

Company Registration No. 562216 (England and Wales)

DANTHERM FILTRATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



DANTHERM FILTRATION LIMITED

COMPANY INFORMATION

Directors	R Halliwell C Christensen T Duer
Secretary	D Wood
Company number	562216
Registered office	Limewood Approach Seacroft Leeds LS14 1NG
Auditors	HLB Vantis Audit New Exchange Buildings Queen's Square Middlesbrough TS2 1AA
Accountants	Vantis New Exchange Buildings Queen's Square Middlesbrough TS2 1AA
Bankers	National Westminster Bank Leeds Markets Branch 66 Vicar Lane Leeds LS1 7JQ Danske Bank London Cash Management 75 King William Street London EC4N 7DT
Solicitors	DLA Piper Rudnick Gray Cary Princes Exchange Princes Square Leeds LS1 4B7

DANTHERM FILTRATION LIMITED

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DANTHERM FILTRATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be that of contracting and marketing of dust extraction equipment. The company is a limited liability company incorporated in England and Wales.

Directors

The following directors have held office since 1 January 2005:

R Halliwell
C Christensen
T Duer

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
C Christensen	-	-
T Duer	-	-
R Halliwell	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB Vantis Audit be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

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 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 proper accounting records which 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 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.

On behalf of the board



R Halliwell

Director

02/02/06.....

DANTHERM FILTRATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANTHERM FILTRATION LIMITED

We have audited the financial statements of Dantherm Filtration Limited on pages 4 to 21 for the year ended 31 December 2005. These financial statements have been prepared accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards.

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 or 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.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

DANTHERM FILTRATION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF DANTHERM FILTRATION LIMITED

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards (IFRSs), of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB Vantis Audit

HLB Vantis Audit

Chartered Accountants and Registered Auditors
New Exchange Buildings
Queen's Square
Middlesbrough
TS2 1AA

3 February 2006

DANTHERM FILTRATION LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Continuing operations			
Revenue	3	4,945,502	4,847,529
Cost of sales		(3,425,572)	(3,394,602)
Gross profit		1,519,930	1,452,927
Administrative expenses		(1,396,692)	(1,513,485)
Other operating income		61,439	62,779
Profit from operations	4	184,677	2,221
Finance costs	5	(29,147)	(51,076)
Profit/(loss) before tax		155,530	(48,855)
Tax	6	6,952	30,406
Profit/(loss) for the period	17	162,482	(18,449)

DANTHERM FILTRATION LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

		2005	2004
	Notes	£	£
Non-current assets			
Property, plant and equipment	7	243,345	273,640
Investments in subsidiaries	8	71,969	71,969
		<u>315,314</u>	<u>345,609</u>
Current assets			
Inventories	9	234,356	254,834
Trade and other receivables	10	871,159	1,601,200
Cash and cash equivalents		5,561	7,172
		<u>1,111,076</u>	<u>1,863,206</u>
Total assets		<u>1,426,390</u>	<u>2,208,815</u>
Current liabilities			
Bank overdrafts and loans	11	46,134	822,773
Trade and other payables	12	904,855	1,228,123
		<u>950,989</u>	<u>2,050,896</u>
Net current assets		<u>475,401</u>	<u>157,919</u>
Non-current liabilities			
Long-term provisions	14	32,561	27,561
Other non-current liabilities	13	71,969	71,969
		<u>104,530</u>	<u>99,530</u>
Net assets		<u>370,871</u>	<u>58,389</u>
Shareholder's Equity			
Share capital	16	2,067,640	1,917,640
Share premium account	17	59,946	59,946
Retained earnings	17	(1,756,715)	(1,919,197)
Total equity		<u>370,871</u>	<u>58,389</u>

DANTHERM FILTRATION LIMITED

BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2005

The financial statements were approved by the Board on of directors and authorised for issue
on...02/02/2006.....

They were signed on its behalf by:



.....
R Halliwell
Director

DANTHERM FILTRATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Net cash from operating activities	<u>650,538</u>	<u>695,170</u>
Investing activities		
Purchase of property, plant and equipment	(35,860)	(35,986)
Proceeds on disposal of property, plant and equipment	<u>10,350</u>	<u>13,067</u>
Net cash used in investing activities	<u>(25,510)</u>	<u>(22,919)</u>
Financing activities		
Issue of ordinary share capital	150,000	250,000
Repayment of long term bank loan	(500,000)	-
Net cash from financing activities	<u>(350,000)</u>	<u>250,000</u>
Net Increase in cash and cash equivalents	<u><u>275,028</u></u>	<u><u>922,251</u></u>

DANTHERM FILTRATION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash from operating activities	2005	2004
		£	£
	Profit from operations	184,677	2,221
	Adjustments for:		
	Depreciation of property, plant and equipment	66,155	89,544
	Profit on disposal of property, plant and equipment	(10,350)	(2,640)
	Operating cash flows before movements in working capital	240,482	89,125
	Decrease/(increase) in inventories	20,478	(68,099)
	Decrease in receivables	736,993	484,627
	(Decrease)/Increase in payables	(318,268)	249,187
	Cash generated by operations	439,203	665,715
	Income taxes paid	-	(8,594)
	Interest paid	(29,147)	(51,076)
		(29,147)	(59,670)
	Net cash from operating activities	650,538	695,170

2	Analysis of net debt	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	7,172	(1,611)	-	5,561
	Bank overdrafts	(322,773)	276,639	-	(46,134)
		(315,601)	275,028	-	(40,573)
	Debt:				
	Debts falling due within one year	(500,000)	500,000	-	-
	Net debt	(815,601)	775,028	-	(40,573)

DANTHERM FILTRATION LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Increase in cash in the year	275,028	922,251
	Cash outflow from decrease in debt	500,000	-
		<hr/>	<hr/>
	Movement in net debt in the year	775,028	922,251
	Opening net debt	(815,601)	(1,737,852)
		<hr/>	<hr/>
	Closing net debt	<u>(40,573)</u>	<u>(815,601)</u>

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 General Information

Dantherm Filtration Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the directors report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2 Accounting policies

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in note 22.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered, installation completed and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.3 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the company's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Accounting policies

(continued)

2.4 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Land and buildings Leasehold	2 - 15%
Plant and machinery	15 - 25%
Fixtures, fittings & equipment	15 - 25%
Motor vehicles	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

The company has a capitalisation policy where the de minimus value is set at £1,000.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

2.6 Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using actual cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Accounting policies

(continued)

2.8 Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.9 Deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.10 Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Accounting policies

(continued)

2.11 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.12 Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

2.13 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.14 Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2.15 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.16 Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Accounting policies

(continued)

2.17 Provisions

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's liability.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring that has been communicated to affected parties.

3 Revenue

Revenue derived from one class of business, being the contracting and marketing of dust extraction equipment.

Geographical market

	Turnover	
	2005	2004
	£	£
United kingdom	4,799,807	4,716,543
Europe	104,138	82,767
Rest of world	41,558	48,219
	<u>4,945,503</u>	<u>4,847,529</u>

4 Profit from operations

	2005	2004
	£	£
Profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	66,155	89,544
Operating lease rentals		
- Plant and machinery	8,799	-
Auditors' remuneration	15,837	14,835
Remuneration of auditors for non-audit work	1,500	1,500
and after crediting:		
Profit on disposal of property, plant and equipment	(10,350)	(2,640)
Net foreign exchange losses/(gains)	(29,639)	(10,745)
	<u></u>	<u></u>

5 Finance costs

	2005	2004
	£	£
Interest on bank overdrafts and loans	<u>29,147</u>	<u>51,076</u>

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Tax	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	-	(39,000)
	Adjustment for prior years	(6,952)	8,594
	Current tax charge	<u>(6,952)</u>	<u>(30,406)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>155,530</u>	<u>(48,855)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 30.00%)	<u>29,551</u>	<u>(14,657)</u>
	Effects of:		
	Non deductible expenses	614	8,612
	Depreciation add back	(32,366)	(49,097)
	Tax losses utilised	2,201	-
	Adjustments to previous periods	(6,952)	8,594
	Group relief	-	55,142
	Other tax adjustments	-	(39,000)
		<u>(36,503)</u>	<u>(15,749)</u>
	Current tax charge	<u>(6,952)</u>	<u>(30,406)</u>

The company has estimated losses of £ 1,687,391 (2004: £ 1,675,000) available for carry forward against future trading profits. Approximately £500,000 of the tax losses are subject to certain restrictions. Capital allowances have been disclaimed in the prior periods. These will be available to reduce taxable profits of future periods.

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Property, plant and equipment

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2005	291,287	502,667	252,773	228,453	1,275,180
Additions	-	10,170	-	25,690	35,860
Disposals	-	-	-	(104,060)	(104,060)
At 31 December 2005	291,287	512,837	252,773	150,083	1,206,980
Accumulated depreciation and impairment					
At 1 January 2005	125,193	480,049	237,130	159,168	1,001,540
Elimination on disposals	-	-	-	(104,060)	(104,060)
Charge for the year	10,808	8,927	9,468	36,952	66,155
At 31 December 2005	136,001	488,976	246,598	92,060	963,635
Carrying amount					
At 31 December 2005	155,286	23,861	6,175	58,023	243,345
At 31 December 2004	166,094	22,618	15,643	69,285	273,640

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Investments in subsidiaries

	Shares in subsidiary undertakings £
Cost	
At 1 January 2005 & at 31 December 2005	71,969
Net book value	
At 31 December 2005	71,969
At 31 December 2004	71,969

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Nordfab DPE Limited	England & Wales	Ordinary	100.00
Dust Plan Environmental Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2005 £	Profit for the year 2005 £
	Principal activity		
Nordfab DPE Limited	Dormant	71,969	-
Dust Plan Environmental Limited	Dormant	2	-

9 Inventories

	2005 £	2004 £
Raw materials	157,103	186,877
Work in progress	77,253	67,957
	234,356	254,834

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Trade and other receivables	2005	2004
	£	£
Trade debtors	859,902	1,523,719
Less: Provision for impairment of receivable	(55,920)	(20,422)
Trade debtors - net	803,982	1,503,297
Amounts owed by parent and fellow subsidiary undertakings	1,864	26,146
Corporation tax	45,952	39,000
Other debtors	3,945	16,605
Prepayments and accrued income	15,416	16,152
	<u>871,159</u>	<u>1,601,200</u>
11 Bank overdrafts and loans	2005	2004
	£	£
Bank overdrafts	46,134	322,773
Bank loans	-	500,000
	<u>46,134</u>	<u>822,773</u>
The borrowings are repayable as follows:		
On demand or within one year	-	500,000
	<u>-</u>	<u>500,000</u>
12 Trade and other payables	2005	2004
	£	£
Payments received on account	79,374	229,291
Trade payables	159,468	200,087
Amounts owed to parent and fellow subsidiary undertakings	136,209	327,009
Social security and other taxes	186,711	186,748
Other creditors	5,124	44,636
Accruals and deferred income	337,969	240,352
	<u>904,855</u>	<u>1,228,123</u>
13 Other non-current liabilities	2005	2004
	£	£
Amounts due to subsidiaries	71,969	71,969
	<u>71,969</u>	<u>71,969</u>

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Long term provisions

	Warranty provision £
Balance at 1 January 2005	27,561
Additional provision in year	5,000
	<u>32,561</u>
Balance at 31 December 2005	<u>32,561</u>

The provision relates to warranty work that may be required to be completed under the terms of contracts completed at the year end.

15 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	<u>25,019</u>	<u>14,885</u>

16 Share capital

	2005 £	2004 £
Authorised		
2,676,043 Ordinary shares of £1 each	<u>2,676,043</u>	<u>2,676,043</u>
Allotted, called up and fully paid		
2,067,640 Ordinary shares of £1 each	<u>2,067,640</u>	<u>1,917,640</u>

During the year the company issued 150,000 ordinary shares of £1 each for a consideration of £150,000.

17 Statement of changes in shareholders' equity

	Share capital £	Share premium account £	Retained earnings £
Balance at 1 January 2005	1,917,640	59,946	(1,919,197)
New shares issued in year	150,000	-	-
Retained earnings	-	-	162,482
	<u>2,067,640</u>	<u>59,946</u>	<u>(1,756,715)</u>
Balance at 31 December 2005	<u>2,067,640</u>	<u>59,946</u>	<u>(1,756,715)</u>

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Related party transactions

2005

£

The company had transactions with related parties during the year as follows:

Sales	4,835
Purchases	2,560,470
Year end payables	136,209
Year end receivables	1,864

The related party transactions are all with fellow subsidiaries Dantherm Filtration SAS, Dantherm Filtration Sp. z o.o., Dantherm Filtration GmbH, Dantherm Filtration Holding A/S, Dantherm Filtration A/S and Dantherm Filtration AB.

19 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	2005	Other
	£	2004
		£
Operating leases which expire:		
Between two and five years	23,689	-

DANTHERM FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Production	7	7
Selling	21	19
Development	-	1
Administration	5	5
	<u>33</u>	<u>32</u>

Employment costs

	2005 £	2004 £
Wages and salaries	858,124	805,846
Social security costs	69,226	83,671
Other pension costs	25,019	14,885
	<u>952,369</u>	<u>904,402</u>

21 Control

The company is a subsidiary undertaking of DH Industriventilation A/S, a company incorporated in Denmark.

The largest group in which the results of the company are consolidated is that headed by Dantherm Holdings A/S. The consolidated financial statements of this group are available to the public.

22 Explanation of transition to IFRSs

This is the first year that the company has presented its financial statements under IFRS. No adjustments to profit or net assets have been necessary. The last financial statements under UK GAAP were for the year ended 31 December 2004 and the date of transition to IFRSs was therefore 1 January 2004.