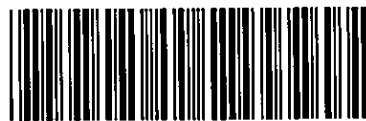


Registrar

**MARTIN MANUFACTURING (UK) PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

Company Registration No. 1913440 (England and Wales)

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# MARTIN MANUFACTURING (UK) PLC

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# MARTIN MANUFACTURING (UK) PLC



## COMPANY INFORMATION

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<b>Directors</b>	C Engsted J S H Kjaer L Dige	(Appointed 1 October 2006)
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<b>Secretary</b>	P Leach
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<b>Company number</b>	1913440
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<b>Registered office</b>	The Tanners, 75 Meadow Godalming Surrey GU7 3HU
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<b>Auditors</b>	Forrester Boyd 139 Eastgate Louth Lincolnshire LN11 9QQ
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<b>Bankers</b>	Nordea Bank Finland Plc 10 Thomas More street London E1W 1YF
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# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their report and financial statements for the year ended 31 December 2006

### Principal activities

The principal activity of the company continued to be that of

- >Design, development, manufacture and distribution of equipment to entertainment and security industry
- >Service and support

### Business Review

The principal activities of the company continued to be design, manufacture and distribution of fog technology, machines and fluid to entertainment and security industries. Martin Manufacturing (UK) plc's fog systems boast a range of machines and fluid types to create fog effects from heavy low fog to fine quick dispensing mist that allows lighting designers to create special effects in theatres, movies, TV studios etc. Martin Manufacturing (UK) plc's main customer is mother company Martin Professional A/S, who produce computer controlled lighting, also called "intelligent lighting", high technology luminaires utilised throughout all sectors of the entertainment industry. Martin's application, with our products in smoke machines gives the company the ability to offer complete entertainment package. The other important business area is the sale of smoke machines to Martin Security Smoke A/S (MSS) who sell Smokecloak machines to the security industry. Smokecloak is a device that fills a building with a dense artificial smoke or vapour - security fog, so thick that the criminal is incapable of continuing his villainous task and has little choice but to leave the premises empty-handed.

### Research and development

New products are essential within the market in which we operate and during 2006 we have launched two new products, which have also increased the level of smoke fluid sold. Further in 2006 implementation of efficient pipeline in R&D, has resulted in development of five new products, presented on exhibitions in the UK and the USA - to be launched at the start of 2007. As part of the continuous pipeline of new products, we have projects planned into 2008.

### Description of principle risks and uncertainties

Together with business improvements, we increased R&D activities to secure us as market leaders in our field. A combination of controlled growth of complex products to be manufactured in our UK company and, at the same time, developing high volume low cost products to be transferred to our affiliate company means that next year we will be a strong presence in the Martin group, with no visible threat or risks facing the company. The company attaches great importance to an open dialogue with all staff involved, from moving high labour cost production - to low cost China, or start low country sourcing project, that can give us the necessary effect from globalisation in our market. We monitor constantly all competitors within our market, and we do not see a visible threat or risk facing the company.

# MARTIN MANUFACTURING (UK) PLC



## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### Position of company at the year end

The company performed well throughout 2006. Training played a big part in the strategy for 2006 and continues in 2007. The result of this training, especially across middle management, and the implementation of the Lean Manufacturing Project in December 2006, will impact greatly on how the company performs in 2007. The Group places significant emphasis on its employees' involvement in the business at all levels. It is felt by all staff that the company is better prepared than ever to meet the challenges ahead and to enhance its position still further, both within the Martin Group and as a major player within the market.

Fundamental improvements on operations, business processes and customer focus restructures training program is reflected in increased productivity, from a business point of view, reflected in fewer employees on the shop floor at the end of 2006. Martin Manufacturing (UK) plc has worked closely together with Lincolnshire Chamber of Commerce & Industry, Lincoln College, "ASSA + L Training" in business improvements technicians program (B I T) and Team Leading certificate, to prepare all employees for future programs in increasing the business results. Moreover, in the fourth quarter of 2006, MMUK started the Lean Manufacturing Project with the aim of enhancing efficiency, productivity and finally customers' satisfaction. MMUK has confidence that company efficiency, cost, quality and customer satisfaction can be improved significantly in this process.

### Results and key performance indicators

Peak turnover, in March and August, with fairly even turnover during the rest of 2006, with total turnover for the year above budget and results to our satisfaction, - growth in 2006 is consistent with the last three year controlled growth. Despite a stable market in the industry, our growth supported our company strategy taking market shares on to global market, through our sales from the mother company Martin Professional A/S, which as well had a significant growth in 2006, also ending with a positive result.

Tight control using KPI is part of maintaining success with the company

	2006	2005
Turnover	4,100.8k	3,417.6k
Turnover growth	20.00%	11.74%
Net profit margin	1.44%	4.35%
Asset turnover	2.12	1.81
ROIC (note 1)	0.89	2.24
Raw materials turnover	5.58	4.87
Creditors turnover	51.26 days	49.38 days
Current ratio	1.18	0.62
Depreciation % for R&D	10.30%	7.46%
Depreciation % for plant and equipment	32.46%	13.68%

Note 1 - Return on capital equals net profit after tax divided by share capital

To maintain control we monitor performance from financial, quality and customer values in delivery performance and service support. Internally we monitor performance, efficiency, delivery, quality, stock levels and absence, and monthly all employees can read a report of the previous month's results. On a monthly basis we deliver the same KPI's from financial, manufacturing, quality and human resource sector to be used from the mother company to compare companies in the Martin Group.

In 2006 MMUK conducted a key performance indicator benchmarking project with Martin Manufacturing Zhuhai Ltd (MMZL) with the intention of benefiting from each others experience. The general conclusion is that MMUK is performing satisfactorily.

# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

MMUK performed well in human resources, even though MMUK does not have a human resource department MMUK needed less indirect labour to support its direct workers, it needed less administrators to run the business, finally, the labour force in MMUK was very stable which gave positive influences on other perspectives in manufacturing like quality control and efficiency

An employee satisfaction survey was conducted in MMUK in 2006. Designed in house the questionnaire consisted of 20 questions and the average overall satisfaction level is 75%.

As a manufacturer, efficiency and quality are always high priorities. MMUK measure KPI every week and MMUK performed very well in both efficiency and quality aspects, with efficiency close to an average of 98% and measured quality on 99% according to the last quarter of 2006. It is believed that operators' turnover and education level, and continuous improvement in training are related to the performances.

### Results and dividends

The results for the year are set out on page 8. During the year no dividends were paid or proposed (2004 £Nil).

### Directors

The following directors have held office since 1 January 2006

C Engsted	(Appointed 1 October 2006)
J S H Kjaer	
L Dige	

### Directors' interests

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

	Ordinary shares of £1 each	
	31 December 2006	1 January 2006
C Engsted	-	-
J S H Kjaer	-	-
L Dige	-	-

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

### Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees. This is achieved through formal and informal meetings where necessary.

### Political and charitable donations

The company made no charitable and political donations during the year (2005 £nil).

# MARTIN MANUFACTURING (UK) PLC



## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### Creditor payment policy

The terms of payment agreed with suppliers are that fellow subsidiaries are paid within 60 days and other suppliers within 30 days of invoice

The company's average creditor payment period at 31 December 2006 was 39 days (2005 37)

### Auditors

Forrester Boyd were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 and Article 4 of the IAS regulation. 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

### Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

On behalf of the board

J S H Kjaer  
Director

30 January 2007

# MARTIN MANUFACTURING (UK) PLC



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARTIN MANUFACTURING (UK) PLC

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We have audited the financial statements of Martin Manufacturing (UK) Plc for the year ended 31 December 2006 set out on pages 8 to 20. These financial statements have been prepared under the 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 auditors' 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 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, as set out in the Statement of Directors Responsibility.

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 and Article 4 of the IAS Regulation. 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications of our report if we became 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.



# MARTIN MANUFACTURING (UK) PLC



## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF MARTIN MANUFACTURING (UK) PLC

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### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation

*Forrester Boyd*

Forrester Boyd

31 January 2007

Chartered Accountants  
Registered Auditor

139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

# MARTIN MANUFACTURING (UK) PLC



## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Continuing Operations</b>			
Revenue	2	4,100,845	3,417,570
Cost of sales		(3,662,714)	(2,892,792)
<b>Gross profit</b>		438,131	524,778
Distribution costs		(9,700)	(25,891)
Administrative expenses		(277,477)	(245,470)
Other operating income		8,004	8,004
<b>Operating profit</b>	3	158,958	261,421
Investment revenues	4	3,932	2,881
Finance costs	5	(59,417)	(53,273)
<b>Profit before taxation</b>		103,473	211,029
Tax	6	(44,247)	(61,992)
<b>Profit after taxation</b>	16	59,226	149,037

There are no recognised gains and losses other than those passing through the income statement

# MARTIN MANUFACTURING (UK) PLC



## BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
<b>Non-current assets</b>					
Intangible assets	7	271,692		212,208	
Property, plant and equipment	8	302,060		397,209	
		<u>573,752</u>		<u>609,417</u>	
<b>Current assets</b>					
Inventories	9	642,110		557,631	
Trade and other receivables	10	605,693		649,623	
Deferred tax asset	10	72,368		59,366	
Cash and cash equivalents		39,396		11,658	
		<u>1,359,567</u>		<u>1,278,278</u>	
<b>Current liabilities</b>					
Trade and other payables	11	1,090,423		1,076,400	
Current tax payable	11	57,249		76,870	
		<u>1,147,672</u>		<u>1,153,270</u>	
<b>Net current assets</b>		<u>211,895</u>		<u>125,008</u>	
<b>Total assets less current liabilities</b>		<u>785,647</u>		<u>734,425</u>	
<b>Non-current liabilities</b>					
Deferred income	13	(3,510)		(11,514)	
		<u>782,137</u>		<u>722,911</u>	
<b>Equity</b>					
Share capital	15	66,500		66,500	
Profit and loss account	16	715,637		656,411	
<b>Shareholders' funds - equity interests</b>	17	<u>782,137</u>		<u>722,911</u>	

The financial statements were approved by the Board on 22 January 2007

  
J S H Kjaer  
Director



# MARTIN MANUFACTURING (UK) PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006	2005
	£	£
<b>Cash flow from operating activities</b>		
Profit before tax	103,473	211,029
Finance costs recognised in profit and loss	59,417	53,273
Investment revenue recognised in the profit and loss	(3,932)	(2,881)
Depreciation and amortisation of non current assets	141,971	120,569
	<u>300,929</u>	<u>381,990</u>
<b>Movements in working capital</b>		
(Increase)/decrease in trade and other receivables	43,930	(20,128)
(Increase)/decrease in inventories	(84,479)	(61,951)
Increase/(decrease) in trade and other payables	14,023	(13,767)
Increase/(decrease) in non current liabilities	(8,004)	(8,004)
	<u>266,399</u>	<u>278,140</u>
<b>Cash generated from operations</b>	<u>266,399</u>	<u>278,140</u>
Interest paid	(59,417)	(53,273)
Income taxes paid	(76,870)	-
	<u>130,112</u>	<u>224,867</u>
<b>Net cash used in operating activities</b>	<u>130,112</u>	<u>224,867</u>
<b>Cash flows from investing activities</b>		
Interest received	3,932	2,881
Payments for property, plant and equipment	(3,373)	(41,797)
Payments for intangible assets	(102,933)	(190,649)
	<u>(102,374)</u>	<u>(229,565)</u>
<b>Net cash from investing activities</b>	<u>(102,374)</u>	<u>(229,565)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>27,738</u>	<u>(4,698)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>11,658</u>	<u>16,356</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>39,396</u></u>	<u><u>11,658</u></u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting policies

#### 1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs)

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

#### 1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### 1.3 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 development expenditure is recognised only if it meets the conditions as specified in International Accounting Standard 38.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Development expenditure that cannot be distinguished from the research phase is recognised as an expense in the period in which it is incurred.

#### 1.4 Plant, property and equipment, and depreciation

Property, plant and equipment are initially recorded at cost of purchase and are depreciated on a straight line basis except for land which is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	Nil
Leasehold improvements	10-20% straight line basis
Computers	20-33% straight line basis
Furniture and equipment	20% straight line basis
Motor vehicles	20% straight line basis

Under IAS 16 buildings should be depreciated as they have a limited useful economic life. As we are unable to distinguish between land and building we have departed from this Standard having no material impact on the accounts.

Assets acquired under finance leases are depreciated over their useful economic lives.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 1 Accounting policies (continued)

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current balances with banks and other similar institutions, which are ready convertible to known amounts of cash which are subject to insignificant risk of changes in value

#### 1.7 Inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of the business after allowing for costs of realisation

#### 1.8 Pensions

The company operates a defined contribution pension scheme for senior members of staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### 1.9 Taxes

Income taxes include all taxes based upon the taxable profits of the company. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

Deferred income tax is provided using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

#### 1.10 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 the income statement.

#### 1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the income statement as the related expenditure is incurred.

### 2 Revenue

Revenue represents net invoiced sales of goods, excluding value added tax. Revenue is not reported separately by market as it is the opinion of the directors that this information would be seriously prejudicial to the interests of the company.

# MARTIN MANUFACTURING (UK) PLC



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

<b>3</b>	<b>Profit for the year</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Profit for the year is stated after charging		
	Amortisation of internally generated intangible assets	43,449	(8,351)
	Depreciation of property, plant and equipment	98,522	112,216
	Research and development	3,134	(29,853)
	Operating lease rentals		
	- Plant, machinery, etc	4,572	5,079
	- Other assets	40,000	40,001
	Auditors' remuneration	2,850	5,600
	Remuneration of auditors for non-audit work	450	2,200
	and after crediting		
	Government grants	8,004	8,004
		<u>8,004</u>	<u>8,004</u>
<b>4</b>	<b>Investment revenues</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank interest	3,932	2,881
		<u>3,932</u>	<u>2,881</u>
<b>5</b>	<b>Finance costs</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	2,620	2,801
	On other loans	56,797	50,472
		<u>59,417</u>	<u>53,273</u>



# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6	Taxation	2006 £	2005 £
	<b>Domestic current year tax</b>		
	U K corporation tax	57,249	76,870
	<b>Current tax charge</b>	57,249	76,870
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(13,002)	(14,878)
		44,247	61,992
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	103,473	211,029
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	31,042	63,309
	<b>Effects of</b>		
	Non deductible expenses	172	240
	Depreciation add back	42,591	36,170
	Capital allowances	(16,556)	(20,026)
	Tax losses utilised	-	(2,823)
		26,207	13,561
	<b>Current tax charge</b>	57,249	76,870





# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 7 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 January 2006	220,559
Additions	102,933
	<hr/>
At 31 December 2006	323,492
	<hr/>
<b>Amortisation</b>	
At 1 January 2006	8,351
Charge for the year	43,449
	<hr/>
At 31 December 2006	51,800
	<hr/>
<b>Net book value</b>	
At 31 December 2006	271,692
	<hr/>
At 31 December 2005	212,208
	<hr/>

Amortisation has been included only on development costs on those projects that have now come into actual production

Amortisation is based on the machines, once developed, having a five year useful life, and is taken on a straight line basis

# MARTIN MANUFACTURING (UK) PLC



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 8 Property, Plant and Equipment

	Freehold Land and buildings	Leasehold improvements, plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2006	159,625	864,874	24,014	1,048,513
Additions	-	3,373	-	3,373
At 31 December 2006	159,625	868,247	24,014	1,051,886
<b>Depreciation</b>				
At 1 January 2006	-	648,503	2,801	651,304
Charge for the year	-	93,719	4,803	98,522
At 31 December 2006	-	742,222	7,604	749,826
<b>Net book value</b>				
At 31 December 2006	159,625	126,025	16,410	302,060
At 31 December 2005	159,625	216,371	21,213	397,209

### 9 Inventories

	2006 £	2005 £
Raw materials and consumables	505,444	442,454
Work in progress	55,603	45,772
Finished goods and goods for resale	81,063	69,405
	642,110	557,631

# MARTIN MANUFACTURING (UK) PLC



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 Trade and other receivables	2006 £	2005 £
Trade receivables	15,983	37,875
Amounts owed by parent and fellow subsidiary undertakings	510,577	561,232
Other receivables	27,409	19,269
Prepayments and accrued income	51,724	31,247
Deferred tax asset (see note 12)	72,368	59,366
	<u>678,061</u>	<u>708,989</u>

11 Trade Payables: amounts falling due within one year	2006 £	2005 £
Trade payables	396,451	291,669
Amounts owed to parent and fellow subsidiary undertakings	669,331	753,812
Corporation tax	57,249	76,870
Other taxes and social security costs	13,923	13,798
Other payables	10,718	17,121
	<u>1,147,672</u>	<u>1,153,270</u>

### 12 Deferred income

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2006 £	2005 £
Balance at 1 January 2006	(59,366)	
Profit and loss account	(13,002)	
	<u>(72,368)</u>	
Balance at 31 December 2006		
	<u>(72,368)</u>	<u>(59,366)</u>



# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 13 Deferred income

	Government grants £
Balance at 1 January 2006	11,514
Amortisation in the year	(8,004)
Balance at 31 December 2006	<u>3,510</u>

### 14 Pension costs

#### Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	<u>-</u>	<u>575</u>

### 15 Share capital

	2006 £	2005 £
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
<b>Allotted, called up and fully paid</b>		
66,500 Ordinary shares of £1 each	<u>66,500</u>	<u>66,500</u>

### 16 Retained Earnings

	£
Balance at 1 January 2006	656,411
Retained profit for the year	<u>59,226</u>
Balance at 31 December 2006	<u>715,637</u>



# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

17 Statement of changes in equity	2006 £	2005 £
Profit for the financial year	59,226	149,037
Balance at 1 January 2005	722,911	573,874
	<hr/>	<hr/>
Balance at 31 December 2005	782,137	722,911
	<hr/>	<hr/>

### 18 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	Land and buildings			
	2006	2005	2006	Other 2005
	£	£	£	£
Operating leases which expire				
Between two and five years	40,000	40,000	6,653	6,158
	<hr/>	<hr/>	<hr/>	<hr/>

### 19 Staff costs

#### Number of employees

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

	2006 Number	2005 Number
Production	50	47
Sales and administration	2	3
	<hr/>	<hr/>
	52	50
	<hr/>	<hr/>

#### Employment costs

	2006 £	2005 £
Wages and salaries	676,170	595,139
Social security costs	51,217	45,246
Other pension costs	-	575
	<hr/>	<hr/>
	727,387	640,960
	<hr/>	<hr/>



# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 20 Control

The directors regard Martin Professional A/S, a company incorporated and resident in Denmark, as the immediate parent company. The directors regard Aktieselskabet Schouw & Co, a company incorporated and resident in Denmark, as both the ultimate parent and controlling company. Copies of the parent company's consolidated group financial statements are available from the Administration, Martin Professional A/S, Olof Palmes Alle 18, DK-8200 Aarhus N, Denmark and may be inspected at the company's registered office.

### 21 Related party transactions

The company is a wholly owned subsidiary of Martin Gruppen A/S, a company incorporated and resident in Denmark, and its financial statements are included in the consolidated financial statements of Martin Gruppen A/S, which are publicly available. During the year the company had transactions and incurred balances as follows:

Balances due to Martin Professional A/S at year end £47,716 (2005- £86,257)

Balances due to Martin Security Smoke A/S at year end £nil (2005- £1,265)

Balances due to Martin Professional plc at year end £354 (2005-£nil)

Balances due to Mach Speakers A/S at year end £nil (2005- £500)

Balances due to Martin Security Smoke Limited at year end £(1,118) (2005- £474)

Balances due from Martin Professional A/S at year end £430,461 (2005- £432,263)

Balances due from Martin Security Smoke Limited at year end £4,583 (2005- £8,255)

Balances due from Martin UK plc at year end £(1,489) (2005- £1,708)

Balances due from Martin Security Smoke A/S at year end £76,245 (2005- £119,005)

Balances due from Martin Manufacturing Zhuhai Limited at year end £777 (2005-£nil)

Sales to Martin Professional A/S of £2,984,600 (2005- £2,622,900)

Sales to Martin Security Smoke A/S of £988,500 (2005- £662,500)

Sales to Martin Manufacturing Zhuhai Limited of £2,100 (2005-£nil)

Sale of goods to related parties were made at the company's usual prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Interest paid to Group in respect of loans amounted to £56,796 (2005 £50,472)