

**UNATRAC LIMITED**

**Report and Financial Statements**

**31 December 1999**



**Deloitte & Touche  
Columbia Centre  
Market Street  
Bracknell  
Berkshire  
RG12 1PA**

**REPORT AND FINANCIAL STATEMENTS 1999**

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**REPORT AND FINANCIAL STATEMENTS 1999**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr O Bakary  
Mr M Mansour  
Mr Y I L Mansour  
Mr Y M L Mansour  
Mr J Masters  
Mr D Mitchell (retired 30 November 1999)

**SECRETARY**

Abogado Nominees Limited

**REGISTERED OFFICE**

100 New Bridge Street  
London  
EC4V 6JA

**BANKERS**

National Westminster Bank Plc  
118 High Street  
Slough  
Berkshire  
SL1 1JQ

**SOLICITORS**

Baker & McKenzie  
100 New Bridge Street  
London  
EC4V 6JA

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Columbia Centre  
Market Street  
Bracknell  
Berkshire  
RG12 1PA

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

**ACTIVITIES**

The principal activity of the company is to act as a distributor of Unatrac International for the marketing, promotion and resale in East and West Africa of Caterpillar machinery and parts. Unatrac Limited also provides administrative services to Unatrac International in respect of the sales of these products.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The results for the year are set out in the profit and loss account on page 5.

Unatrac Ltd has been handling the Caterpillar machinery and parts export business to East and West Africa since 1 November 1997. Continuing liberalisation of these economies increases the opportunities for the sale of Caterpillar machines, lift trucks and parts. However, civil unrest in Africa in 1999 has had a dramatic effect on potential sales.

2000 should ultimately see the effects of the return of civilian rule in Nigeria, and strong product support sales in the mining sector in Ghana.

**DIVIDENDS**

The directors do not recommend payment of a dividend (1998 - £nil).

**DIRECTORS AND THEIR INTERESTS**

The directors, who served during the year, are detailed on page 1.

The directors' interests in the ordinary shares of the Company at 31 December 1999 and at 31 December 1998 were:

	Ordinary shares of £1 each	
	1999	1998
	No.	No.
Mr M Mansour	200,000	200,000
Mr Y I L Mansour	200,000	200,000
Mr Y M L Mansour	200,000	200,000

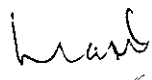
**YEAR 2000**

Following their initial review, the Directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the Directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business, however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
J Masters  
Director  
25 / 7 / 2000.

**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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

## **AUDITORS' REPORT TO THE MEMBERS OF UNATRAC LIMITED**

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on page 11.

### **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.

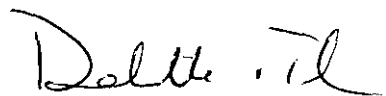
### **Basis of opinion**

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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants  
and Registered Auditors

2559 2000.

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1999**

	Note	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
<b>TURNOVER</b>	2	27,518	59,333
Cost of sales		(24,050)	(52,969)
Gross profit		3,468	6,364
Distribution costs		-	(38)
Administrative expenses		(4,390)	(5,349)
Other operating income	4	1,292	-
<b>OPERATING PROFIT</b>	5	370	977
Interest receivable	6	-	6
Interest payable and similar charges	7	(27)	(96)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		343	887
Tax on profit on ordinary activities	8	(121)	(303)
<b>RETAINED PROFIT FOR THE YEAR/PERIOD</b>	15	222	584

There are no recognised gains or losses for the current year and prior period other than as stated in the profit and loss account.

All amounts derive from continuing activities.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 December 1999

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Profit for the financial year/period	222	584
New share capital subscribed	-	600
Net increase in shareholders' funds	222	1,184
Opening shareholders' funds	1,184	-
Closing shareholders' funds	1,406	1,184



**BALANCE SHEET**  
**31 December 1999**

	Note	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	204	159
<b>CURRENT ASSETS</b>			
Stocks	10	2,013	2,338
Debtors	11	3,834	4,089
Cash at bank and in hand		215	2,542
		6,062	8,969
<b>CREDITORS: amounts falling due within one year</b>	12	(3,771)	(4,638)
<b>NET CURRENT ASSETS</b>		2,291	4,331
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,495	4,490
<b>CREDITORS: amounts falling due after more than one year</b>	12	(1,087)	(3,008)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(2)	(298)
		1,406	1,184
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	600	600
Profit and loss account	15	806	584
<b>EQUITY SHAREHOLDERS' FUNDS</b>		1,406	1,184

These financial statements were approved by the Board of Directors on 25/7 2000.

Signed on behalf of the Board of Directors



O Bakary

Director

CASH FLOW STATEMENT  
Year ended 31 December 1999

	Note	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Net cash (outflow)/inflow from operating activities	1	(1,847)	2,724
Returns on investments and servicing of finance			
Interest received		-	6
Interest paid		(27)	(96)
Net cash outflow from returns on investments and servicing of finance		(27)	(90)
Taxation			
UK corporation tax paid		(344)	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(116)	(93)
Receipts from sales of tangible fixed assets		7	1
Net cash outflow from investing activities		(109)	(92)
(Decrease)/increase in cash		(2,327)	2,542

# NOTES TO THE CASH FLOW STATEMENT

## Year ended 31 December 1999

### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1999 £'000	1998 £'000
Operating profit	378	977
Loss on disposal of fixed assets	13	-
Depreciation charge	51	53
Decrease/(increase) in stocks	325	(487)
Decrease in debtors	255	5,998
Decrease in creditors	(2,869)	(3,817)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,847)</b>	<b>2,724</b>

### 2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £'000	1998 £'000
(Decrease)/increase in cash in the period	(2,327)	2,542
Cash outflow from changes in debt	1,704	1,324
Changes in net debt arising from cash flows	(623)	3,866
Net debt arising in respect of the purchase of the unincorporated business <b>Note 4</b>	-	(4,059)
Movement of net debt in the year/period	(623)	(193)
Net debt at 1 January 1999	(193)	-
<b>Balance at 31 December 1999</b>	<b>(816)</b>	<b>(193)</b>

### 3. ANALYSIS OF NET DEBT

	31 December 1998 £'000	Cashflows £'000	31 December 1999 £'000
Cash at bank and in hand	2,542	(2,327)	215
Debt due after more than one year	(2,735)	1,704	(1,031)
	<b>(193)</b>	<b>(623)</b>	<b>(816)</b>

**NOTES TO THE CASH FLOW STATEMENT**  
**Year ended 31 December 1999****4. ACQUISITION**

On 31 October 1997 Unatrac Limited acquired certain of the net assets of a subsidiary business of Unilever PLC.

A summary of the effects of the acquisition of these net assets is shown below:

	1998 £'000
<b>Net assets acquired:</b>	
Tangible fixed assets	120
Stocks	1,851
Debtors	10,087
Creditors	(7,399)
	<hr/> 4,659 <hr/>
<b>Satisfied by:</b>	
Shares allotted	600
Related party loan	4,059
	<hr/> 4,659 <hr/>

**NOTES TO THE ACCOUNTS****Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	7% per annum
Motor vehicles	25% per annum
Fixtures, fittings, tools and equipment	Between 7% and 20% per annum

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all relevant marketing, selling and distribution costs.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

The expected cost of providing pensions is charged to the profit and loss account in the period in which it accrues.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, the distribution of machines and spares.

#### Geographical analysis of turnover:

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Africa	21,303	53,419
Rest of the World	6,215	5,914
	<u>27,518</u>	<u>59,333</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 1999 £	Period from 3 September 1997 to 31 December 1998 £
<b>Directors' emoluments</b>		
Emoluments	194,457	199,204
Company contributions to money purchase schemes	13,339	8,521
	<u>207,796</u>	<u>207,725</u>
	No.	No.
<b>Number of directors who are members of a money purchase scheme</b>	1	1
Additional payments of £104,000 (1998: £139,653) have been made to third parties for directors' services.		
	£	£
<b>Highest paid director's remuneration</b>		
Emoluments	102,464	107,511
Contributions to money purchase pension schemes	13,339	-
	<u>No.</u>	<u>No.</u>
<b>Average number of persons employed</b>		
Management	26	28
Sales	4	16
Administration	47	52
	<u>77</u>	<u>96</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Staff costs during the year (including directors)		
Wages and salaries	2,015	2,605
Social security costs	188	188
Pension costs	101	171
	<u>2,304</u>	<u>2,964</u>

## 4. OTHER OPERATING INCOME

Other operating income relates to a service fee receivable from Unatrac International.

## 5. OPERATING PROFIT

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	51	53
Rentals under operating leases		
Land and buildings	391	43
Other operating leases	73	36
Auditors' remuneration		
Audit fees	34	30
Other fees	23	3
	<u></u>	<u></u>

## 6. INTEREST RECEIVABLE

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
On bank deposits	-	6
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
Bank loans, overdrafts and other loans	27	96

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 1999 £'000	Period from 3 September 1997 to 31 December 1998 £'000
United Kingdom corporation tax at 30% (1998 - 31%)	119	303
Deferred taxation provided	2	-
	121	303

## 9. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 1999	9	1	163	173
Additions	-	-	116	116
Disposals	-	-	(34)	(34)
At 31 December 1999	9	1	245	255
<b>Accumulated depreciation</b>				
At 1 January 1999	7	-	7	14
Charge for the year	-	-	51	51
Disposals	-	-	(14)	(14)
At 31 December 1999	7	-	44	51
<b>Net book value</b>				
At 31 December 1999	2	1	201	204
At 31 December 1998	2	1	156	159



NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 10. STOCKS

	1999 £'000	1998 £'000
Finished goods and goods for resale	2,013	2,338

## 11. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	2,727	2,543
Amounts owed by related parties (see note 17)	734	1,208
Other debtors	71	51
Prepayments and accrued income	302	287
	<u>3,834</u>	<u>4,089</u>

All amounts are due within one year.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £'000	1998 £'000
Payments received on account	662	780
Trade creditors	805	945
Amounts owed to related parties (see note 17)	1,647	1,250
Corporation tax	86	303
Other taxes and social security	80	61
Other creditors	31	281
Accruals and deferred income	460	1,018
	<u>3,771</u>	<u>4,638</u>

CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

Loan from related parties (see note 17)	1,031	2,735
Accruals and deferred income	56	273
	<u>1,087</u>	<u>3,008</u>

The loan from related parties has no set repayment terms, therefore no analysis of loan repayments is possible. The total loan outstanding at 31 December 1999 is disclosed in creditors falling due after more than one year as the lender has confirmed no repayments will be required in 2000.

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty Provision £'000	Deferred Taxation £'000	Total £'000
Balance at 1 January 1999	298	-	298
Profit and loss account charge	-	2	2
Applied	(298)	-	(298)
Balance at 31 December 1999	-	2	2

	Provided 1999 £'000	Provided 1998 £'000	Not Provided 1999 £'000	Not Provided 1998 £'000
<b>Deferred taxation</b>				
Capital allowances in advance of depreciation	2	-	-	4
Other timing differences	-	-	-	(8)
	2	-	-	(4)

## 14. CALLED UP SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised 600,000 ordinary shares of £1 each	600	600
Called up, allotted and fully paid 600,000 ordinary shares of £1 each	600	600

## 15. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 January 1999	584
Profit for year	222
At 31 December 1999	806

## NOTES TO THE ACCOUNTS

### Year ended 31 December 1999

#### 16. OPERATING LEASE COMMITMENTS

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases:

	1999		1998	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Leases which expire:				
Within one year	-	-	27	-
Within 2 to 5 years	-	59	-	71
After 5 years	577	-	216	-
	<u>577</u>	<u>59</u>	<u>243</u>	<u>71</u>

#### 17. CONTINGENT LIABILITIES

	1999 £'000	1998 £'000
Advance payment guarantees	29	29
Performance guarantees	102	64
Rental Agreement guarantees	288	-
Customs & Excise guarantee	400	400
	<u>819</u>	<u>493</u>

#### 18. RELATED PARTY TRANSACTIONS

The company is controlled by the Mansour brothers, who own all of the issued share capital of the company. The Mansour brothers also own all of the issued share capital of Unatrac International which is incorporated in Egypt. The aggregate amount of the company's trade, on normal commercial terms, with Unatrac International in the year was:

- i. Purchase of finished goods £12,156,052 (1998: £28,780,282).
- ii. Service fee £1,292,000 (1998 £nil).

At the financial year end the aggregate amount:

- i. due to Unatrac International, included within creditors due within one year, was £1,647,041 (1998: £1,249,897)
- ii. due to Unatrac International, included within creditors due after more than one year, was £1,030,770 (1998: £2,734,892)
- iii. due from Unatrac International, included within trade debtors, was £734,094 (1998: £1,208,192).