

Company Registration No 1210198

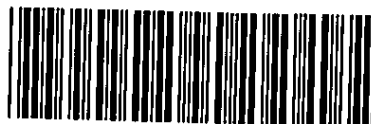
Spiroflow Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2006

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COMPANIES HOUSE

Spiroflow Limited (formerly Spiroflow Group Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Podevyn
C Podevyn

SECRETARY

A Wilson

REGISTERED OFFICE

Lincoln Way
Clitheroe
Lancashire
BB7 1QG

AUDITORS

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

Lloyds TSB Bank plc
7 Church Street
Clitheroe
Lancashire
BB7 2DD

Spiroflow Limited (formerly Spiroflow Group Limited)

DIRECTORS' REPORT

The directors submit their report and the financial statements of Spiroflow Limited (formerly Spiroflow Group Limited) for the year ended 31 December 2006

CHANGE OF NAME

The company changed its name by special resolution to Spiroflow Limited on 13 January 2006. On the same date its wholly owned subsidiary, Spiroflow Limited, changed its name to Spiroflow UK Limited.

PRINCIPAL ACTIVITIES

The principal activity of the group and the company continued to be that of the development, manufacture and sale of bulk handling equipment for dry solids and ingredients.

REVIEW OF THE BUSINESS

In October 2005 the decision was made to simplify the UK operations by transferring the trades of the two subsidiaries into the parent company. As a result the profit and loss account (which shows the parent company legal entity only) does not show the comparative activities of the UK business as a whole. These are summarised below:

	2006 £'000	2005 £'000
Turnover	2,589	2,587
Gross profit	1,227	1,243
Profit before tax	89	119

While turnover in 2006 remained steady, the company strategy has changed, with focus on larger contracts for blue chip customers.

This strategy has generated a significantly higher order book coming into 2007, and the directors are confident about the prospects for the year.

RESULTS AND DIVIDENDS

The profit and loss for the year is set out on page 6.

The directors do not recommend payment of a final dividend.

FUTURE DEVELOPMENTS

The directors anticipate further growth during the next year.

DIRECTORS

The following directors have held office since 1 January 2006:

M Podevyn
C Podevyn

Spiroflow Limited (formerly Spiroflow Group Limited)

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

Credit Risk

The company mainly trades with long standing customers, credit checks are used for new customers to mitigate any credit risk

Fair Value Interest Rate Risk

The company does not hedge its interest rate risk

Price Risk

The company uses preferred supplier agreements with suppliers to manage its exposure to variation in market prices

Liquidity

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows

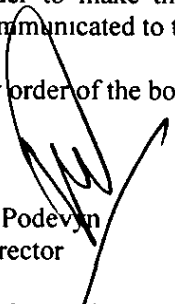
AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5) Baker Tilly UK Audit LLP has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the board



M Podevyn
Director

14 September 2007

Spiroflow Limited (formerly Spiroflow Group Limited)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and 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 period.

In preparing these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgments and estimates that are reasonable and prudent,
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 that 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPIROFLOW LIMITED (FORMERLY SPIROFLOW GROUP LIMITED)

We have audited the financial statements on pages 6 to 18

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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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.

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 at 31 December 2006 and of its profit for the year then ended and 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

Leeds

25 September 2007

Spiroflow Limited (formerly Spiroflow Group Limited)

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005* £
TURNOVER		2,588,525	1,061,550
Cost of sales		(1,361,801)	(926,750)
Gross profit		1,226,724	134,800
Administrative expenses		(1,122,976)	(458,932)
Other operating income		1,160	352,303
OPERATING PROFIT	2	104,908	28,171
Interest receivable and similar income	3	6,388	-
Dividends received from subsidiary undertakings	3	-	308,511
Interest payable and similar charges	4	(22,172)	(5,303)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		89,124	331,379
Taxation	6	(27,191)	(7,683)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		61,933	323,696

The profit for the year arises from the company's continuing operations

*On 31 October 2005 the trades of the two UK subsidiaries were transferred into this company. As a result the 2006 results represent a full year's trading of the UK company. This is explained further on page 2.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Spiroflow Limited (formerly Spiroflow Group Limited)

BALANCE SHEET

31 December 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	719,041	770,113
Investments	9	165,004	165,004
		<u>884,045</u>	<u>935,117</u>
CURRENT ASSETS			
Stocks	10	253,685	229,787
Debtors	11	572,183	556,637
Assets held for resale	12	214,225	
Cash at bank and in hand		16,025	2,210
		<u>1,056,118</u>	<u>788,634</u>
CREDITORS Amounts falling due within one year	13	(914,542)	(958,297)
NET CURRENT ASSETS/(LIABILITIES)		<u>141,576</u>	<u>(169,663)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,025,621</u>	<u>765,454</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Revaluation reserve	15	426,452	231,601
Profit and loss account	15	499,169	433,853
SHAREHOLDERS' FUNDS	15	<u>1,025,621</u>	<u>765,454</u>

The financial statements on pages 6 to 18 were approved by the board of directors and authorised for issue on 14 September 2007 and are signed on its behalf by


M Poley
Director

Spiroflow Limited (formerly Spiroflow Group Limited)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and in accordance with applicable accounting standards

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Land and buildings	2% per annum on valuation
Plant and machinery	15%-25% per annum – straight line
Fixtures, fittings and equipment	15% per annum – straight line
Motor vehicles	25%-33% per annum - straight line

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSIONS

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Spiroflow Limited (formerly Spiroflow Group Limited)

ACCOUNTING POLICIES

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers

GROUP ACCOUNTS

The company has taken advantage of the exemption provided by S248 of the Companies Act 1985 from the requirement to prepare group accounts. Accordingly the financial statements present information about the company as an individual undertaking

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1 TURNOVER

The company's turnover and profit before taxation were all derived from its principal activity
Sales were made in the following geographical markets

	2006 £	2005 £
United Kingdom	2,036,898	999,674
Europe	492,193	25,082
Rest of the world	59,434	36,794
	<u>2,588,525</u>	<u>1,061,550</u>

2 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

Depreciation of tangible fixed assets	66,141	62,373
Auditors' remuneration	11,340	13,138
Remuneration of auditors for non-audit work	-	1,565
Loss/(profit) on disposal of tangible assets	150	(10,185)
(Profit) on foreign exchange transactions	(19,840)	(32,847)
	<u></u>	<u></u>

3 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable from subsidiary undertakings

2006 £	2005 £
6,388	-
<u></u>	<u></u>

4 INTEREST PAYABLE

On bank loans and overdrafts

2006 £	2005 £
22,172	5,303
<u></u>	<u></u>

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

5	EMPLOYEES	2006 No	2005 No
	The average monthly number of persons (including directors) employed by the company during the year was	29	7
	The average number of employees reflect the transfer of employees from the subsidiaries into this company with effect from 31 October 2005	2006 £	2005 £
	Staff costs for above persons		
	Wages and salaries	795,765	311,464
	Social security costs	89,407	14,901
	Other pension costs	40,328	26,721
		925,500	353,086
	DIRECTORS' EMOLUMENTS	2006 £	2005 £
	Emoluments for qualifying services	135,313	214,604
	Pension contributions	24,000	24,000
		159,313	238,604
	The number of directors to whom relevant benefits are accruing under money purchase pension scheme was 2 (2005 2)		

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

6	TAXATION	2006 £	2005 £
	Corporation tax		
	UK corporation tax on profits of period	21,880	7,667
	Adjustments in respect of prior years	5,311	16
		<u>27,191</u>	<u>7,683</u>
	Total current tax	27,191	7,683
		<u>27,191</u>	<u>7,683</u>
	Tax on profit on ordinary activities	27,191	7,683
	Factors affecting the tax charge for the period		
	The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK (19%) The differences are explained below		
		2006 £	2005 £
	Profit on ordinary activities before tax	89,124	331,379
		<u>16,934</u>	<u>99,414</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 30%)	16,934	99,414
	Effects of		
	Expenses not deductible for tax purposes	1,636	3,203
	Income not taxable	-	-
	Depreciation on ineligible items	2,352	(95,609)
	Depreciation excess of capital allowances	958	672
	Adjustments to previous periods	5,311	16
	Marginal relief	-	(13)
		<u>27,191</u>	<u>7,683</u>
	Current tax charge for the period	27,191	7,683
7	DIVIDENDS	2006 £	2005 £
	Ordinary		
	Interim paid	-	50,000
		<u>-</u>	<u>50,000</u>

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

8 TANGIBLE FIXED ASSETS

	<i>Investment property</i>	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation						
1 January 2006	214,225	475,000	358,255	18,079	195,563	1,261,122
Additions	-	2,950	14,739	10,894	3,775	32,358
Revaluation	-	172,050	-	-	-	172,050
Disposals	-	-	-	-	(8,881)	(8,881)
Transfer to assets held for resale	(214,225)	-	-	-	-	(214,225)
31 December 2006	-	650,000	372,994	28,973	190,457	1,242,424
Depreciation						
1 January 2006	-	23,200	328,521	16,014	123,274	491,009
Charge for the year	-	14,739	11,079	4,029	36,294	66,141
Revaluation	-	(26,184)	-	-	-	(26,184)
Disposals	-	-	-	-	(7,583)	(7,583)
31 December 2006	-	11,755	339,600	20,043	151,985	523,383
Net book value						
31 December 2006	-	638,245	33,394	8,930	38,472	719,041
31 December 2005	214,225	451,800	29,734	2,065	72,289	770,113

The company's freehold premises at Lincoln Way, Clitheroe were valued at a current market value of £650,000 in September 2006 by Trevor Dawson Chartered Surveyors. This valuation has been incorporated into the financial statements. The directors of the company are of the opinion that the current market value of the property is not materially different from the revalued amount.

The company's investment property was transferred to assets held for resale as at 31 December 2006 as the intention of the directors is to sell the property within 12 months of the balance sheet date.

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

8 TANGIBLE FIXED ASSETS *(continued)*

Comparable historical cost for the land and buildings included at valuation	£
Cost	
At 1 January 2006	349,624
Additions	2,950
	<hr/>
At 31 December 2006	352,574
	<hr/>
Depreciation based on cost	
1 January 2006	104,367
Charge for the year	7,051
	<hr/>
31 December 2006	111,418
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Net book value	
31 December 2006	241,156
	<hr/>
31 December 2005	245,257
	<hr/>

9 FIXED ASSETS INVESTMENTS

	<i>Unlisted investments</i> £	<i>Shares in group undertakings</i> £	<i>Total</i> £
Cost or valuation			
1 January 2006 & 31 December 2006	165,000	4	165,004
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
1 January 2006 & 31 December 2006	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 2006	165,000	4	165,004
	<hr/>	<hr/>	<hr/>
31 December 2005	165,000	4	165,004
	<hr/>	<hr/>	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

9 FIXED ASSETS INVESTMENTS *(continued)*

Holdings of more than 20%

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

<i>Subsidiary undertakings</i>	<i>Country of registration of incorporation</i>	<i>Shares held Class</i>	<i>%</i>	<i>Profit/(loss) for period</i>	<i>Capital and reserves</i>
Spiroflow UK Limited	England	Ordinary	100	Nil	2
Spiroflow Powder Handling Limited	England	Ordinary	100	Nil	3
Spiroflow Systems Inc	USA	Ordinary	64	-	

The principal activity of these undertakings for the last relevant financial year was as follows

Principal activity

Spiroflow UK Limited	Dormant
Spiroflow Powder Handling Limited	Dormant
Spiroflow Systems Inc	Manufacture and sale of systems

Unlisted investments represent shares held by company in Astroscale Limited

Astroscale Limited acts as a corporate trustee to administer the Employee Benefit Trust of Spiroflow Limited, a wholly-owned subsidiary of Spiroflow Group Limited

Astroscale Limited owns 25,000 ordinary shares of £1 each in the company

10 STOCKS	2006 £	2005 £
Raw materials and consumables	185,252	161,348
Work in progress	47,754	47,758
Finished goods and goods for resale	20,679	20,681
	<u>253,685</u>	<u>229,787</u>

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

11	DEBTORS	2006 £	2005 £
	Trade debtors	400,655	417,778
	Amounts owed by group undertakings	142,302	111,279
	Corporation tax	-	7,492
	Other debtors	7,936	11,411
	Prepayments and accrued income	21,290	8,677
		<u>572,183</u>	<u>556,637</u>

12	ASSETS HELD FOR RESALE	2006 £	2005 £
	Property	214,225	-
		<u>214,225</u>	<u>-</u>

The company's investment property at The Coach House, Pimlico Road, Clitheroe is included in the accounts at its acquisition value. The property has subsequently been sold.

13	CREDITORS Amounts falling due within one year	2006 £	2005 £
	Bank loans and overdrafts	341,030	206,758
	Trade creditors	237,927	263,987
	Amounts owed to group undertakings	25,841	200,406
	Corporation tax	21,880	7,683
	Other taxation and social security	55,392	62,226
	Accruals and deferred income	232,472	217,237
		<u>914,542</u>	<u>958,297</u>

The bank overdraft is secured by

- 1) A first legal charge over the freehold land and buildings and investment property
- 2) A debenture over the group's assets

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

14	SHARE CAPITAL	2006 £	2005 £
	Authorised 100,000 ordinary shares of £1 each	100,000	100,000
	Allotted, issued and fully paid 100,000 ordinary shares of £1 each	100,000	100,000

15	STATEMENT OF MOVEMENTS ON RESERVES	Share capital £	Revaluation Reserve £	Profit and loss account £	Total shareholder funds £
	Balance at 1 January 2006	100,000	231,601	433,853	765,454
	Profit for the year	-		61,933	61,933
	Transfer from revaluation reserve to profit and loss account	-	(3,383)	3,383	-
	Revaluation	-	198,234	-	198,234
	Balance at 31 December 2006	100,000	426,452	499,169	1,025,621

16 CONTROL

The group is under the control of the directors by virtue of their shareholding in Spiroflow Group Limited

17 RELATED PARTY TRANSACTIONS

During the year sales of £81,433 were made to Spiroflow Systems Incorporated, a subsidiary of Spiroflow Limited. Management recharges of £68,670 were also made in the year along with purchases of £31,771.

At 31 December 2006, there was an amount of £114,039 (2005 £94,402) due from Spiroflow Systems Incorporated.

At 31 December 2006, there was an amount of £16,172 (2005 £16,877) due from Oxo LLC, a company which has a common director.

At 31 December 2006, there was an amount of £nil (2005 £63,047) due to Spiroflow Powder Handling Limited, a subsidiary of Spiroflow Limited.

At 31 December 2006, there was an amount of £nil (2005 £124,859) due to Spiroflow UK Limited, a subsidiary of Spiroflow Limited.

Spiroflow Limited (formerly Spiroflow Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

17 RELATED PARTY TRANSACTIONS *(continued)*

At 31 December 2006, there was an amount of £13,750 (2005 £nil) due to Astroscale Limited, a shareholder of Spiroflow Limited

All of the above transactions were at normal commercial rates

In the opinion of the directors there are no further transactions that require disclosure under the Financial Reporting Standard No 8