

Probotec Limited
(formerly Powell Duffryn Rail Limited)
Directors' report and accounts
for the year ended 31 March 2004

Registered Number 4337866



Probotec Limited (formerly Powell Duffryn Rail Limited)
Directors' report and accounts
for the year ended 31 March 2004
Contents

Directors' report for the period ended 31 March 2004	1
Independent auditors' report to the members of Probotec Limited (formerly Powell Duffryn Rail Limited).....	3
Profit and loss account for the year ended 31 March 2004.....	4
Balance sheet at 31 March 2004.....	5
Accounting policies	6
Notes to the financial statements for the period ended 31 March 2004.....	8

Probotec Limited (formerly Powell Duffryn Rail Limited)

Directors' report for the period ended 31 March 2004

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 March 2004.

Principal activity and business review

The principal activities of the company comprise the design and supply of advanced rail freight suspension systems and wheel sets.

The company was incorporated on 11 December 2001 as GAC No 281 Limited. On 2 April 2002 the company changed its name to Probotec Limited (formerly Powell Duffryn Rail Limited). The financial statements in 2003 covered the period from the date of incorporation until 31 March 2003. The trading period covered the period from 1 April 2002 until 31 March 2003.

Both the level of business and the year end position were satisfactory.

On 13 May 2004 the company changed its name to Probotec Limited.

Results and dividends

The results for the period are set out in the profit and loss account on page 4 which shows a loss after tax of £1,105,747.

The directors do not propose to pay a dividend.

Directors and their interests

The directors who served during the year were:

I Price	(appointed 27 March 2004)
P Gissel	(appointed 24 April 2003)
S Oakland	(appointed 24 April 2003)
CFG Elsen	(appointed 05 June 2003)
R Kleckner	(appointed 03 March 2004)
I Saabel	(appointed 26 March 2004)
H Gloeckl	(appointed 28 April 2004)
N Hughes	(appointed 28 April 2004)
N Manning	(appointed 28 April 2004)
D Mitchell	(appointed 28 April 2004)
G Bicknell	(appointed 20 November 2003, resigned 29 March 2004)
A Harding	(resigned 31 October 2003)
S Harris	(resigned 15 July 2003)
E Pulman	(resigned 20 November 2003)
J Longton	(appointed 23 July 2003, resigned 31 December 2003)

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Probotec Limited (formerly Powell Duffryn Rail Limited)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution proposing their reappointment will be made at the Annual General Meeting.

On behalf of the board



CFC Eisen

Director

25 February 2005

Probotec Limited (formerly Powell Duffryn Rail Limited)

Independent auditors' report to the members of Probotec Limited (formerly Powell Duffryn Rail Limited)

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 is not disclosed.

Basis of audit 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 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
25 February 2005

Probotec Limited (formerly Powell Duffryn Rail Limited)

Profit and loss account for the year ended 31 March 2004

		Year ended 31 March 2004	Trading period ended 31 March 2003
	Note	£	£
Turnover	1	20,628,928	1,120,270
Cost of sales		(17,157,522)	(1,413,538)
Gross profit/(loss)		3,471,406	(293,268)
Administration expenses		(4,956,111)	(1,487,585)
Exceptional administration expense	6	-	(886,365)
Operating loss before taxation	4	(1,484,705)	(2,667,218)
Tax credit on ordinary activities	5	378,958	518,000
Retained loss for the financial year	13	(1,105,747)	(2,149,218)

All activities of the company relate to continuing operations.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

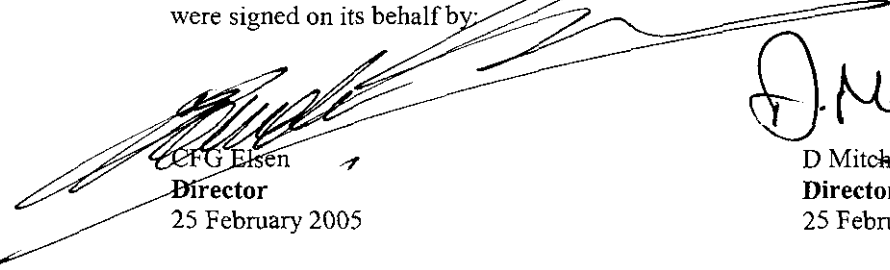
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

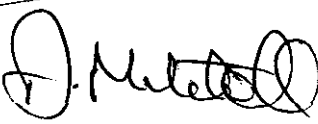
Probotec Limited (formerly Powell Duffryn Rail Limited)

Balance sheet at 31 March 2004

	Note	2004 £	2003 £
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	484,190	399,462
		484,190	399,462
Current assets			
Stocks	8	834,210	759,179
Debtors - due within one year	9	7,760,049	4,051,243
- due after more than one year	9	20,275	7,537
Cash at bank and in hand		-	75,631
		8,614,534	4,893,590
Creditors: amounts falling due within one year	10	(6,806,040)	(2,352,822)
Net current assets		1,808,494	2,540,768
Total assets less current liabilities		2,292,684	2,940,230
Provisions for liabilities and charges	11	(499,737)	(41,536)
Net assets		1,792,947	2,898,694
Capital and reserves			
Called up share capital	12	2,000,000	2,000,000
Profit and loss account	13	(207,053)	898,694
Equity shareholders' funds	14	1,792,947	2,898,694

The financial statements on pages 4 to 16 were approved by the board of directors on 25 February 2005 and were signed on its behalf by:


CFG Elsen
Director
25 February 2005


D Mitchell
Director
25 February 2005

Probotec Limited (formerly Powell Duffryn Rail Limited)

Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account a proportionate amount of turnover and related costs as contract activity progresses.

Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the period incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, at the following annual rates:

Plant and equipment	10% - 30%
Motor vehicles	25%

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Cash flow statement

No cash flow statement has been prepared since Probotec Limited (formerly Powell Duffryn Rail Limited) is a wholly owned subsidiary undertaking of NPIL Holdco Limited. NPIL Holdco Limited includes a group cash flow statement in its financial statements for the period ended 31 March 2004 which are publicly available. Copies can be obtained from the address detailed in Note 18.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Probotec Limited (formerly Powell Duffryn Rail Limited)

Stocks

Stocks of raw materials, components, manufactured goods, goods for resale and consumable stores are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Finished goods and work in progress are valued at cost of materials and services, direct labour and an appropriate proportion of works overheads.

Long term contracts

Amounts recoverable on long-term contracts, which are included in trade debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress balances in stock.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Warranty

Provisions for warranties are raised in respect of certain products and are revised annually in accordance with the actual warranty costs incurred and the unexpired periods of the warranties given. Warranty costs incurred are charged against these provisions.

Pension scheme arrangements

The company provides pension arrangements to the majority of its full time employees through a defined benefit scheme, which is operated by Powell Duffryn Limited. Contributions and pension costs are based on pension costs across the group as a whole.

Probotec Limited (formerly Powell Duffryn Rail Limited)

Notes to the financial statements for the period ended 31 March 2004

1 Turnover

The geographical analysis of turnover by destination is as follows:

	Year ended 31 March 2004	Trading period ended 31 March 2003
	£	£
United Kingdom	3,974,772	826,703
Rest of Europe	16,654,156	293,567
	20,628,928	1,120,270

2 Directors emoluments

The remuneration of the directors was as follows:

	Year ended 31 March 2004	Trading period ended 31 March 2003
	£	£
Emoluments	517,906	243,486

The number of directors who were members of pensions schemes were as follows:

	Year ended 31 March 2004	Trading period ended 31 March 2003
	Number	Number
Defined benefit schemes	4	4

Probotec Limited (formerly Powell Duffryn Rail Limited)

3 Employee information

The average monthly number of employees (including executive directors) was:

	Year ended 31 March 2004	Period ended 31 March 2003
	Number	Number
Production	23	15
Sales	5	7
Administration	16	11
	44	33

Their aggregate remuneration comprised:

	Year ended 31 March 2004	Period ended 31 March 2003
	£	£
Wages and salaries	1,734,026	1,105,667
Social security costs	173,107	97,576
Pension costs	183,372	75,561
	2,090,505	1,203,243

4 Loss on ordinary activities before taxation

	Year ended 31 March 2004	Period ended 31 March 2003
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for audit services	12,000	10,404
Research and development expenditure	346,255	175,925
Amortisation of research and development (see note 6)	-	886,365
Depreciation of tangible fixed assets	132,742	55,260
Operating lease rentals:		
- other	98,891	64,205

Probotec Limited (formerly Powell Duffryn Rail Limited)

5 Tax credit on loss on ordinary activities

The tax credit comprises:

	Year ended 31 March 2004	Period ended 31 March 2003
	£	£
Current tax		
Group relief receivable	(426,958)	(548,000)
Deferred tax		
Origination and reversal of timing differences	48,000	30,000
	(378,958)	(518,000)

The current tax credit for the period is lower than the standard rate of corporation tax. The differences are explained below:

	2004	2003
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30%	(445,412)	(800,165)
Effects of:		
Expenses not deductible for tax purposes	41,454	282,165
Accelerated capital allowances	(23,000)	(30,000)
Total tax credit	(426,958)	(548,000)

There are no factors which are expected to affect the future tax charge materially.

Probotec Limited (formerly Powell Duffryn Rail Limited)

6 Intangible assets

	Research and development
	£
Cost at 31 March 2004 and 2003	886,365
Amortisation at 31 March 2004 and 2003	(886,365)
Net book amount at 31 March 2004 and 2003	-

During the period ended 31 March 2003, the company changed its accounting policy in relation to research and development expenditure. This is now written off in the period incurred. Therefore capitalised research and development expenditure which was acquired was written off to the profit and loss account in the period ended 31 March 2003.

7 Tangible fixed assets

	Plant and equipment	Motor vehicles	Total
	£	£	£
Cost at 1 April 2003	514,060	36,055	550,115
Additions	202,092	17,320	219,412
Disposals	(2,854)	-	(2,854)
At 31 March 2004	713,298	53,375	766,673
Accumulated depreciation at 1 April 2003	135,671	14,982	150,653
Charge for the period	122,344	10,398	132,742
Disposals	(912)	-	(912)
At 31 March 2004	(257,103)	(25380)	(282,483)
Net book value			
At 31 March 2004	456,195	27,995	484,190
At 31 March 2003	378,388	21,079	399,462

Probotec Limited (formerly Powell Duffryn Rail Limited)

8 Stocks

	2004	2003
	£	£
Raw materials and consumables	90,823	121,433
Work in progress	696,826	617,746
Finished goods and goods for resale	46,561	20,000
	834,210	759,179

9 Debtors

	2004	2003
	£	£
Amounts falling due within one year		
Trade debtors	4,500,283	1,295,909
Prepayments and accrued income	146,290	78,648
Other debtors	138,518	128,686
Group relief receivable	974,958	548,000
Amounts due from group undertakings	2,000,000	2,000,000
	7,760,049	4,051,243
Amounts falling due after one year		
Prepayments and accrued income	20,275	7,537

The amounts due from group undertakings relate to unpaid share capital receivable from Powell Duffryn Investments Limited.

Probotec Limited (formerly Powell Duffryn Rail Limited)

10 Creditors – Amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	832,484	-
Trade creditors	2,284,038	967,545
Amounts owed to group undertakings	1,617,321	714,985
Taxation and social security	43,451	49,960
Payments received on account	468,874	445,746
Other creditors	1,559,872	174,586
	6,806,040	2,352,822

Amounts owed to group undertakings includes a loan from Standard Rail Wagon (No 2) Limited, of £161,421. This loan is interest free and repayable on demand. The bank overdraft is secured by a debenture over the assets of the company.

11 Provision for liabilities and charges

Provisions for liabilities and charges comprise:

	Deferred taxation	Warranty	Total
	£	£	£
At 31 March 2003	30,000	11,536	41,536
Charged to the profit and loss account in the period	48,000	410,201	458,201
At 31 March 2004	78,000	421,737	499,737

Warranty

The provision for product warranties relates to expected warranty claims on products sold in the last five years. It is expected that most of this expenditure will be incurred in the next two financial years and that all will be incurred within five years of the balance sheet date.

Deferred taxation

Deferred taxation provided represents the tax effect of timing differences because of:

	Provided 2004 £
Accelerated capital allowances	78,000

Probotec Limited (formerly Powell Duffryn Rail Limited)

12 Called up share capital

	2004	2003
	£	£
Authorised, allotted and called-up		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000

13 Reserves

	Profit and loss account
	£
At 31 March 2003	898,694
Loss for the year	(1,105,747)
At 31 March 2004	(207,053)

14 Reconciliation of movements in equity shareholders' funds

	2004	2003
	£	£
Opening shareholders funds	2,898,694	-
Issue of the new shares	-	2,000,000
Capital contribution	-	3,047,912
Loss for the financial period	(1,105,747)	(2,149,218)
Closing equity shareholders' funds	1,792,947	2,898,694

Probotec Limited (formerly Powell Duffryn Rail Limited)

15 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date				
- within one year	-	-	9	-
- between two and five years	20	20	66	82
	20	20	75	82

16 Pensions

The company is a participant in the PD Pension Plan which is a funded, defined benefit scheme of Powell Duffryn Limited. Contributions to this scheme are based on aggregate pension costs across all participating Powell Duffryn subsidiaries.

The last actuarial valuation resulted in advice from the consulting actuary that company contributions should be paid at a rate of 16% of pensionable salaries in the year ended 31 March 2004 (2003: nil).

Full particulars of the actuarial valuations of the Powell Duffryn Group Schemes are contained in the financial statements of Powell Duffryn Limited

17 Related parties

As a subsidiary undertaking of NPIL Hold Co Limited the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by NPIL Hold Co Limited.

Probotec Limited (formerly Powell Duffryn Rail Limited)

18 Ultimate parent company

The ultimate parent undertaking of the company for the purposes of s.736 Companies Act 1985 is Prestige (No.1) Limited. However the directors consider that Nikko Principal Investments Limited, which holds warrants to subscribe for ordinary shares in the company's immediate parent undertaking, Powell Duffryn Investments Limited, and which, on exercise, would make it the majority shareholder, has effective control of the company. The parent undertaking of the smallest and largest group that presents consolidated financial statements including the results of the company is NPIL Hold Co Limited, a company registered in England and Wales, and the directors therefore consider that NPIL Hold Co Limited is the ultimate effective parent undertaking of the company.

Nikko Cordial Corporation, a company incorporated in Japan, has beneficial ownership of the majority of the ordinary shares of NPIL Hold Co Limited. However, as the minority shareholder has certain rights reserved to it, the directors consider that neither shareholder has control of that company.

Copies of the financial statements for NPIL Hold Co Limited are available from the Company Secretary, NPIL Hold Co Limited, 100 Pall Mall, London, SW1Y 5NN.