owned under hire purchase agreements:

	2002	2002
	Book value at 31 Dec	Depreciation charged in period
Motor vehicles	29,550	9,850

9 STOCKS AND WORK IN PROGRESS

	2002 £
Raw materials	96,908
Finished goods	46,298
	<u>143,206</u>

10 DEBTORS

	2002 £
Trade debtors	200,307
Amounts owed by group undertaking:	
Iseki Technical Services	21,558
Sundry debtors and prepayments	36,554
Tax debtors	20,535
	<u>278,954</u>

11 CREDITORS amounts due within one year

	2002 £
Trade creditors	69,366
Amounts owed to group companies	
Vistaplan International Limited	4,393
Iseki Technical Services Limited	23,328
Sundry creditors and accruals	87,798
Social security and other taxes	10,418
Hire purchase (note 12)	11,892
Corporation tax	128,500
	<u>335,695</u>

NOTES TO THE ACCOUNTS
for the period ended 31 December 2002
(continued)

12 CREDITORS amounts due after one year	2002
	£
Amount owed to holding company	130,000
Hire purchase	21,133
	<u>151,133</u>
Hire purchase obligations: amounts falling due:	
- between one and two years	11,892
- between two and five years	9,241
	<u>21,133</u>

Certain hire purchase agreements are secured on the assets under contract.

13 DEFERRED TAX	2002
	£
Increase in provision	6,305
Accelerated capital allowances at 31 December	<u>6,305</u>

14 CALLED UP SHARE CAPITAL	2002
Authorised:	
Ordinary shares of £1 each	1,000
Allotted and fully paid:	
Ordinary shares of £1 each	1

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002
	£
Profit for the period	301,104
Share capital issued in period	1
Closing shareholders' funds	<u>301,105</u>

16 DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors during the period.

17 PENSION SCHEME

The company operates a defined contribution pension scheme for the benefit of employees. The contributions are paid by members and the company. The scheme's assets are held in funds separate from the company. The pension cost charged for the period was £785.

NOTES TO THE ACCOUNTS
for the period ended 31 December 2002
(continued)

19 FINANCIAL COMMITMENTS

2002
£

At 31.12.02 there were annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

Expiring in two to five years	3,750
Expiring after five years	-
	<u>3,750</u>

20 ULTIMATE HOLDING COMPANY

During the period ended 31 December 2002 Rediweld Holdings Ltd, a company registered in England and Wales, owned 100% of the share capital of the company and Mr D. How was the controlling shareholder of Rediweld Holdings Ltd.

The results of the company are consolidated into Rediweld Holdings Ltd. The consolidated accounts, which are available to the public, may be obtained from High March, High March Industrial Estate, Daventry, Northamptonshire, NN11 4QE.

21 RELATED PARTY TRANSACTIONS

The accounts do not include disclosure of transactions between Iseki Vacuum Systems Ltd and entities that are part of the Rediweld Holdings Ltd group. This is because, as a subsidiary whose shares are more than 90% controlled within the group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 "Related Party Disclosures".

22 ACQUISITION

In June 2002 the company acquired the business of Iseki Utility Services Limited, a customer of Rediweld Rubber & Plastics Limited (a fellow subsidiary of the company).

On acquisition:	Fair value £
Goodwill	15,000
Intellectual property	75,000
Fixed assets	40,000
Stocks	63,909
Other assets	2,216
Total purchase consideration - cash consideration	<u>196,125</u>

23 APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 15 April 2003.