

Company Registration No. 03428184

Unatrac Limited

Report and Financial Statements

31 December 2012

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Unatrac Limited

Report and financial statements 2012

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Unatrac Limited

Report and financial statements 2012

Officers and professional advisers

Directors

Mr O Bakary
Mr M Mansour
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

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
RG1 1JG

Unatrac Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company is to act as a distributor of Una Trading FZE 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 Una Trading FZE 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 by 6% on the prior year, consolidating the large increase in business seen in 2011. This year's increase was driven primarily by Parts division which saw sales grow by 78% to £57.8m from £32.5m the previous year with an increase in sales to Mining customers a major contributor. Construction machine sales grew to £33.4m from £23.1m. Although sales of prime product to Mining sector dropped by £9.8m they remained very strong overall at £128.5m. Margins increased to 8.6% from 7.2% in 2011. This was predominantly due to the greater contribution of high margin parts sales against the lower margin prime product business.

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 have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

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

Future developments

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 financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow 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 to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange option contracts to hedge these exposures, where appropriate.

Unatrac Limited

Directors' report

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 company has a credit policy in place to ensure our customers understand our payment terms and pay to those agreed terms, therefore mitigating the risk of bad debts. Terms of trade must be established with each customer prior to trading. The company has a credit committee to review and confirm credit applications. Where possible, trade will be carried out using confirmed letter of credit. If an open account credit limit is required the company will use credit insurance to cover the exposure. If credit insurance is not available then payment with order will be required. An open account credit limit without insurance cover will only be given by the credit committee based on positive information such as previous trading and payment history with the company, D&B reports, parent guarantee etc. The company holds regular debtor meetings during which overdue debts are reviewed, required action agreed and if necessary credit limits reconsidered. 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

As at 31 December 2012 the company had an overdraft facility of £8m of which £7.48m was utilised. The company has no long term debt finance.

Results and dividends

The company's profit for the financial year is £6,055,000 (2011: £5,781,000). An interim dividend of £0 (2011: £0) was paid during the year. The directors do not recommend payment of a final dividend (2011: £0).

Directors

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

Qualifying third-party indemnity provision

As permitted by the Articles of Association, the company maintains qualifying third party liability insurance for its directors and officers. The indemnity was in place for the full financial year and remains in force as at the date of approval of these financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared 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

Unatrac Limited

Directors' report

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Disclosure of information to auditors

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's 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.

Independent auditors

Deloitte LLP were not reappointed as auditors. PricewaterhouseCoopers LLP were appointed as auditors on 10th December 2012 and have indicated their willingness to continue in office. A resolution to re-appoint them as auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board



G J Robinson

Director

18 June 2013

Unatrac Limited

Independent auditors' report to the members of Unatrac Limited

We have audited the financial statements of Unatrac Limited for the year ended 31 December 2012 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet, and the related notes. 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)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the 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 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 on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Unatrac Limited

Independent auditors' report to the members of Unatrac Limited

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Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on pages 3 and 4 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.

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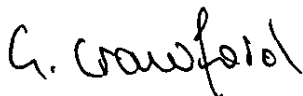
Unatrac Limited

Independent auditors' 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



Gavin Crawford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
18 June 2013

Unatrac Limited

Profit and loss account Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	228,943	215,730
Cost of sales		(208,935)	(200,201)
Gross profit		<u>20,008</u>	<u>15,529</u>
Administrative expenses		(11,981)	(7,673)
Other operating income		<u>101</u>	<u>43</u>
Operating profit	4	<u>8,128</u>	<u>7,899</u>
Interest receivable and similar income	5	3	4
Interest payable and similar charges	6	(62)	(10)
Profit on ordinary activities before taxation		<u>8,069</u>	<u>7,893</u>
Tax on profit on ordinary activities	7	(2,014)	(2,112)
Profit for the financial year	14	<u><u>6,055</u></u>	<u><u>5,781</u></u>

There are no recognised gains or losses for the current 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

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Unatrac Limited

Reconciliation of movements in shareholders' funds Year ended 31 December 2012

	2012 £'000	2011 £'000
Movement on shareholders' funds		
Profit for the financial year	<u>6,055</u>	<u>5,781</u>
Opening shareholders' funds	<u>15,788</u>	<u>10,007</u>
Closing shareholders' funds	<u><u>21,843</u></u>	<u><u>15,788</u></u>

Unatrac Limited

Balance sheet 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	788	309
Current assets			
Stocks	9	2,172	3,317
Debtors	10	56,966	37,752
Cash at bank and in hand		411	895
		59,549	41,964
Creditors' amounts falling due within one year	11	(38,461)	(26,459)
Net current assets		21,088	15,505
Total assets less current liabilities		21,876	15,814
Provisions for liabilities	12	(33)	(26)
Net assets		21,843	15,788
Capital and reserves			
Called-up share capital	13	600	600
Profit and loss account	14	21,243	15,188
Total shareholders' funds		21,843	15,788

The financial statements of Unatrac Limited, (registered number 03428184) were approved by the Board of Directors on 18 June 2013

Signed on behalf of the Board of Directors



Graeme Robinson

Director

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the year.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Unatrac Subco Limited and is included in the consolidated financial statements of Unatrac Holdings Limited, which are publicly available.

Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the Unatrac Holdings Limited group or investees of the Unatrac Holdings Limited group.

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. 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 financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on tangible fixed assets in order to write off the cost less estimated residual value of these assets on a straight line basis over their estimated useful economic lives. The rates of depreciation are as follows:

Furniture, Fixtures and Fittings	7% per annum
Plant and machinery, tools and equipment	Between 7% and 33.3% per annum

Stock

Stocks for resale are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes materials and an appropriate proportion of freight and duty. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Stock is net of provisions for slow moving, obsolete and defective stock.

Taxation

Current tax, including UK corporation tax and 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.

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

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 monthly average 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

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. It is recognised upon despatch of goods, or where appropriate, on satisfactory delivery of goods to a customer designated location depending on terms of the supply. 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 by destination:

	2012 £'000	2011 £'000
Africa	210,044	192,674
Rest of the world	18,899	23,056
	<u>228,943</u>	<u>215,730</u>

3. Information regarding directors and employees

	2012 £'000	2011 £'000
Directors' emoluments		
Aggregate emoluments	708	477
Company contributions to money purchase schemes	124	20
	<u>832</u>	<u>497</u>
	No.	No.
Number of directors who are members of a money purchase scheme	<u>3</u>	<u>2</u>

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

	2012 £'000	2011 £'000
Highest paid director		
Aggregate emoluments	155	157
Company contributions to money purchase schemes	100	10
	<u>255</u>	<u>167</u>
	No.	No.
Average monthly number of persons employed		
Management	30	23
Sales	30	22
Administration	56	41
	<u>116</u>	<u>86</u>
	£'000	£'000
Staff costs during year (including directors)		
Wages and salaries	6,213	4,035
Social security costs	766	500
Pension costs	459	226
	<u>7,438</u>	<u>4,761</u>
4. Operating profit		
	2012 £'000	2011 £'000
Operating profit is after charging/(crediting):		
Depreciation of tangible fixed assets		
- Owned assets	148	103
Operating lease charges		
- Land and buildings	503	576
- Plant and machinery	14	13
Services provided by the company's auditor		
Fees payable for the audit	45	40
Fees payable for other services – tax compliance	7	11
Exchange losses/(gains)	997	(366)
	<u></u>	<u></u>
5. Interest receivable and similar income		
	2012 £'000	2011 £'000
Interest receivable from bank	<u>3</u>	<u>4</u>

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

6. Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on overdrafts and other loans	62	10

7. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
- UK corporation tax on profits of the year	2,007	2,105
Total current tax	2,007	2,105
Deferred tax		
- Origination and reversal of timing differences	6	10
- Impact of change in tax rate	1	(3)
Tax on profit on ordinary activities	2,014	2,112

The tax assessed for the period is higher (2011 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
Profit on ordinary activities before tax	8,069	7,893
Profit on ordinary activities multiplied by standard rate in the UK 24.5% (2011 26.5%)	1,977	2,092
Effects of		
- Expenses not deductible for tax purposes	101	53
- Accelerate capital allowances and other timing differences	(50)	(40)
- Adjustments to tax charge in respect of previous years	(21)	-
Current tax charge for the year	2,007	2,105

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantially enacted on 26 March 2012 and was effective from 1 April 2012, and to 23%, which was substantially enacted on 3 July 2012 and will be effective from 1 April 2013. The relevant deferred tax balances have been remeasured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

8. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2012	5	643	648
Additions	-	627	627
Disposals	-	(37)	(37)
At 31 December 2012	5	1,233	1,238
Accumulated depreciation			
At 1 January 2012	5	334	339
Charge for the year	-	148	148
Disposals	-	(37)	(37)
At 31 December 2012	5	445	450
Net book value			
At 31 December 2012	-	788	788
At 31 December 2011	-	309	309

9. Stocks

	2012 £'000	2011 £'000
Finished goods and goods for resale	2,172	3,317

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

10. Debtors

	2012 £'000	2011 £'000
Trade debtors	31,824	36,173
Amounts owed by group undertakings	24,208	924
Other debtors	459	159
Prepayments and accrued income	475	496
	56,966	37,752

Amounts due from group undertakings are unsecured and interest free.

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

11. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	7,486	-
Payments received on account	22,313	12,114
Trade creditors	621	574
Amounts owed to group undertakings	1,233	9,073
Taxation and social security	1,382	1,192
Other creditors	230	260
Accruals and deferred income	5,196	3,246
	<u>38,461</u>	<u>26,459</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

12. Provision for liabilities

	Deferred tax £'000	Total £'000
At 1 January 2012	26	26
Charged to profit and loss account	7	7
At 31 December 2012	<u>33</u>	<u>33</u>

13. Called up share capital

	2012 £'000	2011 £'000
Allotted and fully paid 600,000 ordinary shares of £1 each	600	600
	<u>600</u>	<u>600</u>

14. Reserves

	Profit and loss account £'000
At 1 January 2012	15,188
Profit for the financial year	6,055
At 31 December 2012	<u>21,243</u>

Unatrac Limited

Notes to the financial statements Year ended 31 December 2012

15. Operating lease commitments

At 31 December 2012, the company had annual commitments under non-cancellable operating leases for assets expiring as follows

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	-	-	-	-
Within two to five years	194	14	-	13
After five years	219	-	770	-
	<u>413</u>	<u>14</u>	<u>770</u>	<u>13</u>

Operating lease commitments for land and buildings are nil at year end due to rent free periods negotiated on all leases held

16. Contingent liabilities

	2012 £'000	2011 £'000
Advance payment guarantees	2,337	82
Performance guarantees	1,388	635
Other guarantees	160	-
	<u>3,885</u>	<u>717</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. Ultimate Parent Undertaking

The immediate parent undertaking is Unatrac Subco Limited, a company incorporated in Dubai.

The ultimate parent undertaking is Unatrac Holding Limited, a company incorporated in Dubai.

The directors regard the shareholders of Unatrac Holdings Limited to be the ultimate controlling party.

Unatrac Holding Limited is the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated statements are available at Trade Centre, P O Box 9275, Dubai, UAE.