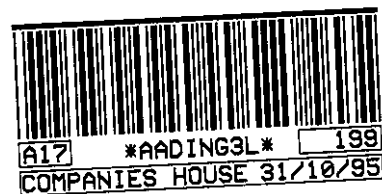


UMM Limited

Directors' report and financial statements

31 December 1994

Registered number 537277



UMM Limited

Directors' report and financial statements

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UMM Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities

The principal activities of the group were the manufacture of mining equipment, civil and construction equipment, material handling equipment and installation of transportation engineering systems for the movement of people in the leisure industry.

Financial performance

	1994	1993 (As restated)
	£	£
Turnover	56,298	159,935
Retained loss for the year	(203,170)	(221,434)

No dividend is proposed for the year.

Business review

The winding down of the Company continued during the year following the ultimate holding company's decision, in 1992, to cease trading in the UK by UMM Limited and its subsidiaries.

Since the year end UMM Limited has sold its 51% interest in WGH Limited for £36,000.

In June the ultimate holding company, Westfalia Becorit Industrietechnik GmbH were taken over by Ruhrkohle Technik AG and merged with other mining machinery manufacturers to become Deutsche Bergbau-Technik GmbH. On completion of the takeover the new parent company introduced sufficient cash into UMM Limited to clear its bank borrowings.

Income continues to be received from John Livingston Engineering Limited in respect of the asset purchase agreement between the two companies signed on 6 September 1993.

A final refund of £14,027 (net £8,416) was received from the pension fund as the balance of the surplus.

Tangible current assets

In August the freehold land and buildings were sold for £500,000, thus enabling the Company to settle all of its financial liabilities, with the exception of debts to the ultimate holding company and other associated and subsidiary companies.

UMM Limited

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

WH Philipp (resigned 9 December 1994)
CH Hagemeyer

The director retiring by rotation, CH Hagemeyer being eligible, offers himself for re-election.

W Von Der Linden was appointed a director to replace WH Philipp on 16 January 1995.

None of the directors who held office at the end of the financial year had any interest in the shares of any group company.

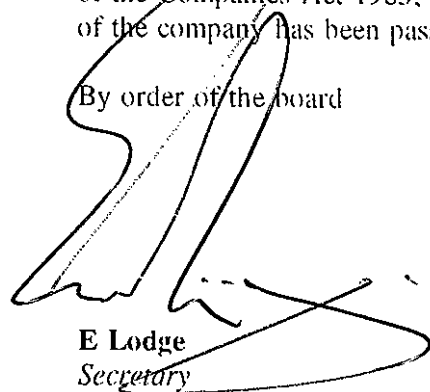
Political and charitable contributions

The company made no political contributions or donations to UK charities during the year (1993: UK Charities £25).

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly have signed their audit report in their new name. In accordance with section 385 of the Companies Act 1985, a resolution for the appointment of Clive Owen & Co as auditors of the company has been passed at a meeting of company directors and members.

By order of the board



E Lodge
Secretary

Aycliffe Industrial Estate
Newton Aycliffe
County Durham

23RD October 1995

UMM Limited

Statement of directors' 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 and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements 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.



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Northgate House
St Augustines Way
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Report of the auditors to the members of UMM Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the ability of the company to continue as a going concern which is dependent on the continued financial support of the holding company. The financial statements do not include any adjustments that would result from a failure to gain continued support. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Exemption from preparation of group accounts

In our opinion, the group consisting of UMM Limited and its subsidiary undertakings is a small group in respect of the year ended 31 December 1994 and UMM Limited is therefore entitled to the exemption from the requirement to prepare group accounts under section 248 of the Companies Act 1985.



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Report of the auditors to the members of UMM Limited *(continued)*

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1994 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

13 October 1995



Northgate House
St Augustines Way
Darlington
Co Durham DL1 1UZ

Auditors' report to the directors of UMM Limited pursuant to section 248 of the Companies Act 1985

We have examined the relevant accounts of UMM Limited and of its subsidiary undertakings. The scope of our work for the purpose of this report was limited to ascertaining whether UMM Limited is entitled to the exemption from the requirement to prepare group accounts for the year ended 31 December 1994.

In our opinion, the group consisting of UMM Limited and its subsidiary undertakings is a small group in respect of the year ended 31 December 1994 and UMM Limited is therefore entitled to the exemption from the requirement to prepare group accounts under section 248 of the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

13 October

1995

UMM Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 (As restated) £
Turnover	2	56,298	159,935
Cost of sales		(182,030)	(302,015)
Gross loss		(125,732)	(142,080)
Distribution costs		-	(281)
Administrative expenses - including exceptional income of £8,416 (1993: £30,000)	3	(75,086)	(20,260)
Other operating income		51,000	8,000
Operating loss		(149,818)	(154,621)
Interest payable and similar charges	4	(53,352)	(54,638)
Amounts written off investments and intangible assets	5	-	(12,175)
Loss on ordinary activities before taxation	2-6	(203,170)	(221,434)
Tax on loss on ordinary activities	9	-	-
Retained loss for the financial year		(203,170)	(221,434)

The company has taken advantage of the exemption available under section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

The company's results have previously been stated on a consolidated basis and therefore the prior year figures have been restated in order to be consistent with the current year.

The company has no recognised gains or losses other than the loss for the year.

A statement of movements on reserves is given in note 16 to the accounts.

UMM Limited

Balance sheet at 31 December 1994

	Note	1994 £	1993 £
Current assets			
Tangible assets	10	383,985	383,985
Investments	11	30,003	30,003
Stocks	12	10,792	185,690
Debtors	13	28,072	62,137
Cash in hand		-	801
		<u>452,852</u>	<u>662,616</u>
Creditors: amounts falling due within one year	14	<u>(1,527,406)</u>	<u>(1,534,000)</u>
Net current liabilities		<u>(1,074,554)</u>	<u>(871,384)</u>
Capital and reserves			
Called up share capital	15	5,915,576	5,915,576
Profit and loss account	16	<u>(6,990,130)</u>	<u>(6,786,960)</u>
Shareholders' funds: equity		<u>(1,074,554)</u>	<u>(871,384)</u>

These financial statements were approved by the board of directors on 23rd December 1995 and were signed on its behalf by:

CH Hagemeier
Director

UMM Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 1994

	1994 £	1993 £
Loss for the financial year	(203,170)	(221,434)
Opening shareholders' funds	<u>(871,384)</u>	<u>(649,950)</u>
Closing shareholders' funds	<u>(1,074,554)</u>	<u>(871,384)</u>

UMM Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The validity of the going concern basis is dependent upon the continuing support of the company's holding company.

Should the going concern basis of preparation no longer be appropriate, adjustments would have to be made to reduce the value of the company's assets to their recoverable amounts and to provide for any further liabilities which might arise.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling on the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks and work in progress

Stocks and work in progress are valued on a "first in, first out" basis at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

Deferred taxation is provided using the liability method at the appropriate corporation tax rate on all material timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

UMM Limited

Notes (continued)

1 Accounting policies (continued)

Leases

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 over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within 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.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Turnover

Turnover represents amounts invoiced by the company in respect of goods sold during the year, excluding value added tax and trade discounts. The directors are of the opinion that there is not more than one material class of business for the company's products. The analysis of turnover by geographical area is as follows:

	1994 £	1993 £
UK	56,298	148,935
Rest of world	-	11,000
	<u>56,298</u>	<u>159,935</u>

3 Exceptional items (included as part of administration expenses)

	1994 £	1993 £
Pension scheme surplus:		
- Received	14,027	50,000
- Taxation paid	(5,611)	(20,000)
	<u>8,416</u>	<u>30,000</u>

UMM Limited

Notes (continued)

4 Interest payable and similar charges

	1994	1993 (As restated)
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	49,118	46,898
Finance charges payable in respect of hire purchase contracts	4,234	7,740
	<u>53,352</u>	<u>54,638</u>

5 Amounts written off investments and intangible assets

	1994	1993 (As restated)
	£	£
Amount written off the carrying value of the unlisted investment	-	12,175

6 Loss on ordinary activities before taxation

	1994	1993 (As restated)
	£	£
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Hire of plant and equipment - rentals payable under operating leases	4,148	16,134
Auditors' remuneration:		
Audit	1,500	1,000
Other services	1,000	2,500

UMM Limited

Notes (continued)

7 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was a follows:

	1994	1993 (As restated)
Manufacturing	-	-
Administration and technical	2	8
	<u>2</u>	<u>8</u>

The aggregate payroll costs of these person were as follows:

	1994 £	1993 (As restated) £
Wages and salaries	-	34,185
Social security costs	-	4,000
Other pension costs	-	4,871
	<u>-</u>	<u>43,056</u>

8 Remuneration of directors

The emoluments excluding pension contributions, of the chairman were £Nil (1993: £Nil) and those of the highest paid director were £Nil (1993: £24,858).

The emoluments, excluding pension contributions of the directors (including the chairman and highest paid director) were within the following ranges:

	1994	1993
£0 - £5,000	2	4
£20,001 - £25,000	-	1
	<u>2</u>	<u>1</u>

UMM Limited

Notes (continued)

9 Tax on loss on ordinary activities

No liability to taxation arises on the results for the year. There are corporation tax losses of approximately £483,157 (1993: £267,071) available for carry forward for utilisation against future profits.

The company is a 'close company' within the meaning of the Income and Corporation Taxes Act 1988.

No provision for deferred tax is made as it is unlikely that a liability will arise in the foreseeable future.

10 Tangible current assets

	1994 £	1993 £
Freehold land and buildings held for resale	<u>383,985</u>	<u>383,985</u>

11 Investments (held as current assets)

	1994 £	1993 £
Shares in group undertakings	<u>30,003</u>	<u>30,003</u>

Principal activity

Percentage of ordinary shares held

Subsidiary undertakings

Hands England Drilling Limited	Dormant	100%
WGH Limited	Design and installation of transportation engineering systems	51%
C-Drill Limited	Dormant	99.92%

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

UMM Limited

Notes (continued)

11 Investments (held as current assets) (continued)

	1994 £	1993 £
The aggregate amount of the capital and reserves of WGH Limited were:	142,638	113,152
The profit for the financial year of WGH Limited was:	29,486	17,306

The subsidiary undertakings are registered in England and Wales.

12 Stocks

	1994 £	1993 £
Finished goods and goods for resale	<u>10,792</u>	<u>185,690</u>

13 Debtors

	1994 £	1993 £
Amounts falling due within one year		
Trade debtors	15,193	45,000
Other debtors	<u>767</u>	<u>17,137</u>
	15,960	62,137
Amounts falling due after more than one year		
Trade debtors	<u>12,112</u>	<u>-</u>
	<u>28,072</u>	<u>62,137</u>

UMM Limited

Notes (continued)

14 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	626,731	580,390
Obligations under finance leases and hire purchase contracts	37,474	64,134
Trade creditors	881	50,505
Amounts due to parent and fellow subsidiary undertakings	815,966	763,048
Other creditors	-	4,500
Accruals	46,354	71,423
	<u>1,527,406</u>	<u>1,534,000</u>

The bank overdraft is secured by a fixed and floating charge on assets.

15 Share capital

	1994 £	1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>6,000,000</u>	<u>6,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>5,915,576</u>	<u>5,915,576</u>

16 Profit and loss account

	1994 £	1993 £
At beginning of year	(6,786,960)	(6,565,526)
Loss for the financial year	<u>(203,170)</u>	<u>(221,434)</u>
At end of year	<u>(6,990,130)</u>	<u>(6,786,960)</u>

UMM Limited

Notes (continued)

17 Contingent liabilities

	1994	1993
	£	£
Contingent liabilities under guarantee for bank facilities and the performance of contracts	<u>40,000</u>	<u>91,000</u>

18 Ultimate holding company

The ultimate holding company is Westfalia Becorit Industrietechnik GmbH, a company registered in Germany.