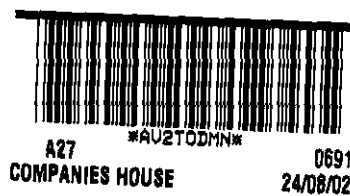


MMH WENDT LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2001



REGISTERED NUMBER: 3614648

MMH WENDT LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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MMH WENDT LIMITED

**COMPANY INFORMATION
AT 31 DECEMBER 2001**

DIRECTORS

T A Wendt
R D Oppenheimer
P L Keatley
S Laursen

SECRETARY

P L Keatley

REGISTERED OFFICE

Unit 7, College Fields Business Centre
Prince Georges Road
Wimbledon
London
SW19 2PT

BUSINESS ADDRESS

Unit 7, College Fields Business Centre
Prince Georges Road
Wimbledon
London
SW19 2PT

AUDITORS

Hartley Fowler
Chartered Accountants
Nelson House
58 Wimbledon Hill Road
Wimbledon
London
SW19 7PA

PRINCIPAL BANKERS

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

MMH WENDT LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were the trade, installation and servicing of recycling plant and equipment.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £206,608.

A review of the operations of the company during the financial year and the results of those operations are as follows:

The order intake for the first half of the year was healthy and in line with budgets, the second half of the year, however, was disappointing. This was largely attributable to the economic downturn following events of the autumn of 2001 and the devaluation of the South African Rand which resulted in the company suffering significant foreign exchange losses.

FUTURE DEVELOPMENTS

The likely developments in the operations of the company and the expected results of these operations in the financial years subsequent to the year ended 31 December 2001 are as follows:

The company is well placed to provide the plant and equipment that will be required as a result of the environmental legislation being implemented with regard to the recycling of tyres, end of life vehicles and refrigerators. The company has a healthy order book going into 2002 and the directors are therefore optimistic that 2002 will see the company returning to profit.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The potential impact of the introduction of the single European currency on the company is likely to be immaterial. The company has always dealt with several countries within Europe and is capable of dealing in the new single currency, which it expects to be beneficial in reducing foreign exchange fluctuations and administration costs.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2001	2000
T A Wendt	Ordinary shares	69,000	69,000
R D Oppenheimer	Ordinary shares	34,500	34,500
P L Keatley	Ordinary shares	12,000	12,000
S Laursen		-	-

Directors appointed during the year:
S Laursen

1 April 2001

MMH WENDT LIMITED

DIRECTORS' REPORT

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;
- 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 maintaining 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.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

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

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board:



P L Keatley
Secretary

Date: 24 January 2002

MMH WENDT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 15 of MMH Wendt Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

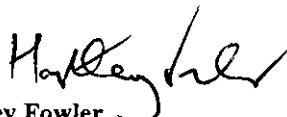
BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 as to whether 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hartley Fowler
Chartered Accountants
Registered Auditor
Nelson House
58 Wimbledon Hill Road
Wimbledon
London
SW19 7PA

Date: 4 July 2002

MMH WENDT LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
TURNOVER	2	1,399,456	1,580,985
Cost of sales		(1,209,125)	(1,258,314)
GROSS PROFIT		190,331	322,671
Administrative expenses		(514,948)	(703,689)
		(324,617)	(381,018)
Other operating income		117,323	179,577
OPERATING LOSS	3	(207,294)	(201,441)
Profit on disposal of fixed assets		-	11,077
Investment income and interest receivable	4	5	169
Interest payable and similar charges	5	1,343	(29,137)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(205,946)	(219,332)
Tax on loss on ordinary activities	8	(662)	(3,000)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(206,608)	(222,332)
Dividends including non-equity interests	9	(28,000)	-
ACCUMULATED LOSS FOR THE FINANCIAL YEAR	17	(234,608)	(222,332)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

MMH WENDT LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001	2000
	£	£
Loss for the year after taxation	(206,608)	(222,332)
Movement arising from foreign exchange differences	12,092	(4,804)
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR	(194,516)	(227,136)

The notes on pages 8 to 15 form part of these financial statements.

MMH WENDT LIMITED**BALANCE SHEET
AT 31 DECEMBER 2001**

	Notes	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	10		23,702		38,168
CURRENT ASSETS					
Stocks	11	82,252		206,093	
Debtors	12	213,422		337,545	
Cash at bank and in hand		35,071		22,669	
			330,745	566,307	
CREDITORS: amounts falling due within one year	13	(295,942)		(323,454)	
NET CURRENT ASSETS			34,803		242,853
TOTAL ASSETS LESS CURRENT LIABILITIES			58,505		281,021
PROVISIONS FOR LIABILITIES AND CHARGES	15		(25,000)		(25,000)
NET ASSETS			33,505		256,021
CAPITAL AND RESERVES					
Called up share capital	16		500,000		500,000
Profit and loss account	17		(466,495)		(243,979)
TOTAL SHAREHOLDERS' FUNDS (including non equity interests)	18		33,505		256,021

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 24 January 2002 and signed on its behalf by the following directors:

T A Wendt:

) 


R D Oppenheimer:

) 

P L Keatley:

) 

S Laursen:

) 

The notes on pages 8 to 15 form part of these financial statements.

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

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

Plant and machinery	25% on cost
Office furniture and fittings	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Foreign currencies and Branch accounting

Non-branch assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Foreign branches accounting in their local currency are incorporated into the financial statements using the closing rate method. Assets, liabilities and profit and loss items are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss reserve account.

This is in accordance with Statement of Standard Accounting Practice 20, "Foreign Currency Translation".

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Going concern

Due to the ongoing support of the company's principal shareholders the directors believe that it is appropriate to prepare the financial statements on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would be necessary to reduce the balance sheet value of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

2. TURNOVER

	2001	2000
	£	£
Analysis by class of business:		
Machine sales	928,569	648,772
Second-hand sales	178,338	638,742
Stores sales	285,875	257,301
Servicing and repairs	6,674	33,759
Other income receivable as turnover	-	2,411
	<u>1,399,456</u>	<u>1,580,985</u>
Analysis by geographical market:		
United Kingdom	1,074,677	853,517
Rest of World	179,424	473,492
South Africa	145,355	251,565
Other income receivable as turnover	-	2,411
	<u>1,399,456</u>	<u>1,580,985</u>

3. OPERATING LOSS

Operating loss is stated	2001	2000
	£	£
After charging:		
Depreciation of fixed assets	15,791	20,568
Auditors' remuneration	4,400	5,877
Hire of equipment	2,125	3,114
Loss on foreign currencies	3,024	-
Operating lease rentals		
Land and buildings	45,002	43,181
Plant and machinery	4,807	3,045
Exceptional items:		
Debt forgiveness	-	(20,000)
	<u>-</u>	<u>(20,000)</u>
After crediting:		
Profit on foreign currencies	-	3,990
	<u>-</u>	<u>3,990</u>

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2001	2000
	£	£
Interest received and receivable		
Bank interest	5	169

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
On amounts payable to group undertakings	734	15,317
On bank loans and overdrafts	54	10,025
Lease finance charges and hire purchase interest	(2,131)	3,795
	<u>(1,343)</u>	<u>29,137</u>

6. INFORMATION ON DIRECTORS AND EMPLOYEES

	2001	2000
	£	£
Staff costs		
Wages and salaries	177,726	314,671
Social security costs	17,108	-
Other pension costs	26,789	-
	<u>221,623</u>	<u>314,671</u>

	2001	2000
	£	£
Directors' emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>71,616</u>	<u>-</u>

7. PENSION COSTS

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £26,789 (2000: £nil).

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2001 £	2000 £
The taxation charge comprises:		
Adjustment in respect of prior years	662	3,000

9. DIVIDENDS PAID OR PROPOSED

	2001 £	2000 £
On preference shares:		
Final dividend proposed and dividends accrued		
Preference share interest accrued	28,000	-

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and computers £	Motor vehicles £	Total £
Cost:				
At 1 January 2001	33,170	66,870	50,990	151,030
Additions	-	1,325	-	1,325
At 31 December 2001	33,170	68,195	50,990	152,355
Depreciation:				
At 1 January 2001	27,511	46,074	39,277	112,862
Charge for year	1,500	7,594	6,697	15,791
At 31 December 2001	29,011	53,668	45,974	128,653
Net book value:				
At 31 December 2001	4,159	14,527	5,016	23,702
At 31 December 2000	5,659	20,796	11,713	38,168

Included above are assets held under finance leases or hire purchase contracts as follows:

	2001 £	2000 £
Net book values:		
Motor vehicles	-	11,712
Depreciation charge for the year:		
Motor vehicles	-	6,696

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

11. STOCKS

	2001 £	2000 £
Finished goods and goods for resale	<u>82,252</u>	<u>206,093</u>

12. DEBTORS

	2001 £	2000 £
Trade debtors	110,768	144,170
Other debtors	38,243	176,421
Prepayments and accrued income	64,411	16,954
	<u>213,422</u>	<u>337,545</u>

13. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Net obligations under finance leases and hire purchase contracts	-	16,259
Trade creditors	33,611	85,133
Amounts owed to group undertakings	31,832	11,102
Other taxes and social security costs	28,920	15,230
Other creditors	154,099	109,047
Accruals and deferred income	47,480	86,683
	<u>295,942</u>	<u>323,454</u>

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2001 £	2000 £
The company's obligations are repayable as follows:		
Within one year or on demand	-	18,233
Total gross obligations	-	18,233
Finance charges and interest allocated to future accounting periods	-	(1,974)
Total net obligations	-	16,259
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	-	16,259

The above agreements are secured by a charge over the assets to which they relate.

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Warranty provision		
Balance at 1 January 2001 and 31 December 2001	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
Total provision for liabilities and charges	<u>25,000</u>	<u>25,000</u>

The provision of £25,000 relates to warranty claims expected to arise on products sold.

16. SHARE CAPITAL

	2001 £	2000 £
Authorised:		
Equity interests:		
300,000 Ordinary shares of £1 each	300,000	300,000
Non-equity interests:		
350,000 Preference shares of £1 each	350,000	350,000
	<u>650,000</u>	<u>650,000</u>
Allotted, called up and fully paid:		
Equity interests:		
150,000 Ordinary shares of £1 each	150,000	150,000
Non-equity interests:		
350,000 Preference shares of £1 each	350,000	350,000
	<u>500,000</u>	<u>500,000</u>

The preference shares carry interest at 8% per annum and are redeemable in instalments of £100,000 annually from 31 December 2002, with a final redemption of £50,000 on 31 December 2005. Interest of £28,000 to 31 December 2001 has accrued but remains unpaid at the balance sheet date.

17. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Accumulated loss as at 1 January 2001	(243,979)	(16,843)
Loss for the year	(234,608)	(222,332)
Movements arising from foreign exchange differences	12,092	(4,804)
Accumulated loss as at 31 December 2001	<u>(466,495)</u>	<u>(243,979)</u>

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the year	(206,608)	(222,332)
Dividends	(28,000)	-
Other recognised gains and losses relating to the year	12,092	(4,804)
New share capital subscribed	-	350,000
Net (reduction) / addition to shareholders' funds	(222,516)	122,864
Opening shareholders' funds	256,021	133,157
Closing shareholders' funds	33,505	256,021
Represented by:-		
Equity interests	(316,495)	(93,979)
Non-equity interests	350,000	350,000
	33,505	256,021

19. REVENUE COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
More than one year and less than five years	39,000	39,000	3,217	3,217

20. TRANSACTIONS WITH DIRECTORS

	2001 £	2000 £
Amounts owed to directors		
P L Keatley	8,000	-
T A Wendt	8,000	-
	16,000	-

MMH WENDT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

20. TRANSACTIONS WITH DIRECTORS

P Keatley made a loan of £9,647 to the company during the year. As at the year end £8,000 (2000: £nil) remained outstanding.

T A Wendt invoiced the company £16,000 (2000: £nil) during the year for director's services, at the balance sheet date he was owed £8,000 (2000: £nil) in this respect.

These amounts are disclosed within other creditors in the creditors note to the financial statements. Neither of these balances are interest bearing nor have any repayment terms attached.

21. RELATED PARTY DISCLOSURES

Wendt Corporation

Wendt Corporation, a company incorporated in the USA, holds 46% of the company's equity and is owned and controlled by T Wendt Snr, a director of the company.

During the year the company made sales of £29,593 (2000: £14,098) to Wendt Corporation and was invoiced £1,577 (2000: £11,102) in respect of repair work undertaken on warranted products. As at the balance sheet date the company neither owed money to, nor was owed money from Wendt Corporation.

Eldan Scandinavian Recycling A/S

S Laursen, a director of the company, is also a director of Eldan Scandinavian Recycling A/S, a company incorporated in Denmark, which is a major supplier and a 23% shareholder of the company.

During the year the company made sales of £36,562 (2000: £84,300) to and purchases of £287,125 (2000: £66,962) from Eldan Scandinavian Recycling A/S. All of these transactions were made on an arm's length basis.

As at the balance sheet date the company owed Eldan Scandinavian Recycling A/S £31,832 (2000: £5,317). This is disclosed within amounts owed to group undertakings within the creditors note to the financial statements.

22. ULTIMATE PARENT COMPANY

There is no single ultimate controlling party.