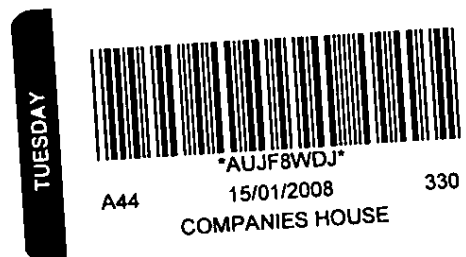


SENSTRONICS LIMITED

Report and Financial Statements

31 December 2006



REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Powers
K J Kuckelhahn
F Vassort (Appointed 22 January 2007)
M B Krol (Appointed 20 January 2007)

SECRETARY

WCPHD Secretaries Limited

REGISTERED OFFICE

5 Floor
Alder Castle
10 Noble Street
London
EC2V 7QJ

BANKERS

HSBC
49 Corn Street
Bristol
BS99 7PP

SOLICITORS

WilmerHale
Alder Castle
10 Noble Street
London
EC2V 7QJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The company is principally engaged in the design, manufacture and distribution of high pressure sensors

BUSINESS REVIEW, RESULTS AND DIVIDENDS

Following the change in ownership at the end of 2005, there has been a steady increase of sales due to improvements in the sales and marketing functions. This change has seen the number of units sold increase by 18%.

As part of a strategic plan to incentivise the joint venture partners, to increase market share, Senstronics reduced the price of products sold to the partners. The resulting fall in turnover in 2006 is expected to be compensated by increased sales volumes in subsequent years, with Senstronics expected to break-even in 2009.

Senstronics, in the 1st and 2nd quarters of 2006, also carried out an aggressive business review on direct and indirect overheads. This resulted in savings in labour, directors' costs, IT and insurance, but with no detrimental effect on the business. This generated cash saving of circa £900k, and when taking into account the revision in useful economic lives of our fixed assets, the overall profit improvement, from fixed cost reductions, was circa £1.4m.

Senstronics has also undertaken a working capital review, putting tighter controls on stock ordering, reordering levels and debtors. In 2006 we have seen our stock turns improve from circa 1 to 3, and we are aiming to double this, to 6 stock turns, in 2007. This has ensured we can now pay our creditors within the agreed terms on the contracts.

The company's loss for the financial year was £2,062,287 (2005 £3,902,046). The directors do not recommend the payment of a dividend (2005 £nil). The ongoing losses are in line with the directors' expectations given the development phase of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The company faces industry competition, particularly from the Far East, but has invested heavily in capital equipment, and has a strong brand name so the directors feel the company is in good standing in the market place.

FUTURE PROSPECTS

The directors expect the growth to double, or even triple, in 2007 from 2006 figures in relation to the number of units sold.

DIRECTORS

The membership of the Board is set out below

S Breitzka	(Resigned 22 January 2007)
M J Powers	
K J Kuckelhahn	
V Rosenkilde	(Resigned 20 January 2007)
F Vassort	(Appointed 22 January 2007)
M B Krol	(Appointed 20 January 2007)

RESEARCH AND DEVELOPMENT

During the year the company continued its development of high pressure sensors. The associated costs amounted to £127,500 (2005 £314,690) and have been charged to the profit and loss account.

DIRECTORS' REPORT (continued)

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 December 2006 were equivalent to 31 (2005: 62) days' purchases, based on the average daily amount invoiced by suppliers during the year.

AUDIT INFORMATION

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

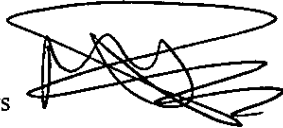
The information is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M J Powers
Director



Date 8/1/08

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

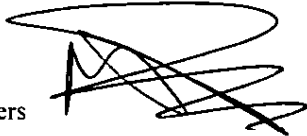
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- 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.

Approved by the Board of Directors
and signed on behalf of the Board

M J Powers
Director



Date 8/1/08

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENSTRONICS LIMITED

We have audited the financial statements of Senstronics Limited for the year ended 31 December 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 24. 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 directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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

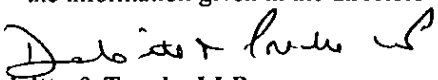
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 as at 31 December 2006 and of its loss 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.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne, England

Date 10 February 2008

SENSTRONICS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

	Note	£	2006 £	£	2005 £
TURNOVER	2		1,970,668		2,358,237
Cost of sales			<u>1,408,790</u>		<u>(1,852,093)</u>
GROSS PROFIT			561,878		506,144
Distribution costs		(106,130)		(139,205)	
Administrative expenses		<u>(2,453,867)</u>	<u>(2,559,997)</u>	<u>(3,938,683)</u>	<u>(4,077,888)</u>
OPERATING LOSS	3		(1,998,119)		(3,571,744)
Interest payable and similar charges	6		<u>(64,168)</u>		<u>(471,725)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(2,062,287)		(4,043,469)
Tax on loss on ordinary activities	7		<u>-</u>		<u>141,423</u>
LOSS FOR THE FINANCIAL YEAR	15, 16		<u><u>(2,062,287)</u></u>		<u><u>(3,902,046)</u></u>

All activities derive from continuing operations

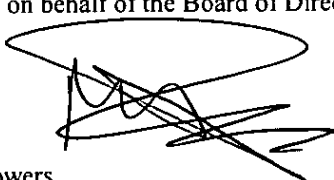
The company has no recognised gains or losses for the current or prior year other than the loss shown above and therefore no separate statement of total recognised gains and losses has been presented

BALANCE SHEET
31 December 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible assets	8		2,215,633		2,395,616
CURRENT ASSETS					
Stocks	9	92,682		306,651	
Debtors	10	947,081		780,767	
Cash at bank and in hand		9,235		475,343	
			<u>1,048,998</u>	<u>1,562,761</u>	
CREDITORS' amounts falling due within one year	11	<u>(654,424)</u>		<u>(1,172,291)</u>	
NET CURRENT ASSETS			<u>394,574</u>		<u>390,470</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,610,207		2,786,086
CREDITORS. amounts falling due after more than one year	12		<u>(2,781,840)</u>		<u>(2,243,507)</u>
NET (LIABILITIES)/ASSETS			<u>(171,633)</u>		<u>542,579</u>
CAPITAL AND RESERVES					
Called up share capital	14		7,691,884		7,687,499
Share premium account	15		10,670,772		10,236,663
Profit and loss account	15		<u>(18,534,289)</u>		<u>(17,381,583)</u>
TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	16		<u>(171,633)</u>		<u>542,579</u>

The financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors


M J Powers
Director

Date 8/1/08

CASH FLOW STATEMENT
Year ended 31 December 2006

	Note	£	2006 £	£	2005 £
Net cash outflow from operating activities	18		(280,222)		(8,193,786)
Returns on investments and servicing of finance					
Interest paid		(22,027)		(417,625)	
Interest element of finance lease rentals		(42,141)		(54,100)	
Net cash outflow from returns on investments and servicing of finance			(64,168)		(471,725)
Taxation			-		141,423
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(307,230)		(96,140)	
Sale of tangible fixed assets		2,097		150,771	
			(305,133)		54,631
Cash outflow before financing			(649,523)		(8,469,457)
Financing					
Issue of ordinary share capital		438,494		10,674,160	
Repayment of loans		-		(164,286)	
Capital element of finance lease rental payments		(255,079)		(282,459)	
Repayment of debt factoring facility		-		(395,389)	
Net cash inflow from financing			183,415		9,832,026
(Decrease)/increase in cash	19		(466,108)		1,362,569

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Turnover

Turnover represents the value of sales of high pressure sensors to third parties, net of trade discounts and value added tax. Turnover is recognised when the sensors are despatched to third parties.

Research and development

Expenditure incurred on research and development is charged to the profit and loss account as incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at acquisition cost less provision for impairment. Depreciation is charged to the profit and loss account so as to write off the cost of tangible fixed assets to their estimated residual value over their estimated useful economic lives using the straight line method.

The estimated useful economic lives are as follows:

Plant and machinery	3-10 years
Fixtures, fittings and office equipment	3 years

Assets under construction are not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of raw materials consumed plus all directly related conversion costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Leases

Assets held under hire purchase or finance lease contracts are capitalised and included in tangible fixed assets at their fair value. Each asset is depreciated over its estimated useful life. Obligations relating to such contracts net of finance charges in respect of future periods are included as appropriate under creditors. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance.

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Foreign currencies

Monetary assets and liabilities held at the balance sheet date and denominated in foreign currency are translated at the rate of exchange prevailing at that date. Foreign currency transactions entered into during the year are translated at the rate of exchange prevailing at the date of the transaction. Exchange differences arising on these transactions are accounted for through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

1 ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date as reduced by the surrender of consortium relief to the company's consortium members at nil cost

Deferred taxation 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. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The company operates an independently administered money purchase (defined contribution) pension scheme for all of its employees. Pension costs are recognised in the profit and loss account as they fall due.

2. TURNOVER BY DESTINATION

	2006 £	2005 £
United Kingdom	398,056	570,693
Rest of Europe	287,678	318,362
Rest of World	1,284,934	1,469,182
	<u>1,970,668</u>	<u>2,358,237</u>

3. OPERATING LOSS

	2006 £	2005 £
Operating loss is stated after charging/(crediting)		
Operating lease rentals		
- Plant and machinery	88,352	295,768
- Other	163,304	195,520
Depreciation of tangible fixed assets		
- owned	200,710	686,384
- held under finance leases	117,337	284,981
Research and development	127,500	314,690
Auditors' remuneration for statutory audit services	26,350	25,000
Loss/(profit) on disposal of fixed assets	167,069	(15,307)
Foreign exchange losses/(gains)	22,952	(13,987)
	<u>1,970,668</u>	<u>2,358,237</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

4. DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Aggregate emoluments	132,302	400,739
Pension contributions to money purchase schemes	-	22,835
	<u>132,302</u>	<u>423,574</u>

The highest paid director during the prior year was S B Turner, who received the following emoluments

	2005 £
Aggregate emoluments	197,154
Pension contributions to money purchase schemes	13,801
	<u>210,955</u>

During the year none of the directors participated in the money purchase schemes (2005 3)

5. STAFF COSTS AND EMPLOYEE INFORMATION

Total staff costs for the year were as follows

	2006 £	2005 £
Wages and salaries	1,197,474	1,728,331
Social security costs	97,792	153,189
Other pension costs	68,418	95,026
	<u>1,363,684</u>	<u>1,976,546</u>

The average monthly number of persons (including executive directors) employed by the company during the year was as follows

	2006 No.	2005 No.
Directors	4	4
Finance and administration	5	5
Operations	35	45
	<u>44</u>	<u>54</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank loans and overdrafts	22,027	417,625
Finance leases	42,141	54,100
	<u>64,168</u>	<u>471,725</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

7. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2006 £	2005 £
<i>a) Analysis of tax credit on ordinary activities</i>		
Current tax	-	-
Adjustment in respect of prior periods	-	(141,423)
Total current tax	<u>-</u>	<u>(141,423)</u>

b) Factors affecting tax credit for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2006 £	2005 £
Loss on ordinary activities before tax	(2,062,287)	(4,043,469)
Tax on loss on ordinary activities at standard rate of corporation tax in the UK of 30% (2005 30%)	(618,686)	(1,213,041)

Effect of

Expenses not deductible for tax purposes	989	(15,908)
Capital allowances for the period in excess of depreciation	(163,530)	296,002
Current year losses carried forward	-	932,947
Adjustments to tax credit in respect of prior periods	-	(141,423)
Consortium relief surrendered for nil consideration	781,227	-
Current tax credit for period (note 7(a))	<u>-</u>	<u>(141,423)</u>

c) Factors that may affect the future charges

Future taxation charges are expected to be impacted by the utilisation of tax losses carried forward

The company has an unprovided deferred tax asset amounting to £4,277,592 (2005 £4,546,298) The asset has not been recognised in the financial statements due to uncertainty over its recovery in the future

The unprovided deferred tax asset is as follows

	2006 £	2005 £
Accelerated capital allowances	(368,207)	(705,763)
Losses	(3,909,385)	(3,840,535)
	<u>(4,277,592)</u>	<u>(4,546,298)</u>

The Chancellor of the Exchequer's Budget of March 2007 announced changes to the rate of corporation tax and to capital allowances to take effect between April 2008 and April 2011 The company will consider the effect this will have once the details are known

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and office equipment £	Assets under construction £	Total £
Cost				
At 1 January 2006	6,533,128	271,792	434,951	7,239,871
Additions	-	-	307,230	307,230
Disposals	(3,405,477)	(271,792)	-	(3,677,269)
Transfers	742,181	-	(742,181)	-
	<u>3,869,832</u>	<u>-</u>	<u>-</u>	<u>3,869,832</u>
At 31 December 2006				
Accumulated depreciation				
At 1 January 2006	4,606,748	237,507	-	4,844,255
Charge for the year	318,047	-	-	318,047
Disposals	(3,270,596)	(237,507)	-	(3,508,103)
	<u>1,654,199</u>	<u>-</u>	<u>-</u>	<u>1,654,199</u>
At 31 December 2006				
Net book value				
At 31 December 2006	<u>2,215,633</u>	<u>-</u>	<u>-</u>	<u>2,215,633</u>
At 31 December 2005	<u>1,926,380</u>	<u>34,285</u>	<u>434,951</u>	<u>2,395,616</u>

Assets held under finance leases and capitalised in plant and machinery

	2006 £	2005 £
Net book value	<u>704,350</u>	<u>821,687</u>

9. STOCKS

	2006 £	2005 £
Raw materials and consumables	45,926	156,132
Work in progress	13,795	87,554
Finished goods	32,961	62,965
	<u>92,682</u>	<u>306,651</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

10. DEBTORS

	2006 £	2005 £
Trade debtors	145,598	644,795
Amounts owed by group undertakings	571,883	50,394
Other debtors	179,304	40,066
Prepayments and accrued income	50,296	45,512
	<u>947,081</u>	<u>780,767</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Finance leases (note 13)	240,533	242,718
Trade creditors	146,144	511,552
Amounts owed to group undertakings	76,282	-
Other taxation and social security	29,807	241,610
Other creditors	24,590	30,870
Accruals and deferred income	137,068	145,541
	<u>654,424</u>	<u>1,172,291</u>

The bank holds a fixed and floating charge over the company's assets for any future borrowings

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Finance leases (note 13)	157,792	410,686
Amounts owed to related undertakings	-	648,240
Amounts owed to group undertakings	2,250,000	1,184,581
Accruals and deferred income	374,048	-
	<u>2,781,840</u>	<u>2,243,507</u>

13. BORROWINGS

Finance leases are repayable as follows

	2006 £	2005 £
In one year or less	240,533	242,718
In more than one, but not more than five years	157,792	410,686
	<u>398,325</u>	<u>653,404</u>

Assets held under finance leases are secured over the assets to which they relate

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

14. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
800,438,494 (2005 800,000,000) ordinary shares of £0.01 each	8,004,385	8,000,000
Called up, allotted and fully paid		
769,188,391 (2005 768,749,897) ordinary shares of £0.01 each	7,691,884	7,687,499

During the year the company authorised and issued 438,494 ordinary £0.01 shares at a premium of £0.99 per share

15. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2006	10,236,663	(17,381,583)
Share capital issued during the year	434,109	-
Loss for the financial year	-	(2,062,287)
Intercompany loan waiver	-	909,581
Balance at 31 December 2006	10,670,772	(18,534,289)

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' (DEFICIT)/SURPLUS

	2006 £	2005 £
Loss for the financial year	(2,062,287)	(3,902,046)
Net proceeds of issue of ordinary share capital	438,494	10,674,160
Intercompany loan waiver	909,581	-
Equity shareholders' surplus/(deficit) as at 1 January	542,579	(6,229,535)
Equity shareholders (deficit)/surplus as at 31 December	(171,633)	542,579

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
(Decrease)/increase in cash in the year	(466,108)	1,362,569
Cash outflow from lease financing	255,079	282,459
Cash paid for debt factoring facility	-	395,389
Cash inflow from loans	-	164,286
	<u>(211,029)</u>	<u>2,204,703</u>
Movement in net debt in the year	(211,029)	2,204,703
Opening net debt	(178,061)	(2,382,764)
	<u>(389,090)</u>	<u>(178,061)</u>
Closing net debt	<u>(389,090)</u>	<u>(178,061)</u>

18. RECONCILIATION OF OPERATING LOSS TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating loss	(1,998,119)	(3,571,744)
Depreciation	318,047	971,365
Loss/(profit) on disposal of tangible fixed assets	167,069	(15,307)
Decrease in stock	213,969	298,112
Increase in debtors	(166,314)	(72,652)
Increase/(decrease) in creditors	1,185,126	(5,803,560)
	<u>(280,222)</u>	<u>(8,193,786)</u>
Net cash outflow from operating activities	<u>(280,222)</u>	<u>(8,193,786)</u>

19. ANALYSIS OF NET DEBT

	At 1 January 2006 £	Cash flows £	At 31 December 2006 £
Cash at bank and in hand	475,343	(466,108)	9,235
	<u>475,343</u>	<u>(466,108)</u>	<u>9,235</u>
Finance leases	(653,404)	255,079	(398,325)
	<u>(178,061)</u>	<u>(211,029)</u>	<u>(389,090)</u>

20. PENSIONS

The company contributes to an individual money purchase pension scheme for the benefit of the employees and directors. The assets of the schemes are in funds independent from those of the company. The amount outstanding as at 31 December 2006 was £6,672 (2005 £8,453).

21. CAPITAL COMMITMENTS

The company had no capital commitments contracted for but not provided for in the financial statements as at 31 December 2006 (2005 £nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

22. FINANCIAL COMMITMENTS

The company has annual commitments under operating lease arrangements expiring as follows

	2006 Land and buildings £	2006 Other £	2006 Total £	2005 Land and buildings £	2005 Other £	2005 Total £
Within one year	-	40,703	40,703	-	259,841	259,841
Within two to five years	-	-	-	-	24,861	24,861
In five years or more	163,304	-	163,304	195,520	-	195,520
	<u>163,304</u>	<u>40,703</u>	<u>204,007</u>	<u>195,520</u>	<u>284,702</u>	<u>480,222</u>

23. RELATED PARTY TRANSACTIONS

Included within creditors falling due after one year is £2,250,000 (2005 £1,184,581) owed to the immediate parent undertaking, Senstronics Holdings Limited

Also included within creditors falling due after one year is £Nil (2005 £648,240) owed between Danfoss A/S and Danaher Corporation, who each control 50% of the share capital of Senstronics Holdings Limited. At the year end, the company was entitled for a compensation under a joint venture agreement between Danfoss A/S, Launchchange Limited (a subsidiary of Danaher Corporation) and Senstronics Holdings Limited for not meeting the volume targets of the Business Plan. The amounts receivable from Danfoss A/S and Launchchange Limited at the year end amounted to £225,633 and £148,415 respectively. These amounts are shown within debtors (note 10) and deferred income due after one year (note 12).

The following related party transactions occurred during the year with companies that are under the control of Danfoss A/S or Danaher Corporation

Sales of £290,477 (2005 £173,999) and purchases of £231,957 (2005 £nil) were made to and from Danaher UK Industries Limited. The balance due from and to Danaher UK Industries Limited at 31 December 2006 was £2,830 and £76,282 respectively (2005 £50,394 debtor).

Sales of £18,936 (2005 £nil) were made to Danaher Setra-ICG (Tianjin) Co Limited. The balance outstanding at 31 December 2006 was £8,071 (2005 £nil).

Sales of £18,873 (2005 £nil) were made to Setra Systems Inc. The balance outstanding at 31 December 2006 was £8,616 (2005 £nil).

Sales of £265,075 (2005 £nil) were made to Danfoss A/S. The balance outstanding at 31 December 2006 was £29,799 (2005 £nil).

Sales of £949,801 (2005 £nil) were made to Gems Sensors Inc. The balance outstanding at 31 December 2006 was £149,208 (2005 £nil).

24. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company is a 100% subsidiary of Senstronics Holdings Limited, a company incorporated in England and Wales.

Senstronics Holdings Limited is exempt from preparing group consolidated financial statements by virtue of the group qualifying as a medium group under Section 248 of the Companies Act 1985.

Copies of Senstronics Holdings Limited financial statements can be obtained from the Registered Office at 7 Floor, Beaufort House, 15 St Botolph Street, London, EC3A 7NJ.

The ultimate controlling parties are Danfoss A/S and Danaher Corporation, who each control 50% of the share capital of Senstronics Holdings Limited.