

COMPANY REGISTRATION NUMBER 4520818

HEGLA MACHINERY (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2010



HEGLA MACHINERY (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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HEGLA MACHINERY (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

S Goble Esq
M W Vollbracht Esq

Company secretary

S M Schuchardt Esq

Registered office

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

Auditor

Keens Shay Keens MK
Chartered Accountants
& Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

HEGLA MACHINERY (UK) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2010

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

S M Schuchardt Esq retired as a director on 31 March 2010

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

HEGLA MACHINERY (UK) LIMITED

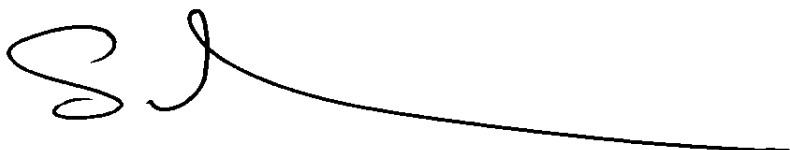
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'S Goble', followed by a long horizontal line extending to the right.

S GOBLE ESQ

Director

Approved by the directors on 28/2/2011

HEGLA MACHINERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEGLA MACHINERY (UK) LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of HEGLA Machinery (UK) Limited for the year ended 31 December 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

HEGLA MACHINERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEGLA MACHINERY (UK) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

30 March 2011

P A DAVIS BA FCA (Senior Statutory Auditor)
For and on behalf of
KEENS SHAY KEENS MK
Chartered Accountants
& Statutory Auditor

HEGLA MACHINERY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	2,744,398	1,356,570
Cost of sales		<u>(2,243,216)</u>	<u>(993,292)</u>
GROSS PROFIT		501,182	363,278
Distribution costs		<u>(58,325)</u>	<u>(47,082)</u>
Administrative expenses		<u>(434,589)</u>	<u>(372,676)</u>
OPERATING PROFIT/(LOSS)	3	8,268	(56,480)
Interest receivable and similar income	5	20	201
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		8,288	(56,279)
Tax on profit/(loss) on ordinary activities	6	<u>(2,807)</u>	13,218
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>5,481</u>	<u>(43,061)</u>

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 13 form part of these financial statements

HEGLA MACHINERY (UK) LIMITED


BALANCE SHEET

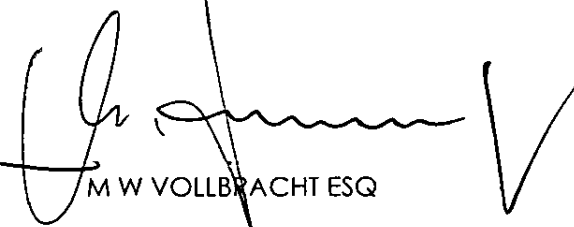
31 DECEMBER 2010

	Note	2010 £	£	2009 £
FIXED ASSETS				
Tangible assets	7		<u>2,964</u>	<u>3,991</u>
CURRENT ASSETS				
Stocks	8	106,477		98,908
Debtors	9	260,377		447,328
Cash at bank and in hand		<u>778,720</u>		<u>160,346</u>
		1,145,574		706,582
CREDITORS: Amounts falling due within one year	10	<u>976,749</u>		<u>544,265</u>
NET CURRENT ASSETS			<u>168,825</u>	<u>162,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>171,789</u>	<u>166,308</u>
CAPITAL AND RESERVES				
Called-up equity share capital	13		75,000	75,000
Profit and loss account	14		<u>96,789</u>	<u>91,308</u>
SHAREHOLDERS' FUNDS	15		<u>171,789</u>	<u>166,308</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 28.3.11, and are signed on their behalf by


S GOBLE ESQ


M W VOLLBRACHT ESQ

Company Registration Number 4520818

The notes on pages 8 to 13 form part of these financial statements

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

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 398 of the Companies Act 2006 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

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 within 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

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES *(continued)*

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

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

	2010	2009
	£	£
United Kingdom	2,700,359	1,312,873
Europe	44,039	43,697
	<u>2,744,398</u>	<u>1,356,570</u>

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation of owned fixed assets	2,041	2,005
Auditor's fees	3,500	3,500
Net loss/(profit) on foreign currency translation	<u>20,050</u>	<u>(10,882)</u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Aggregate remuneration	<u>86,012</u>	<u>80,453</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Bank interest receivable	-	201
Other similar income receivable	<u>20</u>	<u>-</u>
	<u>20</u>	<u>201</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010	2009
	£	£
Current tax		
UK Corporation tax based on the results for the year at 21% (2009 - 28%)	2,974	(13,218)
Over/under provision in prior year	<u>(167)</u>	<u>-</u>
Total current tax	<u>2,807</u>	<u>(13,218)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009 - 28%)

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	<u>8,288</u>	<u>(56,279)</u>
Profit/(loss) on ordinary activities by rate of tax	1,740	(15,758)
Expenses not deductible for tax purposes	1,224	2,282
Capital allowances for the period in excess of depreciation	10	(105)
Change in tax rate during year	-	363
Under provision in previous period	<u>(167)</u>	<u>-</u>
Total current tax (note 6(a))	<u>2,807</u>	<u>(13,218)</u>

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

7. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
COST				
At 1 January 2010	17,502	6,357	6,899	30,758
Additions	–	–	1,014	1,014
At 31 December 2010	17,502	6,357	7,913	31,772
DEPRECIATION				
At 1 January 2010	16,587	4,091	6,089	26,767
Charge for the year	816	340	885	2,041
At 31 December 2010	17,403	4,431	6,974	28,808
NET BOOK VALUE				
At 31 December 2010	99	1,926	939	2,964
At 31 December 2009	915	2,266	810	3,991

8 STOCKS

	2010 £	2009 £
Stock	106,477	98,908

9. DEBTORS

	2010 £	2009 £
Trade debtors	255,113	372,949
Amounts owed by group undertakings	–	58,711
Corporation tax repayable	–	13,218
Other debtors	5,264	2,450
	260,377	447,328

10. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	2,318	4,051
Amounts owed to group undertakings	683,772	237,398
Corporation tax	2,974	–
Other taxation and social security	244,727	57,428
Other creditors	42,958	245,388
	976,749	544,265

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	768	1,405	3,266
Within 2 to 5 years	<u>11,880</u>	<u>20,643</u>	<u>-</u>	<u>768</u>
	<u>11,880</u>	<u>21,411</u>	<u>1,405</u>	<u>4,034</u>

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	£ conversion
HEGLA Fahrzeugbau GmbH & Co KG, Satteldorf	Connected	Purchases	159,274	(45,154)	(38,866)
HEGLA Maschinenbau GmbH & Co KG, Doschwitz	Connected	Purchases	435,905	(150,047)	(129,153)
HEGLA GmbH & Co KG, Beverungen	Parent	Purchases Deposits	1,372,438	(634,955) 24,578	(546,514) 21,156
HEGLA GmbH & Co KG, Wartung und Service, Beverungen	Connected	Purchases	7,043	(4,857)	(4,180)

During the year the company purchase goods from Agile Networking Solutions Limited totalling £1,218. The managing director of Agile Networking Solutions Limited is the half brother of G Smith Esq, who is a key staff member of Hegla Machinery (UK) Limited

13. SHARE CAPITAL

Authorised share capital:

	2010 £	2009 £
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

HEGLA MACHINERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

13. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid.

	2010		2009	
	No	£	No	£
75,000 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

	2010	2009
	£	£
Balance brought forward	91,308	134,369
Profit/(loss) for the financial year	<u>5,481</u>	<u>(43,061)</u>
Balance carried forward	<u>96,789</u>	<u>91,308</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	5,481	(43,061)
Opening shareholders' funds	<u>166,308</u>	<u>209,369</u>
Closing shareholders' funds	<u>171,789</u>	<u>166,308</u>

16. ULTIMATE PARENT COMPANY

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