

COMPANY REGISTRATION NUMBER 2474481

REGISTRAR OF
COMPANIES

COHLINE (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31ST DECEMBER 1998



BURGESS HODGSON
Chartered Accountants & Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

COHLINÉ (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

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COHLINE (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

The Board of Directors

C C Surgeon

Company Secretary

U G Cohnen - Andres

Registered Office

Camburgh House,
27, New Dover Road,
Canterbury,
Kent.
CT1 3DN

Auditors

Burgess Hodgson
Chartered Accountants
& Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

COHLINE (UK) LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 31st December 1998 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION


We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on page 5 to 16 are properly prepared in accordance with that provision.

Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

2 July 1999


BURGESS HODGSON
Chartered Accountants
& Registered Auditors

COHLINE (UK) LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31ST DECEMBER 1998

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the manufacture and sale of automotive parts.

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders funds amounting to £1,758,789.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

| | | Ordinary Shares of £1 each | |
|-------------|-----------------------------|----------------------------|-------------------|
| | | At 31 December 1998 | At 1 January 1998 |
| C C Surgeon | | - | - |
| H Cohnen | (Resigned 26 December 1998) | | |
| | | _____ | _____ |

YEAR 2000 COMPLIANCE

The director has taken steps to address the likely implications of the year 2000 issue on the business. Whilst it is not possible to guarantee that no year 2000 problems will remain the director believes it will achieve an acceptable state of readiness.

EURO COMPLIANCE

The company has opened a Euro bank account and the director anticipates this to operate in the same manner as other currencies the company trades in.

FIXED ASSETS

Changes in fixed assets during the year are set out in note 8 to the accounts.

FUTURE DEVELOPMENTS

Work is continuing on the development and modification of existing products to meet customer requirements and, through a continuing programme of development, to take advantage of new technology as soon as it becomes available.

COHLINE (UK) LIMITED**THE DIRECTOR'S REPORT** *(continued)***YEAR ENDED 31ST DECEMBER 1998****DIRECTOR'S 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

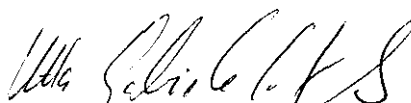
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

AUDITORS

A resolution to re-appoint Burgess Hodgson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Camburgh House,
27, New Dover Road,
Canterbury,
Kent.
CT1 3DN

Signed by order of the director


U G COHNEN - ANDRES
Company Secretary

Approved by the director on 14.06.1999

COHLINE (UK) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 1998

| | Note | 1998 £ | 1997 £ |
|--|-------------|-------------------------|-------------------------|
| GROSS PROFIT | | 939,320 | 1,112,018 |
| Administrative expenses | | 700,981 | 875,245 |
| OPERATING PROFIT | 2 | 238,339 | 236,773 |
| Interest receivable | | 7,790 | 9,536 |
| Interest payable | 5 | (589) | - |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 245,540 | 246,309 |
| Tax on profit on ordinary activities | 6 | 55,874 | 80,138 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | 189,666 | 166,171 |
| Balance brought forward | | 1,469,123 | 1,302,952 |
| Balance carried forward | | <u>1,658,789</u> | <u>1,469,123</u> |

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

COHLINE (UK) LIMITED
ABBREVIATED BALANCE SHEET
31ST DECEMBER 1998

| | Note | 1998 £ | 1997 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 593,830 | 585,533 |
| CURRENT ASSETS | | | |
| Stocks | 8 | 598,265 | 566,433 |
| Debtors | 9 | 313,609 | 201,576 |
| Cash at bank and in hand | | 537,799 | 626,827 |
| | | <u>1,449,673</u> | <u>1,394,836</u> |
| CREDITORS: Amounts falling due within one year | 10 | <u>(227,821)</u> | <u>(366,200)</u> |
| NET CURRENT ASSETS | | 1,221,852 | 1,028,636 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,815,682 | 1,614,169 |
| CREDITORS: Amounts falling due after more than one year | 11 | (6,256) | - |
| | | <u>1,809,426</u> | <u>1,614,169</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 12 | (50,637) | (45,046) |
| | | <u>1,758,789</u> | <u>1,569,123</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 16 | 100,000 | 100,000 |
| Profit and loss account | 17 | 1,658,789 | 1,469,123 |
| SHAREHOLDERS' FUNDS | 18 | <u>1,758,789</u> | <u>1,569,123</u> |

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director on ^{7th} ~~June~~ ^{Sept} 1999



 C C SURGEON

COHLINE (UK) LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 1998**

| | 1998 | | 1997 |
|---|-----------|-----------------|--------------|
| | £ | £ | £ |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | 29,911 | 464,525 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | 7,790 | | 9,536 |
| Interest element of finance lease rental payments | (589) | | - |
| | <hr/> | | <hr/> |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | 7,201 | 9,536 |
| TAXATION | | (33,533) | (160,542) |
| CAPITAL EXPENDITURE | | | |
| Payments to acquire tangible fixed assets | (109,538) | | (308,030) |
| Receipts from sale of fixed assets | 8,750 | | - |
| | <hr/> | | <hr/> |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | | (100,788) | (308,030) |
| CASH (OUTFLOW)/INFLOW BEFORE FINANCING | | (97,209) | 5,489 |
| FINANCING | | | |
| Net inflow in respect of finance leases | 8,181 | | - |
| Capital element of finance lease rental payments | 8,181 | | - |
| | <hr/> | | <hr/> |
| NET CASH INFLOW FROM FINANCING | | 16,362 | - |
| (DECREASE)/INCREASE IN CASH | | <u>(80,847)</u> | <u>5,489</u> |

COHLINE (UK) LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST DECEMBER 1998****RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

| | 1998 £ | 1997 £ |
|--|---------------|----------------|
| Operating profit | 238,339 | 236,773 |
| Depreciation | 84,213 | 64,670 |
| Loss on disposal of fixed assets | 8,278 | - |
| Increase in stocks | (31,832) | (37,400) |
| (Increase)/Decrease in debtors | (112,033) | 25,435 |
| (Decrease)/Increase in creditors | (157,054) | 175,047 |
| Net cash inflow from operating activities | <u>29,911</u> | <u>464,525</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 1998 £ | 1997 £ |
|--|-----------------|----------------|
| (Decrease)/Increase in cash in the period | (80,847) | 5,489 |
| Net cash inflow in respect of finance leases | (8,181) | - |
| Change in net funds | <u>(89,028)</u> | <u>5,489</u> |
| Net funds at 1st January 1998 | 626,827 | 621,338 |
| Net funds at 31st December 1998 | <u>529,618</u> | <u>626,827</u> |

ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 Jan 1998 £ | Cash flows £ | At 31 Dec 1998 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | 626,827 | (89,028) | 537,799 |
| Debt: | | | |
| Finance leases | - | (8,181) | (8,181) |
| Net funds | <u>626,827</u> | <u>(97,209)</u> | <u>529,618</u> |

COHLINE (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|------------------------|
| Plant & Machinery | - 10% Straight line |
| Fixtures & Fittings | - 10% Straight line |
| Motor Vehicles | - 25% Reducing balance |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

COHLINE (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****1. ACCOUNTING POLICIES** *(continued)***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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | 1998 | 1997 |
|---|-------------------|-------------------|
| | £ | £ |
| Depreciation | 84,213 | 64,670 |
| Loss on disposal of fixed assets | 8,278 | - |
| Auditors' remuneration | | |
| - as auditors | 4,750 | 4,250 |
| - accountancy | 8,278 | 5,295 |
| Net (profit)/loss on foreign currency translation | (71,654) | 60,032 |
| | <u> </u> | <u> </u> |

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

| | 1998 | 1997 |
|--------------------------------|-------------|-------------|
| | No. | No. |
| Number of production staff | 51 | 41 |
| Number of administrative staff | 12 | 14 |
| | <u>63</u> | <u>55</u> |

The aggregate payroll costs of the above were:

| | 1998 | 1997 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 929,442 | 791,250 |
| Social security costs | 16,056 | 14,824 |
| | <u>945,498</u> | <u>806,074</u> |

COHLIN (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****4. DIRECTOR'S EMOLUMENTS**

The director's aggregate emoluments in respect of qualifying services were:

| | 1998 £ | 1997 £ |
|-----------------------|---------------|---------------|
| Emoluments receivable | <u>67,495</u> | <u>30,956</u> |

5. INTEREST PAYABLE

| | 1998 £ | 1997 £ |
|-----------------|------------|-----------|
| Finance charges | <u>589</u> | <u>-</u> |

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1998 £ | 1997 £ |
|--|----------------|---------------|
| In respect of the year: | | |
| Corporation tax based on the results for the year at 21% (1997 - 21.70%) | 54,500 | 37,750 |
| Increase in deferred tax provision (Note 12): | | |
| Capital allowances | <u>5,591</u> | <u>42,846</u> |
| | 60,091 | 80,596 |
| Adjustment in respect of previous years: | | |
| Corporation tax | <u>(4,217)</u> | <u>(458)</u> |
| | <u>55,874</u> | <u>80,138</u> |

COHLINE (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****7. TANGIBLE FIXED ASSETS**

| | Plant & Machinery £ | Fixtures & Motor Vehicles Fittings £ | £ | Total £ |
|------------------------------|--|---|---------------|--------------------|
| COST | | | | |
| At 1st January 1998 | 648,507 | 98,657 | 13,849 | 761,013 |
| Additions | 96,906 | 12,632 | - | 109,538 |
| Disposals | (34,057) | - | - | (34,057) |
| At 31st December 1998 | <u>711,356</u> | <u>111,289</u> | <u>13,849</u> | <u>836,494</u> |
| DEPRECIATION | | | | |
| At 1st January 1998 | 133,669 | 35,752 | 6,059 | 175,480 |
| Charge for the year | 71,136 | 11,129 | 1,948 | 84,213 |
| On disposals | (17,029) | - | - | (17,029) |
| At 31st December 1998 | <u>187,776</u> | <u>46,881</u> | <u>8,007</u> | <u>242,664</u> |
| NET BOOK VALUE | | | | |
| At 31st December 1998 | <u>523,580</u> | <u>64,408</u> | <u>5,842</u> | <u>593,830</u> |
| At 31st December 1997 | <u>514,838</u> | <u>62,905</u> | <u>7,790</u> | <u>585,533</u> |

Finance lease agreements

Included within the net book value of £593,830 is £8,662 (1997 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £963 (1997 - £Nil).

8. STOCKS

| | 1998 £ | 1997 £ |
|------------------|-------------------|-------------------|
| Raw materials | 457,378 | 376,576 |
| Work in progress | 140,887 | 189,857 |
| | <u>598,265</u> | <u>566,433</u> |

9. DEBTORS

| | 1998 £ | 1997 £ |
|--------------------------------|-------------------|-------------------|
| Trade debtors | 291,888 | 171,072 |
| VAT recoverable | 16,541 | 25,628 |
| Other debtors | 497 | 47 |
| Prepayments and accrued income | 4,683 | 4,829 |
| | <u>313,609</u> | <u>201,576</u> |

COHLIN (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****10. CREDITORS:** Amounts falling due within one year

| | 1998 | | 1997 |
|--|--------|----------------|----------------|
| | £ | £ | £ |
| Trade creditors | | 136,061 | 197,703 |
| Other creditors including taxation and social security: | | | |
| Corporation tax | 54,500 | | 37,750 |
| PAYE and social security | 23,085 | | 20,645 |
| Finance leases | 1,925 | | - |
| | | 79,510 | 58,395 |
| Accruals and deferred income | | 12,250 | 110,102 |
| | | <u>227,821</u> | <u>366,200</u> |

11. CREDITORS: Amounts falling due after more than one year

| | 1998 | 1997 |
|------------------|--------------|----------|
| | £ | £ |
| Other creditors: | | |
| Finance leases | <u>6,256</u> | <u>-</u> |

12. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

| | 1998 | 1997 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Provision brought forward | 45,046 | 2,200 |
| Increase in provision | <u>5,591</u> | <u>42,846</u> |
| Provision carried forward | <u>50,637</u> | <u>45,046</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

| | 1998 | 1997 |
|--|---------------|---------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | <u>50,637</u> | <u>45,046</u> |

COHLINÉ (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****13. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

| | 1998 | 1997 |
|--------------------------------------|--------------|-------------|
| | £ | £ |
| Amounts payable within 1 year | 1,925 | - |
| Amounts payable between 2 to 5 years | 6,256 | - |
| | <u>8,181</u> | <u>-</u> |

14. COMMITMENTS UNDER OPERATING LEASES

At 31st December 1998 the company had annual commitments under non-cancellable operating leases as set out below.

| | Assets Other Than Land & Buildings | |
|--------------------------------|---|--------------|
| | 1998 | 1997 |
| | £ | £ |
| Operating leases which expire: | | |
| Within 1 year | 302 | - |
| Within 2 to 5 years | 1,067 | 1,369 |
| After more than 5 years | 3,068 | 3,068 |
| | <u>4,437</u> | <u>4,437</u> |

COHLINÉ (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****15. TRANSACTIONS WITH THE DIRECTOR**

During the year the company entered into the following contracts with companies and partnerships in which Hans-Joachim Cohnen, a director of the company, has an interest :-

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| Cohline GmbH Montabaur | | |
| Sales to Cohline Montabaur | 496,180 | 874,327 |
| Purchases from Cohline Montabaur | 47,364 | 94,496 |
| Debtor at year end | 51,004 | 13,093 |
| Creditor at year end | 6,754 | 7,632 |
| Cohline GmbH Dillenburg | | |
| Sales to Cohline Dillenburg | 3,267,450 | 2,503,649 |
| Purchases from Cohline Dillenburg | 201,981 | 233,808 |
| Purchase of fixed assets | 7,633 | 28,047 |
| Sale of fixed assets | 8,750 | - |
| Debtor at year end | 196,818 | 136,649 |
| Creditor at year end | 13,588 | 5,892 |
| Cohnen Gesellschaft Buergerlichen Rechts | | |
| Purchase of fixed assets | 7,633 | |
| Rent charged for the year | 120,000 | 120,000 |

16. SHARE CAPITAL**Authorised share capital:**

| | 1998 £ | 1997 £ |
|------------------------------------|----------------|----------------|
| 100,000 Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |

Allotted, called up and fully paid:

| | 1998 £ | 1997 £ |
|------------------------|----------------|----------------|
| Ordinary share capital | <u>100,000</u> | <u>100,000</u> |

17. PROFIT AND LOSS ACCOUNT

| | 1998 £ | 1997 £ |
|--|------------------|------------------|
| Balance brought forward | 1,469,123 | 1,302,952 |
| Retained profit for the financial year | 189,666 | 166,171 |
| Balance carried forward | <u>1,658,789</u> | <u>1,469,123</u> |

COHLINE (UK) LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1998****18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

| | 1998 | 1997 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 189,666 | 166,171 |
| Opening shareholders' equity funds | <u>1,569,123</u> | <u>1,402,952</u> |
| Closing shareholders' equity funds | <u>1,758,789</u> | <u>1,569,123</u> |