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KANTHAL ELECTROHEAT LIMITED

REPORT AND ACCOUNTS
DECEMBER 31, 1985

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Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants Perth



KANTHAL ELECTROHEAT LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1985.

Results and dividends

The company did not trade during the year.

Directors and their interests

The present directors neither of whom had an interest in the share capital of the company, are as follows:

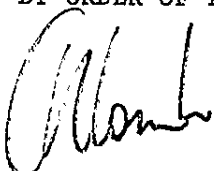
S. P. Newall

P. G. Taylor

Auditors

A special resolution not to appoint auditors will be put to the members at the Annual General Meeting. Accordingly Arthur Young will not be seeking reappointment as auditors.

BY ORDER OF THE BOARD



Secretary

March 25, 1986



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

2.

Arthur Young

Chartered Accountants
2/4 Blackfriars Street,
Perth PH1 5NB

REPORT OF THE AUDITORS TO THE MEMBERS OF
KANTHAL ELECTROHEAT LIMITED

We have audited the accounts on pages 3 and 4 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at December 31, 1985 and of its results for the year then ended and comply with the Companies Act, 1985.

Arthur Young

March 28, 1986

3.

	Note	<u>1985</u> £	<u>1984</u> £
Current assets:			
Amount due from holding company		<u>226,000</u>	<u>226,000</u>
Net current assets		<u>£226,000</u> <u>=====</u>	<u>£226,000</u> <u>=====</u>
Capital and reserves:			
Called up share capital	1	<u>£226,000</u> <u>=====</u>	<u>£226,000</u> <u>=====</u>

Director)
March 25
1986
Director)

The notes on page 4 form part of these accounts.

KANTHAL ELECTROHEAT LIMITED
NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985

4.

1. Share capital

	<u>1985</u>	<u>1984</u>
Authorised:		
500,000 shares of £1 each	£500,000 =====	£500,000 =====
	£	£
Allotted, issued and fully paid:		
1,000 Shares of £1 each	1,000	1,000
225,000 Deferred Shares of £1 each	<u>225,000</u>	<u>225,000</u>
	£226,000 =====	£226,000 =====

2. Ultimate holding company

The directors regard Kanthal AB, which is incorporated in Sweden, as the company's ultimate holding company.