

COMPANY REGISTRATION NUMBER 4520818

HEGLA MACHINERY (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2006

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COMPANIES HOUSE

KEENS SHAY KEENS
MILTON KEYNES

HEGLA MACHINERY (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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HEGLA MACHINERY (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

S Goble Esq
M W Vollbracht Esq
S M Schuchardt Esq

Company secretary

S M Schuchardt Esq

Registered office

Sovereign Court
230 Upper 5th Street
Central Milton Keynes
Buckinghamshire
MK9 2HR

Auditor

Keens Shay Keens -Milton Keynes-
Sovereign Court
230 Upper 5th Street
Central Milton Keynes
MK9 2HR

HEGLA MACHINERY (UK) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the importation and sale of machinery and equipment

DIRECTORS

The directors who served the company during the year were as follows

S Goble Esq
M W Vollbracht Esq
S M Schuchardt Esq

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors 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 year

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the 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. The directors 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

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITOR

A resolution to re-appoint Keens Shay Keens -Milton Keynes- as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

HEGLA MACHINERY (UK) LIMITED

DIRECTORS' REPORT *(continued)*

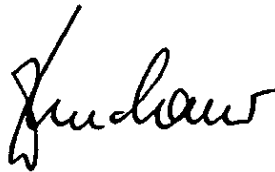
YEAR ENDED 31 DECEMBER 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by order of the directors

S M SCHUCHARDT ESQ
Company Secretary



Approved by the directors on

15/03/07

HEGLA MACHINERY (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of HEGLA Machinery (UK) Limited for the year ended 31 December 2006 on pages 6 to 14 which have been prepared on the basis of the accounting policies set out on pages 8 to 9

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

continued

HEGLA MACHINERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2006

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements year ended 31 December 2006



KEENS SHAY KEENS -MILTON KEYNES-
Chartered Accountants
& Registered Auditors

Sovereign Court
230 Upper 5th Street
Central Milton Keynes
MK9 2HR

13 April 2007

HEGLA MACHINERY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
TURNOVER	2	3,351,533	2,347,930
Cost of sales		(2,768,723)	(1,882,546)
GROSS PROFIT		582,810	465,384
Distribution costs		(165,826)	(118,248)
Administrative expenses		(314,758)	(320,742)
OPERATING PROFIT	3	102,226	26,394
Interest receivable	5	2,755	2,121
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		104,981	28,515
Tax on profit on ordinary activities	6	(35,705)	(8,061)
PROFIT FOR THE FINANCIAL YEAR		69,276	20,454

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 14 form part of these financial statements

KEENS SHAY KEENS
MILTON KEYNES

HEGLA MACHINERY (UK) LIMITED

BALANCE SHEET

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	8,894	9,261
CURRENT ASSETS			
Stocks	8	50,910	233,272
Debtors	9	1,072,974	657,313
Cash at bank and in hand		114,273	55,558
		<u>1,238,157</u>	<u>946,143</u>
CREDITORS: Amounts falling due within one year	10	<u>1,097,172</u>	<u>794,801</u>
NET CURRENT ASSETS		<u>140,985</u>	<u>151,342</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>149,879</u>	<u>160,603</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	75,000	75,000
Profit and loss account		74,879	85,603
SHAREHOLDERS' FUNDS	15	<u>149,879</u>	<u>160,603</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the directors on the 15/03/07 and are signed on their behalf by

S COBLE ESQ

M W VOLLBRACHT ESQ

S M SCHUCHARDT ESQ

The notes on pages 8 to 14 form part of these financial statements

KEENS SHAY KEENS
MILTON KEYNES

HEGLA MACHINERY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery	-	33 3% - 50% straight line
Fixtures & Fittings	-	15% reducing balance
Computer Equipment	-	50% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

HEGLA MACHINERY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES *(continued)*

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

HEGLA MACHINERY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2006 £	2005 £
United Kingdom	2,632,802	2,286,978
Europe	<u>718,731</u>	<u>60,952</u>
	<u>3,351,533</u>	<u>2,347,930</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2006 £	2005 £
Depreciation of owned fixed assets	3,977	4,599
Profit on disposal of fixed assets	—	(613)
Auditor's fees	2,950	3,000
Net loss on foreign currency translation	<u>1,528</u>	<u>14,776</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Aggregate emoluments	<u>71,588</u>	<u>61,274</u>

5. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest receivable	<u>2,755</u>	<u>2,121</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	<u>35,705</u>	<u>8,061</u>
Total current tax	<u>35,705</u>	<u>8,061</u>

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>104,981</u>	<u>28,515</u>
Profit/(loss) on ordinary activities by rate of tax	31,494	8,554
Expenses not deductible for tax purposes	5,059	2,679
Capital allowances for the period in excess of depreciation	(68)	113
Income not allowable for tax purposes	-	(184)
Marginal relief	<u>(780)</u>	<u>(3,101)</u>
Total current tax (note 6(a))	<u>35,705</u>	<u>8,061</u>

7. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
COST				
At 1 January 2006	15,026	5,510	3,327	23,863
Additions	<u>2,186</u>	<u>847</u>	<u>577</u>	<u>3,610</u>
At 31 December 2006	<u>17,212</u>	<u>6,357</u>	<u>3,904</u>	<u>27,473</u>
DEPRECIATION				
At 1 January 2006	10,738	1,905	1,959	14,602
Charge for the year	<u>2,499</u>	<u>578</u>	<u>900</u>	<u>3,977</u>
At 31 December 2006	<u>13,237</u>	<u>2,483</u>	<u>2,859</u>	<u>18,579</u>
NET BOOK VALUE				
At 31 December 2006	<u>3,975</u>	<u>3,874</u>	<u>1,045</u>	<u>8,894</u>
At 31 December 2005	<u>4,288</u>	<u>3,605</u>	<u>1,368</u>	<u>9,261</u>

8. STOCKS

	2006 £	2005 £
Stock	<u>50,910</u>	<u>233,272</u>

HEGLA MACHINERY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

9. DEBTORS

	2006	2005
	£	£
Trade debtors	996,729	553,804
Amounts owed by group undertakings	-	8,124
Other debtors	76,245	95,385
	<u>1,072,974</u>	<u>657,313</u>

10. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	37,694	81,897
Amounts owed to group undertakings	453,646	512,648
Corporation tax	35,705	8,061
Other taxation and social security	220,012	57,304
Other creditors	350,115	134,891
	<u>1,097,172</u>	<u>794,801</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	12,077	2,382	-	1,815
Within 2 to 5 years	-	10,111	12,077	13,200
	<u>12,077</u>	<u>12,493</u>	<u>12,077</u>	<u>15,015</u>

HEGLA MACHINERY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

12. RELATED PARTY TRANSACTIONS

Details of related party transactions occurring during the year are as follows

Name of related party	Nature of relationship	Transaction Details	Amount	Balance	
			£	Euros	£
HEGLA Fahrzeugbau GmbH & Co KG, Satteldorf	Connected	Purchases	227,953	(201,158)	(136,643)
HEGLA Maschinenbau GmbH & Co KG, Doschwitz	Connected	Purchases	263,158	(192,607)	(129,877)
HEGLA GmbH & Co KG, Beverungen	Parent	Purchases	2,075,199	(231,517)	(156,070)
HEGLA GmbH & Co KG, Wartung und Service, Beverungen	Connected	Purchases	64,035	(46,058)	(31,056)

13. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>

14. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	85,603	65,149
Profit for the financial year	69,276	20,454
Equity dividends paid (FRS 25)	<u>(80,000)</u>	<u>—</u>
Balance carried forward	<u>74,879</u>	<u>85,603</u>

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Profit for the financial year	69,276	20,454
Equity dividends paid (FRS 25)	(80,000)	—
Net (reduction)/addition to shareholders' funds	(10,724)	20,454
Opening shareholders' funds	160,603	140,149
Closing shareholders' funds	149,879	160,603

16. ULTIMATE PARENT COMPANY

The ultimate parent is HEGLA GmbH & Co KG, a company incorporated in Germany