

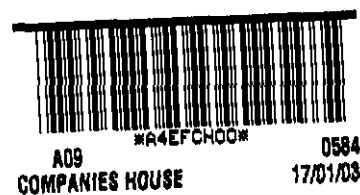
2625753

INECO (ENG) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 2002



MICHAEL H. SCOTT & COMPANY
Chartered Accountants
107 Kenton Road
Kenton Harrow
Middlesex HA3 0AN

INECO (ENG) LIMITED
COMPANY INFORMATION

DIRECTORS

A Kumar

SECRETARY

Greystone House Registrars Limited

COMPANY NUMBER

2625753 (England and Wales)

REGISTERED OFFICE

107 Kenton Road
Kenton Harrow
Middlesex HA3 0AN

ACCOUNTANTS

MICHAEL H. SCOTT & COMPANY
Chartered Accountants
107 Kenton Road
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Middlesex HA3 0AN

INECO (ENG) LIMITED

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INECO (ENG) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

The Director's present his Report with the Accounts of the Company for the year ended 31 July 2002.

PRINCIPAL ACTIVITY

The Company's principal activity continues to be that of Marketing Support to the Parent Company, who specialises in Heavy Engineering in the Field of Insulation and Air Conditioning. The Company is wholly owned by Otaco Corporation based in Geneva, Switzerland.

DIRECTORS

The Director who served during the year and their beneficial interest in the Company's issued Ordinary Share Capital were:

Ordinary Shares of £1 each

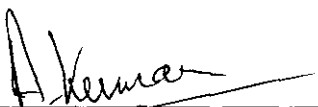
A. Kumar

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SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

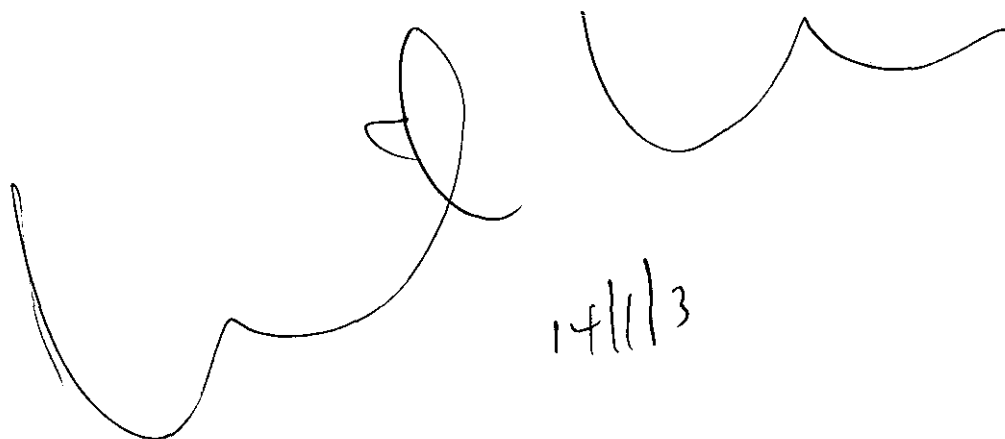
This report was approved by the Board on 28 October 2002 and signed on its behalf.



A Kumar - Director

INECO (ENG) LIMITED
ACCOUNTANTS' REPORT TO THE DIRECTORS OF
INECO (ENG) LIMITED

As described on the Balance Sheet, you are responsible for the preparation of the accounts for the year ended 31 July 2002 set out on pages 3 to 7 and you consider that the Company is exempt from audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us, and we report that they are in accordance therewith.

Handwritten signature and date. The signature is a large, stylized cursive mark. To its right is the date '14/1/3' written in a simple, vertical style.

MICHAEL H SCOTT & COMPANY
Chartered Accountants
107 Kenton Road
Kenton
Harrow
Middx HA3 OAN

INECO (ENG) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 JULY 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
TURNOVER		-	-
Cost of Sales		<u>-</u>	<u>-</u>
GROSS PROFIT		-	-
Selling and Distribution Costs		-	-
Administrative Expenses		18,839	20,166
Establishment Expenses		-	-
Financial Expenses		<u>56</u>	<u>57</u>
OPERATING LOSS	5	<u>(18,895)</u>	<u>20,223</u>
		(18,895)	(20,223)
(LOSS) on ordinary activities			
before taxation		<u>(18,895)</u>	<u>(20,223)</u>
Overprovision of taxation in previous year			
TAXATION	8	<u>-</u>	<u>-</u>
(LOSS) for the year			
after taxation		(18,895)	(20,223)
RETAINED (LOSS) brought forward		<u>(356,320)</u>	<u>(336,097)</u>
RETAINED(LOSS) carried forward		<u>£(375,215)</u>	<u>£(356,320)</u>

There were no recognised gains and losses for 2002 or 2001 other than those included in the Profit and Loss Account.

The notes on pages 5 to 7 form part of these financial statements.

INECO (ENG) LIMITED

BALANCE SHEET

AS AT 31 JULY 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
TANGIBLE ASSETS	4	416	555
CURRENT ASSETS			
Stock and Work in Progress		-	-
Debtors and Prepayments	6	-	-
Cash at Bank and In Hand		<u>226</u>	<u>200</u>
		<u>226</u>	<u>200</u>
CREDITORS: Amounts falling due			
Within one year			
Creditors & Accrued Expenses	7	<u>6,081</u>	<u>4,375</u>
		<u>6,081</u>	<u>4,375</u>
NET CURRENT LIABILITIES		<u>(5,855)</u>	<u>(4,175)</u>
		<u>£ (5,439)</u>	<u>£ (3,620)</u>
CAPITAL AND RESERVES			
Share Capital	2	369,776	352,700
Profit and Loss Account		<u>(375,215)</u>	<u>(356,320)</u>
SHAREHOLDERS' FUNDS		<u>£ (5,439)</u>	<u>£ (3,620)</u>

The Financial Statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting standard for Smaller Entities were approved by the Board on 28 October 2002 and signed on its behalf.

The Director considers that the Company is entitled to exemption from the requirements to have an audit under the provisions of Section 249A(1) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the Company's issued share capital have not issued a notice requiring an audit. The Director acknowledges their responsibilities for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the Company as at 31 July 2002 and of its loss for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the Company.

A Kumar  Director

The notes on pages 5 to 7 form part of these financial statements.

INECO (ENG) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2002

1. ACCOUNTING POLICIES

a) Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the Director's Report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1. from the requirement to produce a cash-flow statement on the grounds that it is a small company.

b) Tangible Assets and Depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost over its expected useful life.

Equipment	25% on WDV
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2. SHARE CAPITAL

The Issued Share Capital of the Company is held by the Otaco Corporation based in Geneva, Switzerland.

The share capital was increased from £352,700 to £369,776 by the allotment of further 17,076 shares to the parent company - Otaco Corporation, Switzerland.

3. STOCK AND WORK IN PROGRESS

Being an engineering consultancy based company, there is no stock or work in progress.

4. TANGIBLE ASSETS

	<u>Equipment</u>	<u>Total</u>
At cost	<u>2,337</u>	<u>2,337</u>
Depreciation		
Charge for the year	139	139
Brought Forward	<u>1,782</u>	<u>1,782</u>
Carried Forward	<u>1,921</u>	<u>1,921</u>
<u>NBV 31.7.2002</u>	<u>416</u>	<u>416</u>
<u>NBV 31.7.2001</u>	<u>555</u>	<u>555</u>

INECO (ENG) LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 JULY 2002

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
5. <u>OPERATING LOSS</u>		
The operating loss is stated after charging:		
Depreciation of tangible fixed assets	139	185
Hire of plant and machinery	-	-
Directors' Remuneration	-	-
Accountancy Fee	<u>1,881</u>	<u>1,763</u>
6. <u>DEBTORS</u>		
Trade	-	-
Other debtors	-	-
	<u>£ -</u>	<u>£ -</u>
7. <u>CREDITORS:</u> amounts falling due within one year		
Corporation Tax - current year	-	-
Underprovision of Corporation Tax in previous years	-	-
Other creditors	<u>6,081</u>	<u>4,375</u>
	<u>£6,081</u>	<u>£4,375</u>
8. <u>TAXATION</u>		
	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Corporation Tax	-	-
Underprovision in previous years	-	-
	<u>-</u>	<u>-</u>

INECO (ENG) LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 JULY 2002

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
9. <u>MOVEMENT ON SHAREHOLDERS' FUNDS</u>		
(Loss) for the year	(18,895)	(20,223)
Opening Shareholders' Funds	<u>(3,620)</u>	<u>(1,183)</u>
	(22,515)	(21,406)
Increase in Share Capital	<u>17,076</u>	<u>17,786</u>
Closing Shareholders' Funds	<u>£(5,439)</u>	<u>£(3,620)</u>