

HM PLANT LIMITED
REPORT AND FINANCIAL STATEMENTS 1998

COMPANY REGISTRATION NUMBER 1082975

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HM PLANT LIMITED

COMPANY INFORMATION

G J Hall - Chairman

J J Jones

A J Raine

B J Warren

D A Hearne

S F Howard

D N Hopkins

SECRETARY

D A Trunks

AUDITORS

Deloitte & Touche
Chartered Accountants
Queen Anne House
69-71 Queen Square
BRISTOL
BS1 4JP

REGISTERED OFFICE

36/38 Castlefields Industrial Estate
BRIDGWATER
Somerset
TA6 4DH

HM PLANT LIMITED
REPORT AND FINANCIAL STATEMENTS 1998
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 20 August 1998 for the following purposes:-

- 1 To receive and consider the financial statements for the year ended 30 June 1998 together with the reports of the directors and auditors thereon.
- 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

A J RAINE
Director

12 August 1998

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 1998.

PRINCIPAL ACTIVITY

The Company's main activities during the year continued to be the manufacture 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 £2,833,000. A first and final dividend of £920,000 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.

DIRECTORS AND THEIR INTERESTS

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

Messrs G J Hall and J J Jones are directors of the ultimate parent company and their interests are disclosed in that company's accounts. No other director had any interests in the Share Capital of the company or the ultimate parent company at any time during the year.

The following directors were appointed or resigned during the year.

	Appointed	Resigned
S R Hanney		09/03/98
D A Trunks		30/01/98
M Crozier		30/01/98
S F Howard	30/01/98	
D N Hopkins	01/06/98	

YEAR 2000

The company is in the process of a detailed review of its own and suppliers' systems with regard to the potential problems associated with the millenium. It covers our internal processes and includes telephone, security and access systems. An action plan is being developed in order to ensure that our systems are year 2000 compliant. Costs in the year to 30 June 1998 were not significant and we estimate that further costs will not be material.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as Auditors is to be proposed at the forthcoming Annual General Meeting.

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



A J RAINE
Director

12 August 1998

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.

AUDITORS' REPORT TO THE MEMBERS OF

HM PLANT LIMITED

We have audited the financial statements on pages 7 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 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.

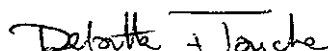
BASIS OF OPINION

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
Queen Anne House
69-71 Queen Square
BRISTOL
BS1 4JP

17 August 1998

HM PLANT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 1998

	Note	1998 £000	1997 £000
TURNOVER - continuing operations	2	61,096	54,271
Cost of sales		(54,608)	(48,752)
Gross profit		<u>6,488</u>	<u>5,519</u>
Administration expenses		(2,204)	(1,943)
Distribution costs		(1,495)	(1,337)
OPERATING PROFIT - continuing operations	3	<u>2,789</u>	<u>2,239</u>
Interest receivable and similar income	5	94	175
Interest payable and similar charges	6	(50)	(39)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		<u>2,833</u>	<u>2,375</u>
Tax on profit on ordinary activities	7	(904)	(674)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX	17	<u>1,929</u>	<u>1,701</u>
Dividends	8,17	(920)	(1,421)
Retained profit for the year, transferred to reserves		<u><u>1,009</u></u>	<u><u>280</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit attributable to shareholders of the Company		1,009	280
Unrealised surplus on revaluation of properties		-	108
Total recognised gains and losses relating to the year		<u><u>1,009</u></u>	<u><u>388</u></u>

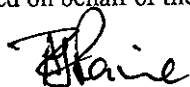
HM PLANT LIMITED

BALANCE SHEET

30 June 1998

	Note	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	9	1,761	1,345
Investments	10	<u>15</u>	<u>15</u>
		1,776	1,360
CURRENT ASSETS			
Stock	11	10,525	14,632
Debtors	12	4,245	4,721
Cash at bank and in hand		<u>6,437</u>	<u>6,202</u>
		21,207	25,555
CREDITORS:			
Amounts falling due within one year	13	<u>18,842</u>	<u>23,989</u>
NET CURRENT ASSETS		<u>2,365</u>	<u>1,566</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,141	2,926
CREDITORS:			
Amounts falling due after one year	14	452	272
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>66</u>	<u>40</u>
		<u>3,623</u>	<u>2,614</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,350	1,350
Revaluation reserve	17	256	258
Profit and loss account	17	<u>2,017</u>	<u>1,006</u>
Total equity shareholders' funds		<u>3,623</u>	<u>2,614</u>

These financial statements were approved by the Board of Directors on 12 August 1998.
Signed on behalf of the Board of Directors



A J RAINE
Director

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

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 freehold land and buildings.

b) Depreciation

In accordance with SSAP12, 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 10 years
Fixtures and Fittings	Over 10 years
Motor Vehicles	Over 4 years
Commercial Vehicles	Over 7 years
Computers	Over 5 years

c) Investments

Trade investments are stated at cost.

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. 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 1998

1 ACCOUNTING POLICIES (continued)

g) Cash flow statement

As a wholly owned subsidiary of a UK registered company H M 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:

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
United Kingdom	58,478	51,319
Other European Countries	2,576	2,880
Other	42	72
	<u>61,096</u>	<u>54,271</u>

3 OPERATING PROFIT

This is stated after charging/(crediting):

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Auditors remuneration - audit fees	15	15
Depreciation on owned assets	93	98
Depreciation on leased assets	57	33
Operating lease charges	242	256
Profit on sale of fixed assets	-	(7)
	<u> </u>	<u> </u>

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES		
Staff costs including directors		
Wages and salaries	2,304	2,113
Social security costs	230	128
Other pension costs	10	8
	<u>2,544</u>	<u>2,249</u>

	<u>Number</u>	<u>Number</u>
Average number employed including directors		
Office and Management	73	69
Assembly	46	42
	<u>119</u>	<u>111</u>

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
DIRECTORS' EMOLUMENTS		
Emoluments (excluding pension contributions, but including benefits in kind)	245	197
Contributions to defined contribution pension scheme	3	2
	<u>248</u>	<u>199</u>

Highest paid director's remuneration	52	-
Contribution to defined contribution pension scheme	<u>2</u>	<u>-</u>

The Chairman and one other director were paid by Heavy Machinery Group 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 a defined pension contribution scheme	2	1

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

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
5 INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	46	84
Interest from group undertakings	48	91
	<u>94</u>	<u>175</u>

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

6 INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £000	1997 £000
Interest on other loans	26	23
Finance charges on leased assets	4	7
Bank overdraft and short term loan interest	20	9
	<u>50</u>	<u>39</u>
Interest in respect of borrowings repayable after five years included above:	<u>26</u>	<u>23</u>

7 TAXATION

UK Corporation tax @ 31.5% based on the profit for the year	864	778
Deferred tax	26	(1)
Under/(over)-provision in respect of prior year	14	(103)
	<u>904</u>	<u>674</u>

8 DIVIDENDS

First and final (£0.68 per share) (1997 £1.05 per share)	<u>920</u>	<u>1,421</u>
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HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

9 TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u> £000	<u>Short Leasehold Properties</u> £000	<u>Plant & Equipment</u> £000	<u>Fixtures & Fittings</u> £000	<u>Motor Vehicles</u> £000	<u>Computer Equip</u> £000	<u>Total</u> £000
COST/VALUATION							
At 1 July 1997	945	46	621	388	66	314	2,380
Additions	-	57	6	1	144	8	216
Revaluation	-	-	-	-	-	-	-
Group transfer	-	-	-	-	404	(282)	122
At 30 June 1998	<u>945</u>	<u>103</u>	<u>627</u>	<u>389</u>	<u>614</u>	<u>40</u>	<u>2,718</u>
DEPRECIATION							
At 1 July 1997	13	7	350	317	60	288	1,035
Charge for the year	10	9	55	23	29	24	150
Group transfer	-	-	-	-	53	(281)	(228)
At 30 June 1998	<u>23</u>	<u>16</u>	<u>405</u>	<u>340</u>	<u>142</u>	<u>31</u>	<u>957</u>
NET BOOK VALUE							
At 30 June 1998	<u>922</u>	<u>87</u>	<u>222</u>	<u>49</u>	<u>472</u>	<u>9</u>	<u>1,761</u>
At 30 June 1997	<u>932</u>	<u>39</u>	<u>271</u>	<u>71</u>	<u>6</u>	<u>26</u>	<u>1,345</u>
Equivalent Historical Cost Information							
Cost	687	103	627	389	614	40	2,460
Accumulated depreciation	21	16	405	340	142	31	955
Net Book Value	<u>666</u>	<u>87</u>	<u>222</u>	<u>49</u>	<u>472</u>	<u>9</u>	<u>1,505</u>

The net book value of fixed assets includes £463,457 (1997 £28,000) in respect of assets held under finance leases and hire purchase contracts.

Certain freehold land and buildings which had a book value of £417,000 were valued on the basis of existing use by Innes England, Chartered Surveyors and Alder King, Consultant Surveyors on 15 May 1997 at a total value of £525,000.

HM PLANT LIMITED
NOTES TO THE ACCOUNTS

Year ended 30 June 1998

10 INVESTMENTS HELD AS FIXED ASSETS

	Trade Investment
	£000
At 1 July 1997 and 30 June 1998	<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 Sarl	France	Ordinary	11.1%	Construction Services

11 STOCKS

	<u>1998</u> £000	<u>1997</u> £000
Work in progress	13	37
Finished goods and goods for resale	<u>10,512</u>	<u>14,595</u>
	<u>10,525</u>	<u>14,632</u>

12 DEBTORS

Trade debtors	1,938	1,563
Amounts owed by group undertakings	1,884	2,588
Other debtors	29	51
Prepayments and accrued income	<u>394</u>	<u>519</u>
	<u>4,245</u>	<u>4,721</u>

Of the amounts owed by group undertakings £1,182,669 (1997: £1,182,669) is due after more than one year.

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
13 CREDITORS: Amounts falling due within one year		
Mortgages/loans	24	-
Obligations under finance leases and hire purchase contracts	155	-
Trade creditors	15,786	22,248
Amounts owed to other group companies	271	291
Corporation tax	890	778
Other taxes and social security	1,046	-
Other creditors	292	385
Accruals and deferred income	378	287
	<u>18,842</u>	<u>23,989</u>

14 CREDITORS: Amounts falling due after one year

Obligations under finance leases	204	-
Mortgage/loan (1-2 years)	26	24
Mortgage/loan (2-5 years)	93	85
Mortgage/loan (over 5 years)	129	163
	<u>452</u>	<u>272</u>

The mortgage loan is secured on freehold property. The term of the loan is for ten years bearing interest which is fixed for the first seven years at 8.2%. The obligations under finance leases are secured on the related assets.

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Provided		Unprovided	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Deferred Taxation				
Accelerated Capital Allowances	66	40	-	-

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

HM PLANT LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1998

16 SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£000	£000

Authorised: 1,350,000 Ordinary Shares of £1	1,350	1,350
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Called up, allotted and fully paid: 1,350,000 Ordinary Shares of £1	1,350	1,350
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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	1998 Total £000	1997 Total £000
At 1 July 1997	1,350	258	1,006	2,614	2,226
Profit for the year	-	-	1,929	1,929	1,701
Dividends	-	-	(920)	(920)	(1,421)
Revaluation of properties	-	-	-	-	108
Excess depreciation adjustmen	-	(2)	2	-	-
At 30 June 1998	1,350	256	2,017	3,623	2,614

18 OPERATING LEASE COMMITMENTS

At 30 June 1998 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	-	2
between two to five years	20	4
after five years	170	-

HM PLANT LIMITED
NOTES TO THE ACCOUNTS
Year ended 30 June 1998

19 CONTINGENT LIABILITIES

The company has given cross guarantees to its bankers on behalf of the other members of the group whereby the assets of the company stand as security. At the balance sheet date this contingent liability amounted to £1,218,000.

At 30 June 1998 the group had contingent liabilities in respect of potential commitments to repurchase machines from customers as follows:-

	£000
Within the next year	214
Within one to two years	<u>66</u>
	<u>280</u>

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 £9,802. Contributions totalling £1,402 were payable to the fund at the year end and are included in creditors.

21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The entire issued share capital of the Company is held by Heavy Machinery Group Limited a company registered in England. Copies of the group financial statements of Heavy Machinery Group Limited are available from the company Secretary, Heavy Machinery Group Limited, 38 Castlefield 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.