

TERBERG MATEC UK LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



TERBERG MATEC UK LIMITED

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for the Year Ended 31 December 2005**

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TERBERG MATEC UK LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2005

DIRECTORS: T Conlon
W Marzano
G Terberg

SECRETARY: T M Verweij

REGISTERED OFFICE: Leacroft Road
Birchwood
Warrington
Cheshire
WA3 6PJ

REGISTERED NUMBER: 03404297 (England and Wales)

AUDITORS: Fairhurst
Registered Auditors
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

TERBERG MATEC UK LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of binlifts and the provision of after sales servicing and parts. In addition, the company assembles recycling vehicles.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary £1 shares	£5	- 5 July 2005
Ordinary B £1 shares	£5	- 5 July 2005

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 December 2005 will be £500,000.

FIXED ASSETS

The movement in tangible fixed assets is shown in note 8.

DIRECTORS

The directors during the year under review were:

T Conlon
W Marzano
G Terberg

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary £1 shares		
T Conlon	-	-
W Marzano	-	-
G Terberg	-	-
Ordinary B £1 shares		
T Conlon	10,000	10,000
W Marzano	-	-
G Terberg	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

TERBERG MATEC UK LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2005**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Fairhurst, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
Director

Date: 18/05/2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
TERBERG MATEC UK LIMITED**

We have audited the financial statements of Terberg Matec UK Limited for the year ended 31 December 2005 on pages five to thirteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Fairhurst

Fairhurst
Registered Auditors
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

Date: 13 June 2006

TERBERG MATEC UK LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2005

	Notes	2005 £	2004 £
TURNOVER		29,113,393	30,008,625
Cost of sales		<u>24,474,145</u>	<u>24,646,769</u>
GROSS PROFIT		4,639,248	5,361,856
Administrative expenses		<u>3,291,142</u>	<u>3,277,264</u>
		1,348,106	2,084,592
Other operating income		<u>12,000</u>	<u>5,382</u>
OPERATING PROFIT	3	1,360,106	2,089,974
Interest receivable and similar income		<u>240</u>	<u>1,447</u>
		1,360,346	2,091,421
Interest payable and similar charges	4	<u>69,126</u>	<u>18,901</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,291,220	2,072,520
Tax on profit on ordinary activities	5	<u>402,441</u>	<u>646,533</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>888,779</u>	<u>1,425,987</u>
RETAINED PROFIT FOR THE YEAR		<u>888,779</u>	<u>1,425,987</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

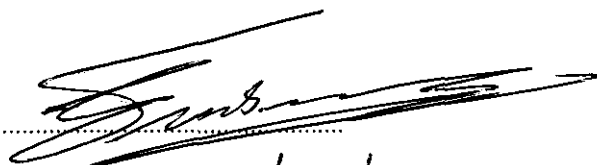
TERBERG MATEC UK LIMITED

BALANCE SHEET
31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	7	-	16,500
Tangible assets	8	<u>3,344,026</u>	<u>2,870,215</u>
		3,344,026	2,886,715
CURRENT ASSETS			
Stocks	9	2,849,389	3,311,394
Debtors	10	5,056,852	4,778,266
Cash at bank and in hand		<u>764</u>	<u>390,557</u>
		7,907,005	8,480,217
CREDITORS			
Amounts falling due within one year	11	<u>6,251,065</u>	<u>6,777,021</u>
NET CURRENT ASSETS		<u>1,655,940</u>	<u>1,703,196</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,999,966	4,589,911
PROVISIONS FOR LIABILITIES	15	(58,215)	(82,877)
ACCRUALS AND DEFERRED INCOME	16	<u>(190,556)</u>	<u>(144,618)</u>
NET ASSETS		<u>4,751,195</u>	<u>4,362,416</u>
CAPITAL AND RESERVES			
Called up share capital	17	100,000	100,000
Profit and loss account	18	<u>4,651,195</u>	<u>4,262,416</u>
SHAREHOLDERS' FUNDS	21	<u>4,751,195</u>	<u>4,362,416</u>

ON BEHALF OF THE BOARD:


.....
Director


.....
Director

Approved by the Board on 18/05/2006

The notes form part of these financial statements

TERBERG MATEC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2000, is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

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

Freehold property	- 2% on cost
Plant and machinery	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33% on cost

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

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

Cashflow exemption

The company is exempt from preparing a cashflow statement under FRS 1 "Cashflow Statements" as it is a 90% subsidiary of a group. The results of the company are consolidated into the group results and these are publically available.

Turnover

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

2. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	4,062,539	3,916,226
Social security costs	423,302	406,952
Other pension costs	102,326	95,805
	<u>4,588,167</u>	<u>4,418,983</u>

TERBERG MATEC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2005	2004
Sales and administration	62	64
Production	<u>108</u>	<u>121</u>
	<u>170</u>	<u>185</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation - owned assets	534,220	366,897
(Profit)/Loss on disposal of fixed assets	(1,251)	1,492
Goodwill amortisation	16,500	33,000
Auditors' remuneration	<u>10,000</u>	<u>9,900</u>
Directors' emoluments	<u>189,193</u>	<u>103,204</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank & other interest	<u>69,126</u>	<u>18,901</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005 £	2004 £
Current tax:		
UK corporation tax	427,103	638,193
Deferred tax	<u>(24,662)</u>	<u>8,340</u>
Tax on profit on ordinary activities	<u>402,441</u>	<u>646,533</u>

TERBERG MATEC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005**

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,291,220</u>	<u>2,072,520</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	387,366	621,756
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill)	16,540	35,997
Capital allowances for the period in excess of depreciation	-	(12,394)
Industrial building allowances in excess of depreciation	(1,465)	(7,166)
Depreciation for the period in excess of capital allowances	<u>24,662</u>	<u>-</u>
Current tax charge	<u>427,103</u>	<u>638,193</u>

6. DIVIDENDS

	2005 £	2004 £
Equity shares:		
Ordinary shares of £1 each		
Interim	450,000	405,000
Ordinary B shares of £1 each		
Interim	<u>50,000</u>	<u>66,153</u>
	<u>500,000</u>	<u>471,153</u>

7. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2005	
and 31 December 2005	<u>165,000</u>
AMORTISATION	
At 1 January 2005	148,500
Amortisation for year	<u>16,500</u>
At 31 December 2005	<u>165,000</u>
NET BOOK VALUE	
At 31 December 2005	<u>-</u>
At 31 December 2004	<u>16,500</u>

TERBERG MATEC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005

8. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2005	1,058,887	620,543	1,500,157
Additions	416,317	-	88,840
Disposals	-	-	(84,273)
Reclassification/transfer	<u>566,915</u>	<u>(620,543)</u>	<u>53,628</u>
At 31 December 2005	<u>2,042,119</u>	<u>-</u>	<u>1,558,352</u>
DEPRECIATION			
At 1 January 2005	16,314	96,949	525,100
Charge for year	47,355	-	258,021
Eliminated on disposal	-	-	(84,273)
Reclassification/transfer	<u>32,912</u>	<u>(96,949)</u>	<u>64,037</u>
At 31 December 2005	<u>96,581</u>	<u>-</u>	<u>762,885</u>
NET BOOK VALUE			
At 31 December 2005	<u>1,945,538</u>	<u>-</u>	<u>795,467</u>
At 31 December 2004	<u>1,042,573</u>	<u>523,594</u>	<u>975,057</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2005	359,585	337,343	3,876,515
Additions	356,652	150,971	1,012,780
Disposals	<u>(30,714)</u>	<u>(85,165)</u>	<u>(200,152)</u>
At 31 December 2005	<u>685,523</u>	<u>403,149</u>	<u>4,689,143</u>
DEPRECIATION			
At 1 January 2005	155,314	212,623	1,006,300
Charge for year	125,244	103,600	534,220
Eliminated on disposal	<u>(25,965)</u>	<u>(85,165)</u>	<u>(195,403)</u>
At 31 December 2005	<u>254,593</u>	<u>231,058</u>	<u>1,345,117</u>
NET BOOK VALUE			
At 31 December 2005	<u>430,930</u>	<u>172,091</u>	<u>3,344,026</u>
At 31 December 2004	<u>204,271</u>	<u>124,720</u>	<u>2,870,215</u>

Included in cost of land and buildings is freehold land of £120,727 (2004 - £60,727) which is not depreciated.

TERBERG MATEC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005

9. STOCKS

	2005	2004
	£	£
Work-in-progress	1,040,686	860,467
Finished goods and parts for re-sale	<u>1,808,703</u>	<u>2,450,927</u>
	<u><u>2,849,389</u></u>	<u><u>3,311,394</u></u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	4,931,585	4,637,026
Prepayments	<u>125,267</u>	<u>141,240</u>
	<u><u>5,056,852</u></u>	<u><u>4,778,266</u></u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 12)	2,156,742	-
Trade creditors	979,443	4,018,074
Tax	232,103	299,299
Social security and other taxes	680,690	387,374
Other creditors	462,141	669,163
Amounts owed to Group undertakings	1,580,088	1,352,002
Accrued expenses	<u>159,858</u>	<u>51,109</u>
	<u><u>6,251,065</u></u>	<u><u>6,777,021</u></u>

12. LOANS

An analysis of the maturity of loans is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u><u>2,156,742</u></u>	<u><u>-</u></u>

13. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2005	2004	2005	2004
	£	£	£	£
Expiring:				
Within one year	-	-	6,192	-
Between one and five years	-	90,000	24,000	40,008
In more than five years	<u>108,000</u>	<u>108,000</u>	<u>-</u>	<u>-</u>
	<u><u>108,000</u></u>	<u><u>198,000</u></u>	<u><u>30,192</u></u>	<u><u>40,008</u></u>

TERBERG MATEC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005**

14. SECURED DEBTS

The following secured debts are included within creditors:

	2005 £	2004 £
Bank overdraft	<u>2,156,742</u>	<u>-</u>

Any bank indebtedness with HSBC plc is secured by a debenture dated 7 August 2002 and a legal charge over land at Worksop. Any indebtedness with van Lanschot Bank is covered by assurances of the parent company.

15. PROVISIONS FOR LIABILITIES

	2005 £	2004 £
Deferred tax	<u>58,215</u>	<u>82,877</u>
		Deferred tax £
Balance at 1 January 2005		82,877
Charged to profit and loss		<u>(24,662)</u>
Balance at 31 December 2005		<u>58,215</u>

16. ACCRUALS AND DEFERRED INCOME

	2005 £	2004 £
Deferred government grants	<u>190,556</u>	<u>144,618</u>

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005 £	2004 £
90,000	Ordinary	£1	90,000	90,000
10,000	Ordinary B	£1	10,000	10,000
			<u>100,000</u>	<u>100,000</u>

18. RESERVES

	Profit and loss account £
At 1 January 2005	4,262,416
Retained profit for the year	888,779
Dividends	<u>(500,000)</u>
At 31 December 2005	<u>4,651,195</u>

TERBERG MATEC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005

19. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party is Terberg Beheer BV, which is incorporated in the Netherlands.

The largest group in which the results of the company are consolidated is that headed by Terberg Beheer BV. No other group financial statements include the results of the company.

Copies of the financial statements of Terberg Beheer BV are available from Lorentzlaan 3, Postbus 202, 3400 AE IJsselstein, Netherlands.

20. RELATED PARTY DISCLOSURES

The company is wholly owned by its parent company and its results are consolidated into the parent company's financial statements, which are publically available. The directors have relied upon the exemptions conferred by Financial Reporting Standard Number 8 from disclosing transactions with its parent company.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	888,779	1,425,987
Dividends	(500,000)	(471,153)
Net addition to shareholders' funds	<u>388,779</u>	<u>954,834</u>
Opening shareholders' funds	4,362,416	3,407,582
Closing shareholders' funds	<u><u>4,751,195</u></u>	<u><u>4,362,416</u></u>
Equity interests	<u><u>4,751,195</u></u>	<u><u>4,362,416</u></u>