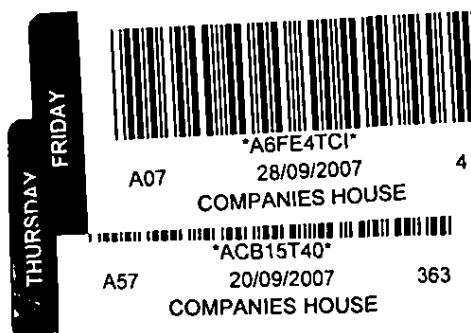

LAMBERT ENGINEERING HOLDINGS LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006



LAMBERT ENGINEERING HOLDINGS LIMITED

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LAMBERT ENGINEERING HOLDINGS 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgments 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 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.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

PRINCIPAL ACTIVITIES

The holding company has not traded during the year and is not expected to trade in foreseeable future. The group's largest trading subsidiary is Lambert Engineering Limited. Its principal activity during the year was that of design, manufacture and installation of automation systems for the processing and manufacturing industries and the manufacture of spare parts for such machinery.

BUSINESS REVIEW

2006 showed the company enhancing its position as the UK's premier turnkey solutions provider to many of the world's leading companies across a vast array of industries. This continued expansion is due to the efforts of our dedicated team and the directors have pleasure acknowledging this. The directors are confident that the company is excellently placed in the market place to continue this expansion so that future performance will be in line with expectations.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,231,593 (2005 - £115,377).

A dividend of £2,000,000 was paid on the ordinary shares.

LAMBERT ENGINEERING HOLDINGS LIMITED

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

DIRECTORS

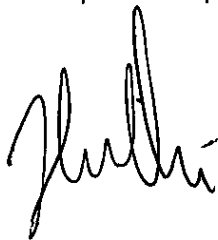
The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	31/12/06	1/1/06
Mr M A Williams	-	-
Mr R E Wheelwright	-	-
Mr B D Morley	-	-
Mr I P Hampton	-	-

AUDITORS

The auditors, Leslie Bray & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 4 June 2007 and signed on its behalf



Director

LAMBERT ENGINEERING HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO LAMBERT ENGINEERING HOLDINGS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of Lambert Engineering Holdings Limited for the year ended 31 December 2006 set out on page 4, together with the financial statements of the company for the year ended 31 December 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 have been properly prepared in accordance with that provision.



LESLIE BRAY & CO

Chartered Accountants
Registered Auditors

Building Society Chambers
Wesley Street
Otley
West Yorkshire
LS21 1AZ

5 June 2007

LAMBERT ENGINEERING HOLDINGS LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
Administrative expenses		<u>148,184</u>	<u>(18,250)</u>
OPERATING PROFIT	2	179,059	105,250
Income from investments in related companies		2,105,000	80,000
Interest receivable	4	6	1
Interest payable	5	<u>(19,985)</u>	<u>(65,415)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,264,080	119,836
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(32,487)</u>	<u>(4,459)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,231,593	115,377
PROFIT BROUGHT FORWARD		3,277,867	3,294,490
Dividends Equity capital		<u>(2,000,000)</u>	<u>(132,000)</u>
RETAINED PROFIT CARRIED FORWARD		<u>3,509,460</u>	<u>3,277,867</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

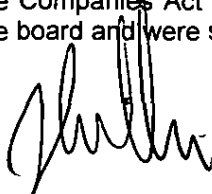
The notes on pages 7 to 16 form part of these financial statements

LAMBERT ENGINEERING HOLDINGS LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	7	-	946,778
Fixed asset investments	8	5,376,500	5,376,500
		<u>5,376,500</u>	<u>6,323,278</u>
CURRENT ASSETS			
Debtors	9	1,860,000	1,860,000
Cash at bank		350	1
		<u>1,860,350</u>	<u>1,860,001</u>
CREDITORS: amounts falling due within one year	10	<u>(34,690)</u>	<u>(1,012,712)</u>
NET CURRENT ASSETS		<u>1,825,660</u>	<u>847,289</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,202,160</u>	<u>7,170,567</u>
CREDITORS: amounts falling due after more than one year	11	<u>(3,692,500)</u>	<u>(3,892,500)</u>
NET ASSETS		<u><u>3,509,660</u></u>	<u><u>3,278,067</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	200	200
Profit and loss account		3,509,460	3,277,867
SHAREHOLDERS' FUNDS - All equity	13	<u><u>3,509,660</u></u>	<u><u>3,278,067</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 4 June 2007.



Director

The notes on pages 7 to 16 form part of these financial statements

LAMBERT ENGINEERING HOLDINGS LIMITED

**Abbreviated CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
Net cash flow from operating activities	15	30,837	123,442
Returns on investments and servicing of finance	16	2,086,424	14,586
Taxation		(4,459)	(11,920)
Capital expenditure and financial investment	16	1,095,000	-
Equity dividends paid		(2,000,000)	(132,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,207,802	(5,892)
Financing	16	(1,200,000)	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		7,802	(5,892)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 £	2005 £
Increase/(Decrease) in cash in the year	7,802	(5,892)
Cash outflow from decrease in debt and lease financing	1,200,000	-
MOVEMENT IN NET DEBT IN THE YEAR	1,207,802	(5,892)
Net debt at 1 January 2006	(1,207,452)	(1,201,560)
NET FUNDS/(DEBT) AT 31 DECEMBER 2006	350	(1,207,452)

The notes on pages 7 to 16 form part of these financial statements

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.5 Investments

Investments are stated at cost or valuation, less any provisions for a permanent diminution in value.

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

2. OPERATING PROFIT

The operating profit is stated after charging

	2006 £	2005 £
Depreciation of tangible fixed assets - owned by the company	-	18,192
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2005 - £NIL)

3. STAFF COSTS

The average monthly number of employees, including the directors, during the year was as follows

	2006 No.	2005 No
Directors	4	4
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE

	2006 £	2005 £
Other interest receivable	6	1
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	18,582	65,415
Other interest payable	1,403	-
	<u>19,985</u>	<u>65,415</u>

LAMBERT ENGINEERING HOLDINGS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

6. TAXATION

	2006 £	2005 £
Analysis of tax charge in the year		
UK corporation tax charge on profits of the year	5,300	4,459
Adjustments in respect of prior periods	27,187	-
Total current tax	<u>32,487</u>	<u>4,459</u>
Tax on profit on ordinary activities	<u>32,487</u>	<u>4,459</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (MR%) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	2,264,080	119,836
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of MR% (2005 - 19%%)	5,300	4,459
Effects of:		
Adjustments to tax charge in respect of prior periods	27,187	-
Current tax charge for the year (see note above)	<u>32,487</u>	<u>4,459</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

LAMBERT ENGINEERING HOLDINGS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

7. TANGIBLE FIXED ASSETS

	Land and buildings £
Cost	
At 1 January 2006	1,037,738
Disposals	(1,037,738)
At 31 December 2006	-
Depreciation	
At 1 January 2006	90,960
On disposals	(90,960)
At 31 December 2006	-
Net book value	
At 31 December 2006	-
At 31 December 2005	946,778

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

8. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost or valuation	
At 1 January 2006 and 31 December 2006	5,376,500

Subsidiary undertaking

The following was a subsidiary undertaking of the company

Lambert Engineering Limited 100%

The aggregate of the share capital and reserves as at 31 December 2006 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Lambert Engineering Limited	6,623,437	1,188,093

9. DEBTORS

	2006 £	2005 £
Due after more than one year		
Amounts owed by group undertakings	1,860,000	1,860,000

**10. CREDITORS:
Amounts falling due within one year**

	2006 £	2005 £
Bank loans and overdrafts	-	1,007,453
Corporation tax	33,889	4,459
Accruals and deferred income	801	800
	34,690	1,012,712

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

11. CREDITORS:
Amounts falling due after more than one year

	2006	2005
	£	£
Debenture loans	-	200,000
Amounts owed to group undertakings	3,692,500	3,692,500
	<u>3,692,500</u>	<u>3,892,500</u>

12. SHARE CAPITAL

	2006	2005
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	3,278,067	3,294,690
Profit for the year	2,231,593	115,377
Dividends (Note 14)	(2,000,000)	(132,000)
	<u>3,509,660</u>	<u>3,278,067</u>
Closing shareholders' funds	<u>3,509,660</u>	<u>3,278,067</u>

14. DIVIDENDS

	2006 £	2005 £
Dividends paid on equity capital	<u>2,000,000</u>	<u>132,000</u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	179,059	105,250
Depreciation of tangible fixed assets	-	18,192
Profit on disposal of tangible fixed assets	(148,222)	-
	<u>30,837</u>	<u>123,442</u>
Net cash inflow from operations	<u>30,837</u>	<u>123,442</u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	6	1
Interest paid	(18,582)	(65,415)
Income from investments in related companies	2,105,000	80,000
	<u>2,086,424</u>	<u>14,586</u>
Net cash inflow from returns on investments and servicing of finance	<u>2,086,424</u>	<u>14,586</u>
	2006 £	2005 £
Capital expenditure and financial investment		
Sale of tangible fixed assets	<u>1,095,000</u>	<u>-</u>

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2006 £	2005 £
Financing		
Repayment of loans	(1,000,000)	-
Repayment of debenture loans	(200,000)	-
Net cash outflow from financing	<u>(1,200,000)</u>	<u>-</u>

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Cash at bank and in hand	1	349	-	350
Bank overdraft	(7,453)	7,453	-	-
	<u>(7,452)</u>	<u>7,802</u>	<u>-</u>	<u>350</u>
Debt:				
Debts due within one year	(1,000,000)	1,200,000	(200,000)	-
Debts falling due after more than one year	(200,000)	-	200,000	-
Net (debt)/funds	<u>(1,207,452)</u>	<u>1,207,802</u>	<u>-</u>	<u>350</u>

18. TRANSACTIONS WITH DIRECTORS

Creditors include loan stock of £Nil (2005 - £200,000) issued to an ex director Mr P H Wainman and his family interests

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The holding company of Lambert Engineering Holdings Limited is Lambert Engineering Group Limited, a company incorporated in England

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

20. CONTROLLING PARTY

Mr M A Williams, Mr R E Wheelwright, Mr B D Morley and Mr I P Hampton are directors of both Lambert Engineering Holdings Limited and Lambert Engineering Group Limited and own all the shares in Lambert Engineering Group Limited

LAMBERT ENGINEERING HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

21. POST BALANCE SHEET EVENTS

On 15th March 2007 the shareholders and executive management team enacted a management buyout. The management buyout enabled the retirement of two directors and the promotion of three experienced members of staff to board level.

Lambert Automation Limited was formed to acquire the allotted ordinary share capital of Lambert Engineering Group Limited and the current redeemable preference share holders agreed to roll over their preference shares into the new company.