

HM PLANT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

COMPANY REGISTRATION NUMBER 1082975

	Page
Contents	1
Company Information	2
Notice of Meeting	3
Directors' Report	4
Statement of Directors' Responsibilities	5
Auditors' Report	6
Profit and loss Account	7
Balance Sheet	8
Notes to the Accounts	9 - 17



HM PLANT LIMITED

COMPANY INFORMATION

DIRECTORS

J J Jones - Chairman
S F Howard
D A Hearne
D N Hopkins
A J Raine
B J Warren

SECRETARY

D A Trunks

AUDITORS

KPMG
Chartered Accountants
100 Temple Street
BRISTOL
BS1 6AG

REGISTERED OFFICE

36-38 Castlefields Industrial Estate
BRIDGWATER
Somerset
TA6 4DH

HM PLANT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000 NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of HM Plant Limited will be held at 36-38 Castlefields Industrial Estate, Bridgwater, Somerset TA6 4DH on 29 August 2000 for the following purposes:-

- 1 To receive and, if thought fit, adopt the Directors' Report and Audited Accounts for the year ended 30 June 2000.
- 2 To re appoint the auditors and to authorise the directors to fix their remuneration.
- 3 To transact any other ordinary business of the company.

BY ORDER OF THE BOARD



**D A Trunks
Secretary**

18 August 2000

Note : A member entitled to vote at the meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the company.

HM PLANT LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 30 June 2000.

PRINCIPAL ACTIVITY

The Company's main activities during the year continued to be the distribution and marketing of Construction Equipment.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out on page 7.

The profit for the year before tax was £1,331,000. A first and final dividend of £1,542,000 was paid during the year.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The Directors consider the performance of the Company to be highly satisfactory and that the company is well placed to continue to achieve such results.

On 1 July 2000 the trade, assets and liabilities of two fellow subsidiaries HM Rogers Limited and Just Dial Rentals Limited were transferred to HM Plant Limited.

DIRECTORS AND THEIR INTERESTS

The Directors in office at the end of the year were as set out on page 2.

Messrs J J Jones, S F Howard, D A Hearne and DN Hopkins are directors of the ultimate parent company, Heavy Machinery Group Holdings Limited and their interests in the shares of that company are disclosed in that company's accounts. No Director had any interest in the share capital of the company at any time during the year.

Mr G J Hall resigned on 23 December 1999.

AUDITORS

On 29 February 2000 Deloitte and Touche resigned as auditors of the company and KPMG were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D A Trunks
Secretary

18 August 2000

HM PLANT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each 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;
- * prepare the financial statements on a 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.



100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of HM Plant Limited

We have audited the financial statements on pages 7 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

21 August 2000

HM PLANT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2000

	Note	Before Exceptional Items £000	Exceptional £000	2000 £000	1999 £000
TURNOVER - continuing operations	2	74,622		74,622	67,561
Cost of sales		(66,714)	(2,032)	(68,746)	(60,622)
Gross profit		7,908	(2,032)	5,876	6,939
Administration expenses		(2,802)		(2,802)	(2,228)
Distribution costs		(1,828)		(1,828)	(1,636)
OPERATING PROFIT - continuing operations	3	3,278	(2,032)	1,246	3,075
Interest receivable and similar income	5	153		153	131
Interest payable and similar charges	6	(68)		(68)	(156)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		3,363	(2,032)	1,331	3,050
Tax on profit on ordinary activities	7	(1,005)	610	(395)	(986)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX	17	2,358	(1,422)	936	2,064
Dividends - equity	8			(1,542)	(2,270)
Retained Loss for the year				(606)	(206)
Statement of total recognised gains and losses for the year ended 30 June 2000				2000 £000	1999 £000
Profit for financial year				936	2,064
Unrealised surplus on revaluation of properties				336	-
				1,272	2,064
Note of historical cost profits and losses					
Reported profit on ordinary activities before taxation				1,331	3,050
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount.				6	2
Historical cost profit on ordinary activities before taxation				1,337	3,052
Historical cost loss for the year retained after taxation, exceptional items and dividend				(600)	(204)

HM PLANT LIMITED

BALANCE SHEET

30 June 2000

	Note	2000 £000	1999 £000
FIXED ASSETS			
Tangible Assets	9	2,755	2,037
Investments	10	-	15
		<u>2,755</u>	<u>2,052</u>
CURRENT ASSETS			
Investments	10	15	-
Stock	11	14,320	13,457
Debtors	12	5,094	4,491
Cash at bank and in hand		6,303	1,500
		<u>25,732</u>	<u>19,448</u>
CREDITORS:			
Amounts falling due within one year	13	<u>(24,972)</u>	<u>(17,097)</u>
NET CURRENT ASSETS		<u>760</u>	<u>2,351</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,515	4,403
CREDITORS:			
Amounts falling due after more than one year	14	(310)	(911)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(58)</u>	<u>(75)</u>
		<u>3,147</u>	<u>3,417</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,350	1,350
Revaluation reserve	17	584	254
Profit and loss account	17	1,213	1,813
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>3,147</u>	<u>3,417</u>

These financial statements were approved by the Board of Directors on 18 August 2000
Signed on behalf of the Board of Directors



A J RAINE
Director

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

b) Depreciation

No depreciation is provided on freehold land. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost or valuation of each asset over its expected useful life, as follows:

Freehold Buildings	Over 66 years
Short Leasehold Buildings	Over the remaining term of the lease
Plant and Machinery	Over 3 to 10 years
Fixtures and Fittings	Over 10 years
Motor Vehicles	Over 4 years
Computers	Over 5 years

c) Investments

Trade investments are stated at cost, less any provision for impairment.

d) Stocks

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

Costs include all direct costs incurred in bringing the stocks into their present location and condition, including where appropriate, a proportion of directly attributable overheads.

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

e) Deferred Taxation

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and accounting purposes, except where it is probable that a liability will not crystallise. Tax rates used are those which are anticipated at the time when the liability will arise.

f) Pension Costs

The company participates in the Heavy Machinery Group defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

1 ACCOUNTING POLICIES (continued)

g) Cash flow statement

As a wholly owned subsidiary of a UK registered company HM Plant Limited has taken advantage of the exemption from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Heavy Machinery Group Limited consolidated accounts.

h) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transaction. Foreign currency balances are translated into sterling at the rates ruling at the Balance Sheet date, the differences arising being taken to the Profit and Loss Account.

i) Leases and Hire Purchase

Assets held under finance leases are capitalised at their fair value on the inception of the agreement and depreciated over their estimated useful lives. The Capital element of future payments is included under Creditors. Interest is calculated and charged on a reducing balance basis.

Rentals under operating leases are charged to the Profit and Loss Account in equal amounts over the lease term.

2 TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year stated net of value added tax.

An analysis of turnover by geographical market is given below:

	2000	1999
	£000	£000
United Kingdom	71,352	64,547
Other European Countries	3,052	2,715
Other	218	299
	74,622	67,561

3 OPERATING PROFIT

	2000	1999
	£000	£000
Operating profit is stated after charging / crediting.		
Auditors' remuneration - audit fees	16	16
Depreciation on owned assets	90	112
Depreciation on leased assets	140	82
Operating lease charges	545	530
Profit on sale of fixed assets	(11)	(11)

On 23 December 1999 the value of the company was reviewed on a line by line basis as a result of the acquisition of the company. Subsequently the stock was written down by £2,032,000 to reflect the directors estimate of it's carrying value at the lower of cost or net realisable value this has been treated as an exceptional item.

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

	<u>2000</u> £000	<u>1999</u> £000
4 DIRECTORS AND EMPLOYEES		
Staff costs including directors		
Wages and salaries	2,944	2,622
Social security costs	289	263
Other pension costs	11	16
	<u>3,244</u>	<u>2,901</u>

	<u>Number</u>	<u>Number</u>
Average number employed including directors		
Office and Management	82	81
Assembly	57	49
	<u>139</u>	<u>130</u>

	<u>2000</u> £000	<u>1999</u> £000
DIRECTORS' EMOLUMENTS		
Emoluments (excluding pension contributions, but including benefits in kind)	172	258
Contributions to defined contribution pension scheme	2	8
	<u>174</u>	<u>266</u>

The Chairman and three other directors were paid by Heavy Machinery Group Holdings Limited for their services to the Group as a whole. It is not practicable to apportion their remuneration between the companies of which they are directors.

	<u>Number</u>	<u>Number</u>
Number of directors who are members of defined contribution pension scheme	3	3

No directors received awards under share option schemes and other long-term incentive schemes.

	<u>2000</u> £000	<u>1999</u> £000
5 INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	111	83
Interest from group undertakings	42	48
	<u>153</u>	<u>131</u>

HM PLANT LIMITED
NOTES TO THE ACCOUNTS

Year ended 30 June 2000

6 INTEREST PAYABLE AND SIMILAR CHARGES	2000	1999
	£000	£000
Interest on other loans	15	31
Finance charges on leased assets	35	37
Bank overdraft and short term loan interest	-	88
Interest to Group Undertakings	18	-
	68	156
Interest in respect of borrowings repayable after five years included above	-	31
 7 TAXATION	 2000	 1999
	£000	£000
UK Corporation tax at 30%(1999 - 31%)	401	960
Deferred tax	(17)	9
Under-provision in respect of prior years	11	17
	395	986
 8 DIVIDENDS	 2000	 1999
	£000	£000
First and final (£1.14 per share) (1999 £1.68 per share)	1,542	2,270

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

9 TANGIBLE FIXED ASSETS

	Freehold Land & Bldgs £000	Short Leasehold Properties £000	Plant & Equipment £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £000	Total £000
COST / VALUATION							
At 1 July 1999	1,350	128	671	394	538	68	3,149
Additions	-	8	287	-	204	-	499
Group Transfers	147	-	-	-	-	-	147
Disposals	-	-	-	-	(49)	-	(49)
Revaluations	283	-	-	-	-	-	283
At 30 June 2000	1,780	136	958	394	693	68	4,029
DEPRECIATION							
At 1 July 1999	40	32	462	358	184	36	1,112
Charge for the year	20	20	84	13	89	4	230
Group Transfers	-	-	-	-	-	-	-
Released on disposal	-	-	-	-	(15)	-	(15)
Revaluations	(53)	-	-	-	-	-	(53)
At 30 June 2000	7	52	546	371	258	40	1,274
NET BOOK VALUE							
At 30 June 2000	1,773	84	412	23	435	28	2,755
At 30 June 1999	1,310	96	209	36	354	32	2,037
Equivalent Historical Cost Information							
Cost	1,239	136	958	394	693	68	3,488
Accumulated depreciation	(50)	(52)	(546)	(371)	(258)	(40)	(1,317)
Net Book Value	1,189	84	412	23	435	28	2,171

The net book value of fixed assets includes £599,142 (1999 £358,589) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £95,200 (1999 £78,638).

The companies freehold land and buildings which had a book value of £1,494,000 were valued at open market value on the basis of existing use by Edward Rushton Son & Kenyon Limited, International Valuers and Surveyors on 29 November 1999 at a total value of £1,830,000.

HM PLANT LIMITED
NOTES TO THE ACCOUNTS
Year ended 30 June 2000

10 INVESTMENTS HELD AS CURRENT ASSETS

	Trade Investment £000
At 1 July 1999 and 30 June 2000	<u>15</u>

<u>Name of Trade Investment</u>	<u>Country of Registration</u>	<u>Class of Share</u>	<u>Proportion Held</u>	<u>Nature of Business</u>
Bureau Commercial Marketing	France	Ordinary	11.1%	Construction Services

11 STOCKS

	<u>2000 £000</u>	<u>1999 £000</u>
Work in progress	-	13
Finished goods and goods for resale	<u>14,320</u>	<u>13,444</u>
	<u>14,320</u>	<u>13,457</u>

12 DEBTORS

	<u>2000 £000</u>	<u>1999 £000</u>
Trade debtors	2,367	2,343
Amounts owed by group undertakings	2,121	1,712
Other debtors	12	8
Prepayments and accrued income	<u>594</u>	<u>428</u>
	<u>5,094</u>	<u>4,491</u>

Of the amounts owed by group undertakings £908,669 (1999: £1,182,669) is due after more than one year.

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

	<u>2000</u>	<u>1999</u>
	<u>£000</u>	<u>£000</u>
13 CREDITORS: Amounts falling due within one year		
Mortgage/loan	-	45
Obligations under finance leases and hire purchase contracts	368	486
Trade creditors	21,477	13,293
Amounts owed to group companies	862	230
Corporation tax	84	960
Group relief payable	227	-
Other taxes and social security	635	1,329
Other creditors	520	271
Accruals and deferred income	799	483
	<u>24,972</u>	<u>17,097</u>

	<u>2000</u>	<u>1999</u>
	<u>£000</u>	<u>£000</u>
14 CREDITORS: Amounts falling due after one year		
Obligations under finance leases (1-5 years)	310	450
Mortgage/loan (1-2 years)	-	51
Mortgage/loan (2-5 years)	-	266
Mortgage/loan (over 5 years)	-	144
	<u>310</u>	<u>911</u>

Obligations under finance leases and hire purchase contracts are secured on the related assets.

	<u>2000</u>	<u>1999</u>
	<u>£000</u>	<u>£000</u>
Obligations under finance leases and hire purchase contracts.		
Due 1-2 years	88	446
Due 2-5 years	222	4
	<u>310</u>	<u>450</u>

15 PROVISION FOR LIABILITIES AND CHARGES

	Provided		Not Provided	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Deferred Taxation				
Accelerated Capital Allowances	<u>58</u>	<u>75</u>	-	-

The movement in the deferred tax provision is shown in note 7.

HM PLANT LIMITED
NOTES TO THE ACCOUNTS
Year ended 30 June 2000

16 SHARE CAPITAL	2000	1999
	£000	£000
Authorised: 1,350,000 Ordinary Shares of £1	1,350	1,350
Called up, allotted and fully paid: 1,350,000 Ordinary Shares of £1	1,350	1,350

17 COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Called Up Share Capital £000	Revalu- ation Reserve £000	Profit & Loss Account £000	2000 Total £000	1999 Total £000
At 1 July 1999	1,350	254	1,813	3,417	3,623
Profits for the year	-	-	936	936	2,064
Dividends	-	-	(1,542)	(1,542)	(2,270)
Property Revaluation	-	336	-	336	-
Excess depreciation adjustment	-	(6)	6	-	-
At 30 June 2000	1,350	584	1,213	3,147	3,417

18 OPERATING LEASE COMMITMENTS

At 30 June 2000 the Company was committed to making the following payments during the next year in respect of operating leases.

	Land & Buildings £000	Other £000
Annual commitments under leases expiring:		
within one year	-	4
between two to five years	262	1
after five years	-	-
	262	5

HM PLANT LIMITED
NOTES TO THE ACCOUNTS
Year ended 30 June 2000

19 CONTINGENT LIABILITIES

At 30 June 2000 the group had contingent liabilities in respect of potential commitments to repurchase machines from customers as follows:-

	£000
Within the next year	92

These agreements were entered into under the normal course of business.

20 PENSION SCHEME

The Company does not operate its own independent pension fund but participates in the Heavy Machinery Group 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 £11,090. Contributions totalling £1,144 were payable to the fund at the year end and are included in creditors.

21 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

The entire issued share capital of the Company is held by Heavy Machinery Group Limited a company registered in England. The ultimate parent undertaking at 30 June 2000 is Heavy Machinery Group Holdings Limited. This company is incorporated in England and Wales. Copies of the group financial statements of Heavy Machinery Group Holding Limited are available from the Company Secretary, Heavy Machinery Group Holdings Limited, 38 Castlefields Industrial Estate, Bridgwater, Somerset, TA6 4DH. The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.

22 POST BALANCE SHEET EVENTS.

On 1 July 2000 the trade, assets and liabilities of two fellow subsidiaries HM Rogers Limited and Just Dial Rentals Limited were transferred to HM Plant Limited.