

Company Registration No. 4434379 (England and Wales)

MHB (UK) LIMITED
DIRECTOR'S REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



MHB (UK) LIMITED

COMPANY INFORMATION

Director	Mr George Shinnars
Secretary	Chapman Worth LLP
Company number	4434379
Registered office	The Old Cart Shed Tallys Building Lyford Wantage Oxfordshire OX12 0EQ
Accountants	Chapman Worth LLP 6 Newbury Street Wantage Oxfordshire OX12 8BS

MHB (UK) LIMITED

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MHB (UK) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The director presents his report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be that of the renting out of construction equipment.

Director

The following director has held office since 1 January 2005:

Mr George Shinnars

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
Mr George Shinnars	1	1

Director's responsibilities

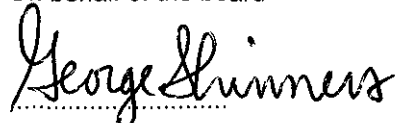
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.


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

On behalf of the board



Mr George Shinnars

Director



MHB (UK) LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF MHB (UK) LIMITED

In accordance with the engagement letter dated 17 March 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of MHB (UK) Limited for the year ended 31 December 2005, set out on pages 3 to 7 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Chapman Worth LLP

Chapman Worth LLP

Chartered Accountants

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6 Newbury Street
Wantage
Oxfordshire
OX12 8BS

MHB (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		59,172	59,172
Administrative expenses		(75,537)	(43,050)
Operating (loss)/profit	2	(16,365)	16,122
Other interest receivable and similar income	3	55	52
Interest payable and similar charges		(11,765)	(13,434)
(Loss)/profit on ordinary activities before taxation		(28,075)	2,740
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation	9	(28,075)	2,740

MHB (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	5		107,309		152,717
Current assets					
Debtors	6	156,765		124,738	
Cash at bank and in hand		6,233		9,121	
		<u>162,998</u>		<u>133,859</u>	
Creditors: amounts falling due within one year	7	<u>(316,467)</u>		<u>(304,661)</u>	
Net current liabilities			<u>(153,469)</u>		<u>(170,802)</u>
Total assets less current liabilities			<u>(46,160)</u>		<u>(18,085)</u>
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account	9		<u>(46,161)</u>		<u>(18,086)</u>
Shareholders' funds			<u>(46,160)</u>		<u>(18,085)</u>

In preparing these financial statements:

- The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The director acknowledges his responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 14/1/06

George Shimmers

Mr George Shimmers
Director

MHB (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company is not obliged to repay the amount due to MHB Inc until it has the funds to do so. The financial statements have therefore been prepared on a going concern basis.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% straight line
Motor vehicles	25% reducing balance

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2	Operating (loss)/profit	2005 £	2004 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	45,408	43,859
		<u> </u>	<u> </u>
3	Investment income	2005 £	2004 £
	Bank interest	55	52
		<u> </u>	<u> </u>

4 Taxation

The company has estimated losses of £ 69,686 (2004: £ 61,427) available for carry forward against future trading profits.

MHB (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2005 & at 31 December 2005	211,276
Depreciation	
At 1 January 2005	58,559
Charge for the year	45,408
At 31 December 2005	103,967
Net book value	
At 31 December 2005	107,309
At 31 December 2004	152,717

Fixed assets are used in operating lease rentals.

6 Debtors	2005 £	2004 £
Trade debtors	139,054	69,527
Other debtors	17,711	55,211
	156,765	124,738

7 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	2,549	232,360
Taxation and social security	519	863
Other creditors	313,399	71,438
	316,467	304,661

MHB (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8	Share capital	2005 £	2004 £
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1
		<u> </u>	<u> </u>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	(18,086)
Retained loss for the year	(28,075)
	<u> </u>
Balance at 31 December 2005	(46,161)
	<u> </u>

10 Related party transactions

At 31 December 2005 Antigo Breakers Limited owed MHB (UK) Limited £150,764 (2004 £124,737). During the year the company invoiced Antigo Breakers Limited an amount of £69,527 (2004 £69,527) for the hire of equipment. During the year Antigo Breakers Limited made repayments amounting to £37,500 to MHB (UK) Limited and paid expenses of £6,000 on behalf of MHB (UK) Limited

At 31 December 2004 an amount of £311,450 (2004 £66,262) was due to a US company MHB Inc. During the year MHB Inc repaid the bank loan on behalf of MHB (UK) Limited. It made payments on behalf of MHB (UK) Limited amounting to £11,765 and MHB (UK) Limited repaid an amount of £30,000 to MHB Inc.

All companies are controlled by the director, George Shinnars.