

**Deloitte &  
Touche**



Deloitte Touche  
Tohmatsu

Company Registration No. 3428184

## **UNATRAC LIMITED**

### **Report and Financial Statements**

**31 December 1998**

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



**REPORT AND FINANCIAL STATEMENTS 1998**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Reconciliation of movements on shareholders' funds</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Notes to the cash flow statement</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>11</b>

**REPORT AND FINANCIAL STATEMENTS 1998****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

Mr O Bakary	(appointed 9 October 1997)
Mr M Mansour	(appointed 9 October 1997)
Mr Y I L Mansour	(appointed 9 October 1997)
Mr Y M L Mansour	(appointed 9 October 1997)
Mr J Masters	(appointed 25 November 1997)
Mr D Mitchell	(appointed 25 November 1997)
Abogado Custodians Limited	(appointed 8 September 1997, resigned 9 October 1997)
Abogado Nominees Limited	(appointed 8 September 1997, resigned 9 October 1997)
Luciene James Limited	(appointed 3 September 1997, resigned 8 September 1997)

**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 period from 3 September 1997 to 31 December 1998.

### **ACTIVITIES**

The company was incorporated on 3 September 1997. 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 period 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. During the year the development of mining in Tanzania enabled Unatrac Ltd to sell the first fleet of mining machines in that country. Infrastructural repairs after heavy rains created demand throughout East Africa.

1999 will see continuing growth in the Tanzanian market and a recovery in Nigeria with the return to civilian rule, and access to international funding. Other markets are expected to continue their steady, if modest, growth. New company structures focussing on specific market sectors will lead to higher market shares.

### **DIVIDENDS**

The directors do not recommend payment of a dividend.

### **DIRECTORS AND THEIR INTERESTS**

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

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

	Ordinary shares of £1 each	
	1998	Date of Appointment
	£	£
Mr M Mansour	200,000	1
Mr Y I L Mansour	200,000	1
Mr Y M L Mansour	200,000	1

### **YEAR 2000**

The company is currently carrying out a review of Year 2000 Compliance and is confident that all of its certified products will be fully compliant by 31 December 1999.

The costs of resolving the Year 2000 issues have been estimated and are not 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

Director

*O. Baker*  
17/5/1999

**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, 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.

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 16 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 1998 and of its profit for the period from 3 September 1997 to 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

17 May 1999


**PROFIT AND LOSS ACCOUNT**  
**Period ended 31 December 1998**

	Note	Period ended 31 December 1998 £'000
<b>TURNOVER</b>	2	59,333
Cost of sales		(52,969)
Gross profit		6,364
Distribution costs		(38)
Administrative expenses		(5,349)
<b>OPERATING PROFIT</b>	4	977
Interest receivable	5	6
Interest payable and similar charges	6	(96)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		887
Tax on profit on ordinary activities	7	(303)
<b>RETAINED PROFIT FOR THE PERIOD</b>		584

There are no recognised gains or losses for the current period other than as stated in the profit and loss account.  
All amounts derive from continuing activities.



**RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**  
**Period ended 31 December 1998**

	Period ended 31 December 1998 £'000
<b>Movement on shareholders' funds</b>	
Profit for the financial year	584
New share capital subscribed	600
Net increase in shareholders' funds	1,184
Opening shareholders' funds	-
Closing shareholders' funds	1,184




**BALANCE SHEET  
31 December 1998**

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

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

O Bakary

Director

17/5/1999.



**CASH FLOW STATEMENT**  
**Period ended 31 December 1998**

	<b>1998</b> <b>£'000</b>
<b>Net cash inflow from operating activities</b>	<b>2,724</b>
<b>Returns on investments and servicing of finance</b>	
Interest received	6
Interest paid	(96)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(90)</b>
<b>Capital expenditure and financial investment</b>	
Payments to acquire tangible fixed assets	(93)
Receipts from sales of tangible fixed assets	1
<b>Net cash outflow from investing activities</b>	<b>(92)</b>
<b>Increase in cash</b>	<b>2,542</b>



**NOTES TO THE CASH FLOW STATEMENT**

**Period ended 31 December 1998**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1998 £'000
Operating profit	977
Depreciation charges	53
(Increase) in stocks	(487)
Decrease in debtors	5,998
(Decrease) in creditors	(3,817)
<b>Net cash inflow from operating activities</b>	<b>2,724</b>

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

	1998 £'000
Increase in cash in the period	2,542
Cash outflow from changes in debt	1,324
<b>Changes in net debt arising from cash flows</b>	<b>3,866</b>
Net debt arising in respect of the purchase of the unincorporated business	(4,059)
<b>Movement of net debt in the period</b>	<b>(193)</b>
Net debt at 3 September 1997	-
<b>Balance at 31 December 1998</b>	<b>(193)</b>

**3. ANALYSIS OF NET DEBT**

	3 September 1997 £'000	Cashflows £'000	Acquisition (excluding cash and overdrafts) £'000	31 December 1998 £'000
Cash at bank and in hand	-	2,542	-	2,542
Debt due after more than one year	-	1,324	(4,059)	(2,735)
	-	3,866	(4,059)	(193)



**NOTES TO THE CASH FLOW STATEMENT**  
**Period ended 31 December 1998**

**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:

<b>Net assets acquired:</b>	<b>£'000</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**  
**Period ended 31 December 1998****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 and work-in-progress 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.

**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**  
**Period ended 31 December 1998**
**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:**

	1998 £'000
Africa	53,419
Rest of the World	5,914
	<u>59,333</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1998 £
<b>Directors' emoluments</b>	
Emoluments	199,204
Company contributions to money purchase schemes	8,521
	<u>207,725</u>

	1998 No.
<b>Number of directors who are members of a money purchase scheme</b>	<u>1</u>

Additional payments of £139,653 have been made to third parties for directors' services.

	1998 £
<b>Highest paid director's remuneration</b>	
Emoluments	107,511
Contributions to money purchase pension schemes	-

	1998 No.
<b>Average number of persons employed</b>	
Management	28
Sales	16
Administration	52
	<u>96</u>

	1998 £'000
<b>Staff costs during the year (including directors)</b>	
Wages and salaries	2,605
Social security costs	188
Pension costs	171
	<u>2,964</u>



**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1998**

**4. OPERATING PROFIT**

**1998**  
**£'000**

Operating profit is after charging:

Depreciation and amortisation

Owned assets

53

Rentals under operating leases

Land and buildings

43

Other operating leases

36

Auditors' remuneration

Audit fees

30

Other fees

3

**5. INTEREST RECEIVABLE**

**1998**  
**£'000**

On bank deposits

6

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

**1998**  
**£'000**

Bank loans, overdrafts and other loans

96

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**1998**  
**£'000**

United Kingdom corporation tax at 31%

303

There are no amounts of provided or unprovided deferred taxation.


**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1998**
**8. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>				
At 3 September 1997	-	-	-	-
Acquired	6	1	113	120
Additions	3	-	90	93
Disposals	-	-	(40)	(40)
	<u>9</u>	<u>1</u>	<u>163</u>	<u>173</u>
At 31 December 1998				
<b>Accumulated depreciation</b>				
At 3 September 1997	-	-	-	-
Charge for the year	7	-	46	53
Disposals	-	-	(39)	(39)
	<u>7</u>	<u>-</u>	<u>7</u>	<u>14</u>
At 31 December 1998				
<b>Net book value</b>				
At 31 December 1998	<u>2</u>	<u>1</u>	<u>156</u>	<u>159</u>

**9. STOCKS**

	1998 £'000
Finished goods and goods for resale	<u>2,338</u>

**10. DEBTORS**

	1998 £'000
Trade debtors	2,543
Amounts owed by related parties	1,208
Other debtors	51
Prepayments and accrued income	287
	<u>4,089</u>

All amounts are due within one year.





**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1998**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998 £'000
Payments received on account	780
Trade creditors	945
Amounts owed to related parties	1,250
Corporation tax	303
Other taxes and social security	61
Other creditors	281
Accruals and deferred income	1,018
	<u>4,638</u>

**CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR**

Loan from related parties	2,735
Accruals and deferred income	273
	<u>3,008</u>

Analysis of loan repayments:  
Loan from related parties  
Between one and two years

2,735

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	1998 £'000
Warranty provisions	298
	<u>298</u>

**13. CALLED UP SHARE CAPITAL**

	1998 £'000
Authorised	
600,000 ordinary shares of £1 each	600
	<u>600</u>
Called up, allotted and fully paid	
600,000 ordinary shares of £1 each	600
	<u>600</u>

The authorised share capital of the company was increased to £600,000 by the creation of 599,000 ordinary shares of £1 each ranking pari passu in all respects with the existing 1000 ordinary shares of the company.

2 £1 ordinary shares were issued at par as the initial share capital of the company. On 9 October 1997 1 £1 ordinary share was issued at par, with a further 599,997 £1 ordinary shares being issued on 1 July 1998.



**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1998**

**14. OPERATING LEASE COMMITMENTS**

At 31 December 1998 the company was committed to making the following payments during the next year in respect of operating leases:

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

**15. CONTINGENT LIABILITIES**

	<b>1998 £'000</b>
Advance payment guarantees	29
Performance guarantees	64
Customs & Excise Guarantee	400
	<u>493</u>

**16. 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 with Unatrac International in the period was:

- i. Purchase of finished goods £28,780,282.

The above transactions were on normal terms.

At the financial year end the aggregate amount:

- i. due to Unatrac International, included within creditors due within one year, was £1,249,897
- ii. due to Unatrac International, included within creditors due after more than one year, was £2,734,892
- iii. due from Unatrac International, included within trade debtors, was £1,208,192.