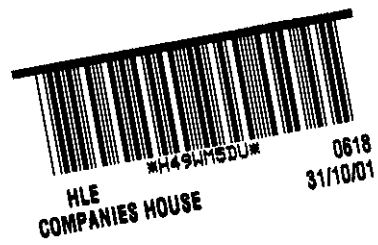


REGISTERED NUMBER: 2596935 (England and Wales)

Abbreviated Financial Statements for the Year Ended 31 December 2000

for

Pangborn (UK) Ltd



Contents of the Abbreviated Financial Statements  
for the Year Ended 31 December 2000

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Pangborn (UK) Ltd

Company Information  
for the Year Ended 31 December 2000

**DIRECTOR:** S Cooper

**SECRETARY:** A McReynolds

**REGISTERED OFFICE:** Riverside House  
River Lane  
Saltney  
Chester  
Cheshire  
CH4 8RQ

**REGISTERED NUMBER:** 2596935 (England and Wales)

**AUDITORS:** Hart Shaw  
Registered Auditors & Chartered  
Accountants  
346 Glossop Road  
Sheffield  
S10 2HW

Pangborn (UK) Ltd

Report of the Independent Auditors to

Pangborn (UK) Ltd

Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages three to five, together with the full financial statements of the company for the year ended 31 December 2000 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of director and auditors**

The director is responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of audit 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 financial statements and that the abbreviated financial statements 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 full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages three to five are properly prepared in accordance with those provisions.

**Other information**

On 30 October 2001 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 December 2000 prepared under Section 226 of the Companies Act 1985, and our report included the following paragraph:

**"Going concern**

In forming our opinion, we considered the adequacy of the disclosures made in note 10 of the financial statements. In view of the significance of this matter we consider that it should be drawn to your attention but our opinion is not qualified in this respect."



Hart Shaw  
Registered Auditors &  
Chartered Accountants  
31 Great King Street  
Macclesfield  
Cheshire  
SK11 6PL

Dated: 30 October 2001

Pangborn (UK) Ltd

Abbreviated Balance Sheet  
31 December 2000

		31.12.00		31.12.99	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	2		917		878
<b>CURRENT ASSETS:</b>					
Stocks		-		21,712	
Debtors		26,264		16,470	
Cash at bank and in hand		78		78	
		26,342		38,260	
<b>CREDITORS:</b> Amounts falling due within one year		102,572		222,780	
<b>NET CURRENT LIABILITIES:</b>			(76,230)		(184,520)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			(75,313)		(183,642)
<b>CREDITORS:</b> Amounts falling due after more than one year			961,835		718,560
			<u>£(1,037,148)</u>		<u>£(902,202)</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	3		2		2
Profit and loss account			(1,037,150)		(902,204)
<b>SHAREHOLDERS' FUNDS:</b>			<u>£(1,037,148)</u>		<u>£(902,202)</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
S Cooper - DIRECTOR

Approved by the Board on 18/10/01.....

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

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- 15% on reducing balance and 25% on cost
-------------------------	--

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. **TANGIBLE FIXED ASSETS**

	Total
	£
<b>COST:</b>	
At 1 January 2000	6,397
Additions	200
	<hr/>
At 31 December 2000	6,597
	<hr/>
<b>DEPRECIATION:</b>	
At 1 January 2000	5,518
Charge for year	162
	<hr/>
At 31 December 2000	5,680
	<hr/>
<b>NET BOOK VALUE:</b>	
At 31 December 2000	917
	<hr/>
At 31 December 1999	878
	<hr/>

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

**3. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.12.00	31.12.99
		value:	£	£
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.00	31.12.99
		value:	£	£
2	Ordinary	1	<u>2</u>	<u>2</u>

**4. ULTIMATE PARENT COMPANY**

The ultimate parent company is Kulan Capital Investments, a company incorporated in United States of America.

The company's immediate holding undertaking is Pangborn Corporation, a company registered in the United States of America. Copies of the financial statements are publicly available from Pangborn Corporation, Pangborn Boulevard, PO Box 380, Hagerstown, Maryland 21740.

The company has taken advantage of the exemption conferred in paragraph 3(c) of Financial Reporting Standard 8 in respect to disclosure of transactions with members of the group.

**5. GOING CONCERN**

The financial statements have been prepared on a going concern basis which assumes the continued support of the parent company.

**6. POST BALANCE SHEET EVENTS**

Since the year end the holding company Pangborn Corporation has confirmed its commitment to the UK subsidiary by agreeing to convert its investment from a long term loan into £1 million of convertible preference shares.