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MONITOR (EUROPE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007

Company no 3755743

MONITOR (EUROPE) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2007

Company registration number	3755743
Registered office	Regent House Wolseley Road Kempston Bedfordshire MK42 7JY
Directors	P A Rubens A Myles D Billington
Secretary	Thomas Eggar Secretaries Limited
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Elgin House Billing Road Northampton NN1 5AU

MONITOR (EUROPE) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2007

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MONITOR (EUROPE) LIMITED

REPORT OF THE DIRECTOR

The directors presents their report together with the financial statements for the year ended 31 December 2007

Principal activity

The company is principally engaged in the manufacture and sale of equipment used for monitoring the outdoor environment

Financial overview

There was a profit for the year after taxation amounting to £2,177 (2006 loss of £431,646) The directors do not recommend the payment of a dividend The profit for the year was transferred to reserves

Financial performance

The figures below represent annualised turnover, cost of sales and gross margin compared to the previously reported accounts

	Year ended 2007 £'000	**Annualised Dec 2006 £'000**	**% Growth**
Turnover	1,465	1,931	(24)%
Cost of sales	(1,050)	(1,322)	(21)%
Gross profit	415	609	(32)%
Gross profit %	28 3%	31 5%	

The annualised turnover has decreased since last year, but in 2006 we shipped a one-off large order which increased 2006 above the level of the company's core turnover

The directors believe that Monitor (Europe) Limited is in a good position to retain its core turnover in 2008 and continue at 2007 levels.

Principal risks of the business

The management of the business and the nature of the company's strategy are subject to a number of risks The directors have set out below the principal risks to the business The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below Where possible, processes are in place to mitigate such risks

Competition

The market in which the company operates is highly competitive There has been some increased competition from US dollar based competitors due to weakness in that currency and the company has seen some erosion of its market share as a result The directors expect the lower margin to continue, however no further erosion is currently forecast

Product obsolescence

Due to the nature of the market in which the company operates, products are subject to technological advances and as a result, obsolescence The directors are committed to the development strategy in place and are confident that the company is able to react effectively to the developments within the market

Fluctuations in currency exchange rates

Over 50% of the company's turnover is traded in the US dollar or Euro and therefore is exposed to foreign currency fluctuations The company manages its foreign exchange exposure as far as possible on a net basis If required the company uses other financial instruments to reduce the exposure Generally the company does not hold large quantities of foreign currency and thus exposure is minimised

Directors

The present membership of the Board consists of Mr P A Rubens, Mr D Billington and Mr A Myles On 2 July 2007 Mr H M Whelan resigned as director and on the same date Mr D Billington and Mr A Myles were appointed to the Board

The directors hold no interest in the company or its parent undertaking

Directors' responsibilities for the financial statements

United Kingdom 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 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- 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

MONITOR (EUROPE) LIMITED

REPORT OF THE DIRECTOR

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD

P A Rubens
Director

2 May 2008

GrantThornton

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

MONITOR (EUROPE) LIMITED

We have audited the financial statements of Monitor (Europe) Limited for the year ended 31 December 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18 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 the directors and auditors

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

Basis of 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 AUDITORS TO THE MEMBERS OF

MONITOR (EUROPE) 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 2007 and of the 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 for the year ended 31 December 2007

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

8 May 2008

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost convention and on a going concern basis

The principal accounting policies have remained unchanged from the previous year and are set out below The directors have read the adopted accounting policies and consider them to be appropriate to the activities of the company

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Revenue from services provided by the group is recognised when the group has performed its obligations and in exchange obtained the right to consideration

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives

The rates generally applicable are

Plant and machinery	3 - 4 years
Fixtures, fittings and computers	4 years

STOCKS AND WORK IN PROGRESS

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-category basis

Cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis

Cost of work in progress and finished goods is based on the cost of direct materials and labour plus attributable overheads based on a normal level of activity, on a first-in, first-out basis

Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All exchange differences are dealt with through the profit and loss account

RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period During 2006, the company scheme was closed The company now contributes to the individual personal pension plans and stakeholder plans of employees

GOVERNMENT GRANTS

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

DEFERRED TAX

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 that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis if all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

MONITOR (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £	18 months ended 31 December 2006 £
Turnover	1	**1,465,305**	2,896,255
Cost of sales		**(1,049,957)**	(2,031,373)
Gross profit		**415,348**	864,882
Other operating income and charges		**(302,696)**	(986,947)
Operating profit/(loss)		**112,652**	(122,065)
Exceptional items			
Restructuring costs of operations	2	**-**	(313,196)
Net interest	3	**(69,475)**	(37,385)
Profit/(loss) on ordinary activities before taxation	1	**43,177**	(472,646)
Tax on profit/(loss) on ordinary activities	5	**(41,000)**	41,000
Profit/(loss) transferred to/(from) reserves	12	**2,177**	(431,646)

All of the activities of the company are classed as continuing

There were no recognised gains or losses other than the results for the financial year as set out above

The accompanying accounting policies and notes form an integral part of these financial statements

MONITOR (EUROPE) LIMITED

BALANCE SHEET AT 31 DECEMBER 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	6		**14,692**		25,878
Current assets					
Stocks	7	**432,562**		410,599	
Debtors	8	**526,746**		1,099,844	
Cash at bank and in hand		**71,128**		137,563	
		1,030,436		1,648,006	
Creditors: amounts falling due within one year	9	**(885,566)**		(1,516,499)	
Net current assets			**144,870**		131,507
Total assets less current liabilities			**159,562**		157,385
Capital and reserves					
Called up share capital	10		**250,000**		250,000
Profit and loss account	11		**(90,438)**		(92,615)
Shareholders' funds	12		**159,562**		157,385

The financial statements were approved by the Board of Directors on 2 May 2008.

P A Rubens
Director

The accompanying accounting policies and notes form an integral part of these financial statements

MONITOR (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit/(loss) on ordinary activities before taxation are attributable to the activity as stated in the Report of the Directors

The profit/(loss) on ordinary activities before taxation is stated after

	2007 £	18 months ended 31 December 2006 £
Auditors' remuneration	**12,395**	20,648
Non-audit services	**3,000**	3,750
Depreciation		
Tangible fixed assets, owned	**11,186**	22,365
Other operating lease rentals	**17,186**	54,397
(Gain)/loss on foreign exchange	**(48,796)**	20,751

2 EXCEPTIONAL ITEMS

	2007 £	18 months ended 31 December 2006 £
Restructuring of operations	-	313,196

3 NET INTEREST

	2007 £	18 months ended 31 December 2006 £
Other interest payable and similar charges	**71,137**	41,668
Interest receivable	**(1,662)**	(4,283)
	69,475	37,385

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

	2007 £	18 months ended 31 December 2006 £
Wages and salaries	**207,818**	327,402
Social security costs	**19,912**	32,382
Other pension costs	**8,533**	12,544
	236,263	372,328

The average number of employees of the company during the year was

	2007 Number	18 months ended 31 December 2006 Number
Production, selling and distribution	**6**	4
Administration	**4**	6
	10	10

No director received remuneration from the company during the year (2006 £Nil)

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) represents

	2007 £	18 months ended 31 December 2006 £
Deferred tax	**41,000**	(41,000)
Total tax and tax on profit/(loss) on ordinary activities	**41,000**	(41,000)

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Factors affectıng the tax charge for the perıod

The tax assessed for the perıod ıs lower than the standard rate of corporatıon tax ın the UK of 30% (2006 30%) The dıfferences are explaıned as follows

	2007 £	18 months ended 31 December 2006 £
Profit/(loss) on ordınary actıvıtıes before tax	**43,177**	(472,646)
Profit/(loss) on ordınary actıvıtıes multıplıed by the standard rate of corporatıon tax ın the UK of 30% (2006 30%)	**12,953**	(141,794)
Effect of		
Expenses not deductıble for tax purposes	**196**	36,041
Dıfferences between capıtal allowances for the year and depreciatıon	**(1,879)**	6,344
Unutılısed tax losses	**-**	71,804
Other tımıng dıfferences	**(13,857)**	27,605
Group relıef claımed	**2,587**	-
Current tax (charge)/credıt for the year	**-**	-

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and computers £	Total £
Cost			
At 1 January 2007	59,339	56,311	115,650
Additions	-	-	-
Disposals	(8,829)	(44,846)	(53,675)
At 31 December 2007	50,510	11,465	61,975
Depreciation			
At 1 January 2007	34,753	55,019	89,772
Provided in the period	10,357	829	11,186
Disposals	(8,829)	(44,846)	(53,675)
At 31 December 2007	36,281	11,002	47,283
Net book amount at 31 December 2007	**14,229**	**463**	**14,692**
Net book amount at 31 December 2006	24,586	1,292	25,878

7 STOCKS

	2007 £	2006 £
Raw materials and finished goods	**432,562**	410,599

8 DEBTORS

	2007 £	2006 £
Trade debtors	**413,582**	927,585
Amounts owed by group undertakings	**50,538**	38,336
Other debtors	**61,479**	131,089
Prepayments and accrued income	**1,147**	2,834
	526,746	1,099,844

Included within other debtors is £Nil recognised as a deferred tax asset (2006 £41,000) This represents the amount expected to be recovered from the utilisation of tax losses in the foreseeable future

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Overdrafts	554,437	731,599
Trade creditors	89,444	134,526
Amounts owed to group undertakings	155,253	401,918
Social security and other taxes	6,709	6,169
Other creditors	9,650	67,300
Accruals and deferred income	70,073	174,987
	885,566	1,516,499

10 SHARE CAPITAL

	2007 £	2006 £
Authorised		
250,000 ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
250,000 ordinary shares of £1 each	250,000	250,000

11 RESERVES

	Profit and loss account £
At 1 January 2007	(92,615)
Retained profit for the year	2,177
At 31 December 2007	(90,438)

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit/(loss) for the financial year and net increase/(decrease) in shareholders' funds	2,177	(431,646)
Shareholders' funds at 1 January 2007	157,385	589,031
Shareholders' funds at 31 December 2007	159,562	157,385

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2007 or 31 December 2006

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2007 (2006 £1 3m group banking arrangements)

15 RETIREMENT BENEFITS

Individual Personal Pension

The company contributes to the individual pension plans and stakeholder plans of employees

16 LEASING COMMITMENTS

Operating lease payments amounting to £Nil (2006 £Nil) are due within one year The leases to which these amounts relate expire as follows

	2007 Land and buildings £	2006 Land and buildings £
In five years or more	-	-

17 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Casella Measurement Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with the other members of the group headed by that company

18 ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The director considers that the ultimate parent undertaking and controlling related party of this company is Ideal Industries Inc , incorporated in the USA