Registration number: 2387681

Fire Testing Technology Limited

Directors' Report and Financial Statements

for the year ended 31 December 2006

Fire Testing Technology Limited

Company information

Directors	D E Cicurel (Chairman) D Barnbrook (Managing Director) R L Cohen S J Grayson S Gregory
Secretary	R L Cohen
Company number	2387681
Registered Office	Unit 19, Charlwoods Road East Grinstead West Sussex RH19 2HL
Auditor	Grant Thornton UK LLP Registered Auditor Chartered Accountants 8 West Walk Leicester LE1 7NH

Fire Testing Technology Limited

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Fire Testing Technology Limited

Directors' report
for the year ended 31 December 2006

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

Principal activity and business review

The principal activity of the company in the year continued to be that of design, assembly and sale of instruments designed to measure the reaction of a variety of materials to fire The profit and loss account is set out on page 6 and shows the profit for the year The company's performance in the year remained satisfactory

Directors and their interests

The directors who served during the year are as stated below

D E Cicurel
D Barnbrook
R L Cohen
S J Grayson
S Gregory
S G Upton – resigned 31 December 2006

None of the directors had interests in the shares of the company during the year Mr D E Cicurel and Mr R L Cohen are also directors of the ultimate parent undertaking, Judges Capital plc, and their interests in that company are disclosed within its financial statements The interests of the other directors in the Ordinary shares of Judges Capital plc are as follows

- Mr D Barnbrook (a) 4,000 shares at both 1 January and 31 December 2006,
  (b) options over 5,000 shares granted on 20 October 2005 and further options over 10,000 shares granted on 22 March 2006, all conditional on achievement of group earnings targets,
- Mr S J Grayson 200,000 shares at both 1 January and 31 December 2006,
- Dr S Gregory options over 3,000 shares granted on 22 March 2006,
- Mr S G Upton 200,000 shares at both 1 January and 31 December 2006 (held jointly with Mrs J A Upton)

All options are exercisable between the third and tenth anniversaries of grant, options granted on 20 October 2005 were at a price of £1 015 and those granted on 22 March 2006 were at a price of £1 035

Fire Testing Technology Limited

Directors' report
for the year ended 31 December 2006

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial period 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

- 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 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

In as 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 company's auditor is aware of that information

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company's financial instruments relate to interest rates, liquidity, credit and foreign currency exposure The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of retained profits and inter-company accounts The company's exposure to interest rate fluctuations is limited to income earned on short-term deposits of surplus funds

Directors' report
for the year ended 31 December 2006

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably Primarily this is achieved through inter-company cash management practices Short term flexibility is achieved through the availability of overdraft facilities

Credit risk

The company reviews the credit risk relating to its customers by ensuring wherever possible that it deals with long established trading partners and agents and government / university backed bodies, where the risk of default is considered low Where considered appropriate, the company insists on up-front payment and requires letters of credit facilities to be provided

Currency risk

With a significant proportion of its sales being exported, the main risk area to which the company is exposed is that of foreign currencies (mainly US$ and Euros) It is not the company's practice for this risk to be hedged but the directors review this on a regular basis

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution proposing
Grant Thornton UK LLP be reappointed as auditor of the company will be put to the Annual General Meeting

This report was approved by the board on 22 March 2007 and signed on its behalf by

R L Cohen
Secretary

Fire Testing Technology Limited

Report of the independent auditor to the members of Fire Testing Technology Limited

We have audited the financial statements of Fire Testing Technology Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and notes 1 to 17 to the financial statements 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 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 auditor

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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

Report of the independent auditor to the members of Fire Testing Technology Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Leicester
22 March 2007

Fire Testing Technology Limited

Profit and loss account
for the year ended 31 December 2006

	Notes	Year ended 31 December 2006	7 months ended 31 December 2005
		£	£
Turnover	2	**3,112,660**	1,920,936
Raw materials and consumables		**(1,173,771)**	(719,562)
Other external charges		**(620,040)**	(429,055)
Staff costs	4	**(720,800)**	(397,951)
Depreciation		**(65,041)**	(37,167)
Other operating charges		**(39,673)**	(4,796)
Operating profit	3	**493,335**	332,405
Bank interest receivable		**6,780**	16,363
Profit on ordinary activities before taxation		**500,115**	348,768
Tax on profit on ordinary activities	5	**(166,265)**	(111,788)
Profit on ordinary activities after taxation	13	**333,850**	236,980

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 accompanying notes form an integral part of these financial statements

Fire Testing Technology Limited

Balance sheet
at 31 December 2006

	Notes	31 December 2006 £	£	31 December 2005 £	£
Fixed assets					
Tangible assets	6		**247,383**		302,099
Investments	7		**4**		2
			247,387		302,101
Current assets					
Stocks	8	**276,680**		314,452	
Debtors	9	**1,108,235**		630,202	
Cash at bank and in hand		**204,810**		299,286	
		1,589,725		1,243,940	
Creditors: amounts falling due within one year	10	**(773,105)**		(719,681)	
Net current assets			**816,620**		524,259
Total assets less current liabilities			**1,064,007**		826,360
Provision for liabilities	11		**(27,354)**		(23,557)
Total net assets			**1,036,653**		802,803
Capital and reserves					
Called up share capital	12		**3,000**		3,000
Profit and loss account	13		**1,033,653**		799,803
Shareholders' funds - all equity	14		**1,036,653**		802,803

The financial statements were approved by the board of directors on 22 March 2007 and signed on its behalf by

D Barnbrook
Director

The accompanying notes form an integral part of these financial statements

Fire Testing Technology Limited

Notes to the financial statements
for the year ended 31 December 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention

The principal accounting policies of the company are set out below The policies have remained unchanged from the previous period

Turnover

Revenue recognition policies in respect of the company's principal revenue streams are as follows

- Sales of instruments and spares are recognised at the point of despatch
- Installation revenues are deferred and recognised on completion of installation

All revenues are stated exclusive of value added tax

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant and machinery	15% on written down value or 20% on cost
Fixtures, fittings and equipment	15% on written down value or 33% on cost
Motor vehicles	25% on written down value
Building improvements	20% on cost

Leasing

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

Investments

Fixed asset investments are stated at cost less provision for diminution in value

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity

Fire Testing Technology Limited

Notes to the financial statements
for the year ended 31 December 2006

1 ACCOUNTING POLICIES - continued

Pensions

The company operates defined contribution pension schemes for employees and directors The assets of the schemes are held by investment managers separately from those of the company Contributions payable are charged to the profit and loss account

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 which will result in an obligation to pay more, or a right to pay less or to receive more tax

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

Foreign currencies

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

Group accounts

These financial statements contain information about Fire Testing Technology Limited as an individual company and do not contain consolidated information as the parent of a group The company is entitled to exemption under Section 228 of the Companies Act 1985 from the obligation to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Judges Capital plc, a company registered in the UK

Cash flow statement

The company has not prepared a cash flow statement as it is exempt under Financial Reporting Standard No 1

2 TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 93% for the year

3 OPERATING PROFIT

Profit on ordinary activities is stated after charging

	Year ended 31 December 2006	7 months ended 31 December 2005
	£	£
Depreciation and other amounts written off tangible fixed assets	**65,041**	37,167
Loss on disposal of tangible fixed assets	**762**	-
Auditor's remuneration – audit	**9,500**	10,000
Operating leases - land and buildings	**72,000**	40,340

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Judges Capital plc, are required to disclose non audit fees on a consolidated basis

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Staff costs (including directors)

	Year ended 31 December 2006	7 months ended 31 December 2005
	£	£
Wages and salaries	**634,684**	348,616
Social security costs	**64,531**	36,339
Other pension costs	**21,585**	12,996
	720,800	397,951

Fire Testing Technology Limited

Notes to the financial statements
for the year ended 31 December 2006

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES - continued

Average number of persons employed

	Year ended 31 December 2006 Number	7 months ended 31 December 2005 Number
Directors	6	5
Manufacturing	14	16
Sales and administration	6	4
	26	25

Directors' emoluments

	Year ended 31 December 2006 £	7 months ended 31 December 2005 £
Emoluments	166,083	79,811
Defined contribution pension scheme contributions	5,840	3,956
	171,923	83,767

During the year two directors participated in money purchase pension schemes (7 months ended 31 December 2005 two directors)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in period

	Year ended 31 December 2006	7 months ended 31 December 2005
	£	£
United Kingdom corporation tax charge at 30% (7 months ended 31 December 2005 30%)	**48,047**	82,717
Provision for group relief payment at 30% of losses claimed	**114,421**	28,853
Total current tax charge	**162,468**	111,570
Deferred tax (see note 11)	**3,797**	218
Tax on profit on ordinary activities	**166,265**	111,788

The current tax charge includes £16 (7 months ended 31 December 2005 £nil) and the deferred tax a credit of £22 (7 months ended 31 December 2005 £nil), each relating to prior periods

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 30% (7 months ended 31 December 2005 30%) The differences are explained as follows

	Year ended 31 December 2006	7 months ended 31 December 2005
	£	£
Profit on ordinary activities before tax	**500,115**	348,768
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (7 months ended 31 December 2005 30%)	**150,035**	104,630
Effect of		
Expenses not deductible for tax purposes	**19,125**	7,682
Difference between depreciation and accelerated capital allowances	**(3,819)**	(218)
Marginal relief	**(2,889)**	(524)
Current tax charge for the current period	**162,452**	111,570
Current tax charge relating to prior periods	**16**	-
Total current tax charge	**162,468**	111,570

6 TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Building improvements	Total
	£	£	£	£	£
Cost					
At 1 January 2006	176,601	70,407	31,739	196,186	474,933
Additions	1,330	8,112	2,300	-	11,742
Disposals	-	-	(14,550)	-	(14,550)
At 31 December 2006	**177,931**	**78,519**	**19,489**	**196,186**	**472,125**
Depreciation					
At 1 January 2006	58,847	33,721	28,011	52,255	172,834
Charge for the year	26,696	7,360	1,046	29,939	65,041
Disposals	-	-	(13,133)	-	(13,133)
At 31 December 2006	**85,543**	**41,081**	**15,924**	**82,194**	**224,742**
Net book values					
At 31 December 2006	**92,388**	**37,438**	**3,565**	**113,992**	**247,383**
At 31 December 2005	117,754	36,686	3,728	143,931	302,099

7 FIXED ASSET INVESTMENTS

Subsidiary undertakings

	£
Cost and net book value – 1 January 2006	2
Acquisition in the year – Aitchee Engineering Limited	2
Cost and net book value – 31 December 2006	4

The company holds 100% of the ordinary share capital of Stanton Redcroft Limited, a UK incorporated dormant company

On 25 August 2006, the company acquired at par 2 ordinary shares of £1 each (being the whole of the issued ordinary share capital) of Aitchee Engineering Limited ("Aitchee"), a newly-formed dormant company incorporated in the UK under the name of Ludgate 377 Limited On 4 September 2006, Aitchee acquired the goodwill and certain other business assets of Aitchee Engineering Associates and commenced trading as a manufacturer of engineering parts and finished products The shares in Aitchee are stated at cost in the company's financial statements, goodwill arising on the acquisition of the assets purchased has been capitalised within the accounts of Aitchee The purchase of Aitchee has been accounted for by the acquisition method of accounting

Apart from cash raised on subscription for its shares, Aitchee had no assets or liabilities at the date of acquisition of its shares by the company, nor any accumulated profits or losses The fair values attributed by the directors of Aitchee to the assets acquired from Aitchee Engineering Associates were as follows

	Fair values
	£
Fixed assets	32,865
Stocks	5,000
Total net assets at date of acquisition	37,865
Consideration paid or provided for, including transaction costs	243,500
Goodwill	205,635
Consideration satisfied by	
Cash falling due on completion, including transaction costs	222,500
Estimate of cash payable in 2007 – earn-out and transaction costs	21,000
Total fair value of consideration	243,500

8 STOCKS

	31 December 2006	31 December 2005
	£	£
Raw materials	**212,881**	157,162
Work in progress	**63,799**	157,290
	276,680	314,452

9 DEBTORS

	31 December 2006	31 December 2005
	£	£
Trade debtors	**779,907**	550,172
Amounts owed by group companies	**252,500**	-
Other debtors	**30,161**	42,419
Prepayments	**45,667**	37,611
	1,108,235	630,202

10 CREDITORS

	31 December 2006	31 December 2005
	£	£
Amounts falling due within one year:		
Trade creditors	**176,392**	207,347
Corporation tax payable	**55,595**	302,241
Amount owed to group company - group relief	**106,857**	28,853
- other	**234,750**	44,524
Social security and other taxes	**24,023**	22,610
Other creditors	-	49,594
Accruals and deferred income	**175,488**	64,512
	773,105	719,681

Fire Testing Technology Limited

Notes to the financial statements
for the year ended 31 December 2006

11 PROVISION FOR LIABILITIES

	Deferred taxation £
At 1 January 2006	23,557
Movements in the year	3,797
At 31 December 2006	27,354

The amounts provided in respect of deferred taxation are computed at the rate of 30% (7 months ended 31 December 2005 30%) and relate to accelerated capital allowances

12 CALLED UP SHARE CAPITAL

	31 December 2006 £	31 December 2005 £
Authorised		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid		
3,000 Ordinary shares of £1 each	3,000	3,000

13 RESERVES

	Profit and loss account £
At 1 January 2006	799,803
Profit for the year	333,850
Dividend paid in the year	(100,000)
At 31 December 2006	1,033,653

A dividend was paid during the year representing £33 33 per share (7 months period to 31 December 2005 £266 67 per share)

14 RECONCILIATION OF SHAREHOLDERS' FUNDS

	Year ended 31 December 2006	7 months ended 31 December 2005
	£	£
Profit on ordinary activities after taxation	333,850	236,980
Dividends paid in the period	(100,000)	(800,000)
Opening shareholders' funds	802,803	1,365,823
Closing shareholders' funds	1,036,653	802,803

15 OPERATING LEASE OBLIGATIONS

The company had annual commitments under non-cancellable operating leases as follows

	31 December 2006	31 December 2005
	£	£
Expiry date:		
Land and buildings - between one and five years	72,000	72,000
- after five years	-	-

16 RELATED PARTY TRANSACTIONS

The company leases premises owned by Mr S G Upton (a director of the company until 31 December 2006) and his wife, Mrs J Upton During the year, rent of £72,000 (7 months ended 31 December 2005 £40,340) was paid under this lease A deposit equivalent to 3 months rental is held by the owners in respect of the premises and amounts to £18,000 During the year, a conference sponsorship payment was made in the sum of £5,000 (7 months ended 31 December 2005 £nil) to Interscience Communications Limited, a company in which Mr S J Grayson is a director and shareholder The company purchased a car from Mr D Barnbrook during the year for £2,300

As a wholly owned subsidiary of Judges Capital plc, the company is exempt from the requirements of FRS 8 to disclose transactions within the group

17 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is Judges Capital plc, which is incorporated in England and Wales The only group undertaking for which consolidated accounts are prepared is that headed by Judges Capital plc