

Company Registration No. 03428184

Unatrac Limited

Report and Financial Statements

31 December 2011

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Unatrac Limited

Report and financial statements 2011

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Unatrac Limited

Report and financial statements 2011

Officers and professional advisers

Directors

Mr O Bakary
Mr M Mansour
Mr Y I L Mansour (Terminated 20 May 2011)
Mr Y M L Mansour
Mr G J Robinson
Mr S D Woodfield

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

Barclays Bank Plc
4th Floor
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Auditor

Deloitte LLP
Chartered Accountants
Reading

Unatrac Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL 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, Western Siberia and Iraq of Caterpillar machinery and parts. Unatrac Limited also provides administrative services to Unatrac International in respect of the sales of these products.

Unatrac Limited has been handling the Caterpillar machinery and parts export business to East and West African customers since November 1997, to Western Siberia customers since May 2002 and to Iraq customers since July 2003.

BUSINESS REVIEW

The results for the year are set out in the profit and loss account on page 7. The company's sales have increased significantly by 65% on the prior year. This increase in sales was driven primarily by the Mining sector which saw sales grow by 135% to £128m from £54m the previous year. There were major contracts won for projects in Ghana, Sierra Leone and Tanzania. Aside from the Mining sector, sales of Power Generators and Parts also grew on prior year. Margins have decreased, down to 7.2% from 9.9% in 2010. This was predominantly due to the change in sales mix during the year, with a much greater contribution from the high value, lower margin Prime Product sales rather than higher margin Parts sales.

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end and reflects the sustained activity of the business. There were some significant sales in the last quarter which has resulted in an increase in the debtors and creditors balance. Details of amounts owed to our related companies, Unatrac International and its subsidiaries, is shown in note 17 on page 19.

The directors confirm there have been no significant events since the balance sheet date.

The directors are pleased with the results for the year, and are confident about the future of the company.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the company's policies which provide principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow management

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange option contracts to hedge these exposures, where appropriate.

Credit management

The company's principal financial assets are cash and trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity

The company has no outstanding short term or long term debt finance as at 31 December 2011. It has funded its ongoing operations through its realisable profits and therefore has no interest rate exposure.

GOING CONCERN

The company has strong financial resources and its business extends over a number of different geographic areas and industries. As a consequence the directors are confident the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. They believe that the company has adequate resources.

Unatrac Limited

Directors' report

GOING CONCERN (continued)

to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDEND

The directors do not recommend the payment of a dividend (2011 £nil)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 13.

DIRECTORS AND THEIR INTERESTS

The directors, who served throughout the year and to the date of signing this report, unless otherwise stated, are detailed on page 1.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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



G J Robinson

Director

20 June 2012

Unatrac Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions 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 2006. 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.

Independent auditor's report to the members of Unatrac Limited

We have audited the financial statements of Unatrac Limited for the year ended 31 December 2011 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement, the notes to the cash flow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

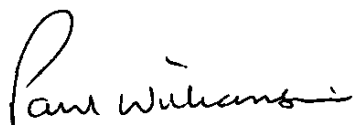
In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Unatrac Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Williamson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

20 June 2012

Unatrac Limited

Profit and loss account Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	215,730	130,737
Cost of sales		(200,201)	(117,713)
Gross profit		<u>15,529</u>	<u>13,024</u>
Administrative expenses		(7,673)	(6,039)
Other operating income		<u>43</u>	<u>130</u>
Operating profit	4	<u>7,899</u>	<u>7,115</u>
Interest receivable	5	4	8
Interest payable and similar charges	6	(10)	-
Profit on ordinary activities before taxation		<u>7,893</u>	<u>7,123</u>
Tax on profit on ordinary activities	7	(2,112)	(2,008)
Retained profit for the year	14	<u><u>5,781</u></u>	<u><u>5,115</u></u>

There are no recognised gains or losses for the current or prior year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

All amounts derive from continuing activities.

Unatrac Limited

Reconciliation of movements in shareholders' funds Year ended 31 December 2011

	2011 £'000	2010 £'000
Movement on shareholders' funds		
Profit for the financial year	<u>5,781</u>	<u>5,115</u>
Opening shareholders' funds	<u>10,007</u>	<u>4,892</u>
Closing shareholders' funds	<u><u>15,788</u></u>	<u><u>10,007</u></u>

Unatrac Limited

Balance sheet 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	309	206
Current assets			
Stocks	9	3,317	1,890
Debtors	10	37,752	16,559
Cash at bank and in hand		895	1,595
		41,964	20,044
Creditors' amounts falling due within one year	11	(26,459)	(10,224)
Net current assets		15,505	9,819
Total assets less current liabilities		15,814	10,026
Provisions for liabilities and charges	12	(26)	(19)
Net assets		15,788	10,007
Capital and reserves			
Called up share capital	13	600	600
Profit and loss account	14	15,188	9,407
Total equity shareholders' funds		15,788	10,007

The financial statements of Unatrac Limited, (registered number 03428184) were approved by the Board of Directors and authorised for issue on 20th JUNE 2012

Signed on behalf of the Board of Directors



Director

Unatrac Limited

Cash flow statement Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow/(outflow) from operating activities	A	1,560	(3,680)
Returns on investments and servicing of finance			
Interest received		4	8
Interest paid		(10)	-
Net cash (outflow) / inflow from returns on investments and servicing of finance		(6)	8
Taxation			
Receipts for overpayment of tax		2	-
UK Corporation tax paid		(2,049)	(1,480)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(207)	(57)
Net cash outflow from capital expenditure and financial investment		(207)	(57)
Decrease in cash	B	(700)	(5,209)

Unatrac Limited

Notes to the cash flow statement Year ended 31 December 2011

A Reconciliation of operating profit to net cash flow from operating activities

	2011 £'000	2010 £'000
Operating profit	7,899	7,115
Depreciation charges	103	71
(Increase)/decrease in stocks	(1,427)	193
Increase in debtors	(21,193)	(11,087)
Increase in creditors	16,178	28
Net cash inflow/(outflow) from operating activities	1,560	(3,680)

B. Reconciliation of net cash flow to movement in net funds

	2011 £'000	2010 £'000
Decrease in cash in the period	(700)	(5,209)
Cash inflow from changes in debt	-	-
Movement of net funds in the year	(700)	(5,209)
Net funds at 1 January	1,595	6,804
Net funds at 31 December	895	1,595

C Analysis of funds

	1 January 2011 £'000	Cashflows £'000	31 December 2011 £'000
Cash at bank and in hand	1,595	(700)	895
	1,595	(700)	895

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

1 Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company has strong financial resources and its business extends over a number of different geographic areas and industries. As a consequence the directors are confident the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. They believe that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on cost less estimated residual value 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
Fixtures, fittings, tools and equipment	Between 7% and 33.3% per annum

Stock

Stocks and G.I.F. are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged on a straight line basis over the lease term, even if payments are not made on such basis.

Pension costs

The company operates a defined contribution pension scheme. The contributions payable in the year are charged to the profit and loss account in the period in which they accrue.

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.

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

1 Accounting policies (continued)

Turnover

Turnover represents amounts derived from the provision of goods and services after deduction of trade discounts and value added tax

Derivative financial instruments

Contracts such as option agreements are occasionally entered into in order to hedge currency exposure and not for speculative purposes. No such contracts were open at year end

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 is attributable to one activity, the distribution of machines and spares

Geographical analysis of turnover by destination.

	2011 £'000	2010 £'000
Africa	192,674	113,272
Rest of the world	23,056	17,465
	<u>215,730</u>	<u>130,737</u>

3 Information regarding directors and employees

	2011 £'000	2010 £'000
Directors' emoluments		
Emoluments	477	433
Company contributions to money purchase schemes	20	15
	<u>497</u>	<u>448</u>

	No	No
Number of directors who are members of a money purchase scheme	<u>2</u>	<u>2</u>

	£'000	£'000
Highest paid director's remuneration		
Emoluments	157	145
Company contributions to money purchase schemes	10	8
	<u>167</u>	<u>153</u>

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

3 Information regarding directors and employees (continued)

	No.	No
Average number of persons employed		
Management	23	16
Sales	22	15
Administration	41	46
	<u>86</u>	<u>77</u>
	£'000	£'000
Staff costs during year (including directors)		
Wages and salaries	4,035	3,376
Social security costs	500	404
Pension costs	226	193
	<u>4,761</u>	<u>3,973</u>

4 Operating profit

	2011 £'000	2010 £'000
Operating profit is after charging/(crediting)		
Depreciation		
Owned assets	103	71
Rentals under operating leases		
Land and buildings	576	576
Plant and machinery	13	12
Auditor's remuneration		
Audit fees	40	36
Other fees	11	23
Exchange gains	(366)	(200)

5 Interest receivable

	2011 £'000	2010 £'000
Interest from bank	<u>4</u>	<u>8</u>

6 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans, overdrafts and other loans	<u>10</u>	<u>-</u>

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

7 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
United Kingdom corporation tax	2,105	2,003
Current tax	2,105	2,003
Deferred taxation		
Origination and reversal of timing differences	10	5
Effect of change in tax rate	(3)	-
Tax on profit on ordinary activities	2,112	2,008

A reconciliation is provided below of the tax assessed for the year compared to that resulting from applying the standard rate of corporation tax in the United Kingdom of 26.5% (2010 28%)

	2011 %	2010 %
Standard tax rate for year as percentage of profits	26.5	28.0
Effects of		
Expenses not deductible for tax purposes	0.3	0.2
Capital allowances in excess of depreciation	(0.1)	(0.1)
	26.7	28.1

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

8. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2011	5	437	442
Additions	-	207	207
Disposals	-	(1)	(1)
At 31 December 2011	5	643	648
Accumulated depreciation			
At 1 January 2011	5	232	237
Charge for the year	-	103	103
Disposals	-	(1)	(1)
At 31 December 2011	5	334	339
Net book value			
At 31 December 2011	-	309	309
At 31 December 2010	-	206	206

9 Stocks

	2011 £'000	2010 £'000
Finished goods and goods for resale	3,317	1,890

There is no material difference between the balance sheet value and their replacement cost

10 Debtors

	2011 £'000	2010 £'000
Trade debtors	36,173	16,093
Amounts owed by related parties	924	-
Other debtors	159	38
Prepayments and accrued income	496	428
	37,752	16,559

All amounts are due within one year

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

11 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Payments received on account	12,114	5,656
Trade creditors	574	559
Amounts owed to related parties (see note 16)	9,073	945
Corporation tax	1,022	965
Other taxes and social security	170	122
Other creditors	260	140
Accruals and deferred income	3,246	1,837
	<u>26,459</u>	<u>10,224</u>

12. Provision for deferred tax

Movement in deferred taxation in the year

	£'000
At 1 January 2011	19
Charge to profit and loss account	7
	<u>26</u>

Analysis of deferred tax liability

	2011 £'000	2010 £'000
Differences between depreciation and capital allowances	<u>26</u>	<u>19</u>

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

13 Called up share capital

	2011 £'000	2010 £'000
Authorised		
600,000 ordinary shares of £1 each	600	600
	<u>600</u>	<u>600</u>
Called up, allotted and fully paid		
600,000 ordinary shares of £1 each	600	600
	<u>600</u>	<u>600</u>

14 Statement of movement on reserves

	Profit and loss account £'000
At 1 January 2011	9,407
Profit for year	5,781
At 31 December 2011	<u>15,188</u>

15 Operating lease commitments

At 31 December 2011 the company was committed to making the following payments during the next year in respect of operating leases

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within 2 to 5 years	-	13	-	13
After 5 years	770	-	721	-
	<u>770</u>	<u>13</u>	<u>721</u>	<u>13</u>

Unatrac Limited

Notes to the accounts Year ended 31 December 2011

16 Contingent liabilities

	2011 £'000	2010 £'000
Advance payment guarantees	82	703
Performance guarantees	635	514
	<u>717</u>	<u>1,217</u>

The above guarantees relate to commitments made by the company to pay certain costs in the event that prescribed circumstances arise. The guarantees are in respect of the company's bank, which will pay amounts that may become due and reclaim such amounts from the company.

17 Related party transactions

The company is controlled by the Mansour brothers listed in note 18, 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 and its wholly owned subsidiaries. The aggregate amount of the company's trade, on normal commercial terms, with Unatrac International and its subsidiaries in the year was,

Purchase of finished goods of £152,950,869 (2010: £87,159,189)

Recharges of £7,310,054 (2010: £5,221,426)

At the financial year end the net amount due within one year to Unatrac International and its subsidiaries was £8,149,038 (2010: £944,858)

18 Ultimate controlling party

The directors consider Mr M Mansour, Mr Y I L Mansour and Mr Y M L Mansour, to be the ultimate controlling parties.