

Registered No: 2477437

NEW UNION HOLDINGS LIMITED

ANNUAL REPORT

for the financial period 2 April 2000
to 31 December 2000 inclusive



NEW UNION HOLDINGS LIMITED

Directors' report

The directors present their report and the audited accounts for the financial period 2 April 2000 to 31 December 2000 inclusive.

Principal activity and fixed assets

The company is a holding and investment company with subsidiary undertakings engaged principally in the manufacture, sale and servicing of plant and equipment for non-destructive testing, in the provision of non-destructive and materials' analysis testing and in the laboratory testing of oils and fuel samples.

The directors consider the company's financial position to be satisfactory.

Financial year end

Following completion during the period of a takeover offer by Guinness Peat Group plc of Staveley Industries plc the former became the company's ultimate holding company. In consequence the company has adopted its new group's financial year-end of 31 December.

Dividend

The directors do not recommend a dividend (1.4.00: £Nil).

Directors

RL Todd and F Blurton served as directors throughout the period.

Directors' interests

The directors held no notifiable interests in the company or its parent entities.

Elective resolution

The company has, by elective resolution passed on 5 September 1991, elected to dispense with the holding of an annual general meeting, the annual laying of accounts before the members in general meeting and the annual appointment of auditors. A member is nevertheless entitled, by virtue of Section 253 (2) of the Companies Act 1985, to require the company in any year to lay the accounts and accompanying reports before a general meeting of members.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

NEW UNION HOLDINGS LIMITED

Directors' report (continued)

Statement of Directors' responsibilities (continued)


The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period 2 April 2000 to 31 December 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

PricewaterhouseCoopers will be deemed to be reappointed auditors for the next financial period in the absence of a notice proposing that the appointment be terminated.

By order of the board



F Blurton
Director and Secretary

Registered Office

Staveley House
11 Dingwall Road
Croydon
Surrey CR9 3DB

29 October

2001

REPORT OF THE AUDITORS TO THE MEMBERS OF
NEW UNION HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report and Accounts. As described on pages 1 and 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


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 at 31 December 2000 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

29 October 2001

NEW UNION HOLDINGS LIMITED

Profit and Loss Account

for the period 2 April 2000 to 31 December 2000

	Notes	2 Apr 2000 to 31 Dec 2000 £	52 weeks to 1 April 2000 £
Loss on ordinary activities before taxation	2	(5,073,999)	-
Tax on loss on ordinary activities		-	-
Deficit for the period		<u>(5,073,999)</u>	<u>-</u>

Statement of Total Recognised Gains and Losses for the period 2 April 2000 to 31 December 2000

	Notes	2 Apr 2000 to 31 Dec 2000 £	52 weeks to 1 April 2000 £
Result for the financial period		(5,073,999)	-
Deficit on the valuation of investments	4	(2,837,222)	-
Total gains and losses recognised since last annual report		<u>(7,911,221)</u>	<u>-</u>

There is no material difference between the profit and loss account as presented above and the unmodified historical cost equivalent.

Reconciliation of Movements in Shareholders' Funds

	2 Apr 2000 to 31 Dec 2000 £	52 weeks to 1 April 2000 £
At the beginning of the period	3,035,671	3,035,671
Loss for the financial period	(5,073,999)	-
Other recognised gains and losses	(2,837,222)	-
At the end of the period	<u>(4,875,550)</u>	<u>3,035,671</u>

The notes on pages 6 to 8 form part of these accounts. Report of the auditors - page 3.

NEW UNION HOLDINGS LIMITED

Balance Sheet 31 December 2000

	Notes	31 December 2000 £	1 April 2000 £
FIXED ASSETS			
Investments	4	27,476,605	28,677,648
CREDITORS : Amounts falling due within one year	5	(30,278,155)	(25,641,977)
NET CURRENT LIABILITIES		(30,278,155)	(25,641,977)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,801,550)	3,035,671
PROVISIONS FOR LIABILITIES AND CHARGES	6	(2,074,000)	-
NET (LIABILITIES)/ASSETS		(4,875,550)	3,035,671
CAPITAL and RESERVES			
Called up share capital	7	3	3
Revaluation reserve	8	33	2,837,255
Profit and loss account	9	(4,875,586)	198,413
Equity shareholders' funds		(4,875,550)	3,035,671

The accounts were approved by the board on 29 October 2001
and signed on its behalf by



RL Todd
Director

The notes on pages 6 to 8 form part of these accounts. Report of the auditors - page 3.

NEW UNION HOLDINGS LIMITED

Notes to the Accounts

31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention modified to include the revaluation of investments in overseas subsidiaries and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Investments

Investments in overseas subsidiaries are stated at market value. The valuation is hedged by a foreign currency loan from the parent company.

Cash flow statement

As permitted by financial reporting standard FRS1, a cash flow statement is not included in the financial statements because of the exemption available to wholly owned subsidiaries.

Related party transactions

As permitted by financial reporting standard FRS8, disclosures regarding related party intra group transactions are not included in the financial statements because of the exemption available to wholly owned subsidiaries.

Provisions

Provision is made on the basis of the present value of future cash flows whenever unavoidable losses are expected to arise from obligations that exist at the balance sheet date. These obligations take the form of leases of unoccupied property and onerous contracts entered into by subsidiary companies.

Deferred taxation

Provision is made for deferred tax using the liability method but not where, in the opinion of the directors, the potential tax liability is remote.

Foreign currency translation

Translation differences on investments in overseas subsidiaries are taken directly to reserves where they are matched by equal and opposite translation differences on the borrowing from the parent company to finance them.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Administrative expenses of £5,073,999 (1 April 2000: Nil) comprise:

Provision for future losses of subsidiary companies in respect of property leases and onerous contracts	2,074,000
Loss on disposal of investment	2,999,999
	<u>5,073,999</u>

None of the company's directors received any emoluments from the company during the period (1 April 2000 :Nil). Their remuneration was borne by the parent company.

The company had no employees during the period (1 April 2000 :Nil).

3. AUDITORS

The remuneration of the auditors is borne by the parent company.

NEW UNION HOLDINGS LIMITED

Notes to the Accounts (continued) **31 December 2000**

4. FIXED ASSET INVESTMENTS

	31 December 2000	1 April 2000
	£	£
Directors' valuation	<u>27,476,605</u>	<u>28,677,648</u>
The decrease of £1,201,043 in the period comprised:		
Currency translation surplus (see note 1)	1,636,179	
Deficit on revaluation	<u>(2,837,222)</u>	
	<u>(1,201,043)</u>	

The currency translation surplus arose from the fact that the directors' valuation of the shares in the principal subsidiary company is expressed in US dollars. This company is Staveley Investments Inc a holding company incorporated in the USA whose common stock is wholly owned by the company. Other investments are also in wholly owned subsidiary companies, which are:

	<u>Country of incorporation</u>	<u>Class of capital</u>	<u>Activity</u>
Arcona Verbrauchsgüter GmbH	Germany	ordinary	Land holding
Centaurea Holdings BV	Netherlands	ordinary	Dormant
Conam Inspection (Canada) Inc	Canada	preference	Materials testing
Staveley SA	Luxembourg	ordinary	Holding company

Indirectly held subsidiary and associated companies are:

Conam Inspection (Canada) Inc	Canada	common
Staveley Inc	U S A	common
Staveley Instruments Inc	U S A	common
Staveley NDT Technologies Inc	U S A	common
Staveley Sensors Inc	U S A	common
Staveley Services North America Inc	U S A	common
Tucan Financial Inc	U S A	common
WHS Hong Kong Limited	Hong Kong	ordinary

The company is itself the wholly owned subsidiary of a company incorporated in the European Union and is included in the group accounts of the parent, Guinness Peat Group plc, which is registered in England and Wales. By virtue of this and compliance with the other requirements of section 228 of the Companies Act 1985, the company is exempt from the obligation to prepare and deliver group accounts.

NEW UNION HOLDINGS LIMITED

Notes to the Accounts (continued)

31 December 2000

	31 December 2000	1 April 2000
	£	£
5. CREDITORS : Amounts falling due within one year		
Amount due to parent undertaking:		
Foreign currency borrowing	23,798,957	25,000,000
Net amount due to parent on other accounts	6,479,198	641,977
	<u>30,278,155</u>	<u>25,641,977</u>
6. PROVISIONS FOR LIABILITIES AND CHARGES		
	£	£
Provisions for future losses of subsidiary companies in respect of:		
Property leases expiring in years up to 2011	1,631,000	-
Onerous contracts	443,000	-
	<u>2,074,000</u>	<u>-</u>
7. SHARE CAPITAL		
	£	£
Authorised :		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid :		
3 ordinary shares of £1 each	3	3
8. REVALUATION RESERVE		
	£	
Balance at the beginning of the period	2,837,255	
Deficit on revaluation of fixed asset investments	(2,837,222)	
Balance at the end of the period	<u>33</u>	
9. PROFIT and LOSS ACCOUNT		
	£	
Balance at the beginning of the period	198,413	
Deficit for the period	(5,073,999)	
Currency translation surplus/(deficit) :		
on Investments	1,636,179	
on Loan from parent company	(1,636,179)	
Balance at the end of the period	<u>(4,875,586)</u>	
10. ULTIMATE HOLDING COMPANY		

The directors consider that at the period end the company's immediate and ultimate holding company was Guinness Peat Group plc, which is registered in England. Copies of that company's accounts may be obtained from The Secretary, Guinness Peat Group plc, 2nd floor, 21-26 Garlick Hill, London EC4V 2AU.