Company Registration No. 3141789

Alstec Power Systems Limited

Report and Financial Statements

31 March 2006

REPORT AND FINANCIAL STATEMENTS

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Melling
G Wesley

SECRETARY

G Wesley

REGISTERED OFFICE

Cambridge Road
Whetstone
Leicester
LE8 6LH

AUDITORS

KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

ACTIVITIES

The principal activities of the company are the design, manufacture, engineering and installation of electrical control systems across a wide range of industries.

REVIEW OF DEVELOPMENTS

Turnover for the year was £1,087,000 (31 March 2005 - £1,270,000) on which a profit for the financial year of £4,000 (31 March 2005– loss of £67,000) was made.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

M R Melling

G Wesley

The directors who held office at 31 March 2006 held no interests requiring disclosure under Schedule 7 of the Companies Act 1985.

Approved by the Board of Directors
and signed on its behalf

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of Alstec Power Systems Limited

We have audited the financial statements of Alstec Power Systems Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

5 May 2006

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006

	Note	2006 £000	2005 £000
TURNOVER	2	1,087	1,270
Cost of sales		(855)	(1,035)
Gross profit		232	235
Selling and marketing costs		(156)	(299)
Administrative expenses		(70)	(72)
		(226)	(371)
OPERATING PROFIT/(LOSS)		6	(136)
Interest receivable and similar income		-	-
Interest payable and similar charges		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6	(136)
Tax on profit/(loss) on ordinary activities	5	(2)	69
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	4	(67)

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the year. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET
at 31 March 2006

	Note	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	6	4	-
CURRENT ASSETS			
Stocks	7	46	75
Debtors	8	1,291	1,291
Cash at bank and in hand		-	-
		1,337	1,366
CREDITORS: amounts falling due within one year	9	(26)	(25)
NET CURRENT ASSETS		1,311	1,341
TOTAL ASSETS LESS CURRENT LIABILITIES		1,315	1,341
CREDITORS: amounts falling due after more than one year		-	-
PROVISIONS FOR LIABILITIES AND CHARGES	10	(11)	(41)
		1,304	1,300
CAPITAL AND RESERVES			
Called up share capital	11	2,900	2,900
Profit and loss account – deficit	12	(1,596)	(1,600)
EQUITY SHAREHOLDERS' FUNDS	13	1,304	1,300

These financial statements were approved by the Board of Directors on 5 May 2006.

Signed on behalf of the Board of Directors

Director

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The following accounting policies have been consistently applied to matters that are considered material to the financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the provision of FRS No. 1 (revised) not to prepare a cash flow statement on the basis that consolidated accounts in which the results of Alstec Power Systems Ltd are included, are publicly available.

Related party transactions

In respect of the year ended 31 March 2006, the company was ultimately a wholly owned subsidiary and, accordingly, has taken advantage of the exemptions of FRS No. 8 which exempts the company from disclosure of all intra group transactions, as the consolidated accounts of its ultimate parent company are publicly available.

Tangible fixed assets

Fixed assets are shown at cost, net of depreciation and provision for permanent diminution in value.

Depreciation is provided at rates calculated to write-off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful economic life as follows:

IT equipment	33% per annum
Plant and machinery	20% per annum
Fixtures and fittings	20% per annum
Motor vehicles	25% per annum

Residual value is calculated based on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

Taxation

Corporation tax payable is provided on taxable profits at the current rate. The taxation liabilities of certain group companies may be reduced, wholly or in part, by the surrender of losses by fellow group companies. The tax benefits arising from such group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation, which arises from differences in the timing of the recognition of items in the accounts and by the tax authorities, has been calculated using the liability method. Overall the company has a deferred tax asset.

Post retirement benefits

Defined contribution pension schemes

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Defined benefit pension scheme

The group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the group profit and loss account so as to spread the cost of pensions over employees' working lives with the group (see Note 15).

Foreign currency

Transactions denominated in foreign currencies are recorded in local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the period end (or, where appropriate, at the rate of exchange in a related forward exchange contract).

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Turnover

Turnover, other than that relating to long-term contracts, comprises the value of amount invoiced (excluding trade discounts, VAT and similar taxes) for goods and services provided in the normal course of business.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

Research and development

Expenditure on research and development is written off in the period in which it is incurred.

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

2. TURNOVER

Geographical analysis of turnover by destination is as follows:	2006 £000	2005 £000
United Kingdom	1,070	1,258
Europe	5	3
North America	-	-
Rest of World	12	9
	1,087	1,270

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no Directors emoluments for the years ended 31 March 2006 or 31 March 2005.

	2006	2005
	No	No
Average number of persons employed		
Production and engineering	5	5
Sales and commercial	3	4
Administration	-	-
	8	9
	£000	£000
Staff costs during the year		
Wages and salaries	265	305
Social security costs	27	28
Pension costs	21	16
	313	349

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(Loss) on ordinary activities before taxation is stated after charging:	2006 £000	2005 £000
Depreciation and amortisation	-	1
Rentals under operating leases	107	119
Auditors' remuneration		
Audit services	-	-
Non audit services	-	-

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
Current Tax:		
United Kingdom corporation tax	(13)	(40)
Deferred tax	15	(29)
	2	(69)

Factors affecting tax charge for the year	2006 £000	2005 £000
Profit/(Loss) on ordinary activities before taxation	6	(136)
Profit/(Loss) on ordinary activities multiplied by standard rate of UK Corporation Tax of 30% (2005: 30%)	2	(41)
Expenses not tax deductible	-	-
Capital allowances for the year in excess of depreciation	(6)	(8)
Differences in the timing of tax relief on expenditure	(9)	9
Current tax charge for the year	(13)	(40)

The movement in deferred taxation during the year is as follows:

	2006 £000	2005 £000
At beginning of the year	29	-
Adjustments in respect of prior years	-	28
(Charge)/credit for the year in the profit and loss account	(15)	1
At end of the year	14	29

Deferred taxation provided and not provided in the financial statements in the current and previous years is as follows:

	Provided		Not provided	
	2006 £000	2005 £000	2006 £000	2005 £000
Depreciation in excess of capital allowances	14	20	-	-
Other timing differences	-	9	-	-
	14	29	-	-

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

6. TANGIBLE FIXED ASSETS

	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost				
At 1 April 2005	-	66	15	81
Additions	4	-	-	4
Disposals	-	(53)	-	(53)
At 31 March 2006	4	13	15	32
Accumulated depreciation				
At 1 April 2005	-	66	15	81
Charge for the year	-	-	-	-
Disposals	-	(53)	-	(53)
At 31 March 2006	-	13	15	28
Net book value				
At 31 March 2006	4	-	-	4
At 31 March 2005	-	-	-	-

7. STOCKS

	2006 £000	2005 £000
Long term contract balances	46	75
Finished goods and goods for resale	-	-
	46	75

8. DEBTORS

Amounts falling due within one year	2006 £000	2005 £000
Trade debtors	153	269
Amounts owed by other group undertakings	1,124	966
Deferred tax	14	29
Prepayments and accrued income	-	27
	1,291	1,291

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £000	2005 £000
Trade creditors	25	20
Other creditors	-	-
Accruals and deferred income	1	5
	26	25

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £000	Warranties £000	TOTAL £000
Balance at 1 April 2005	30	11	41
Created in the year	-	-	-
Utilised in the year	(30)	-	(30)
Balance at 31 March 2006	-	11	11

The warranty provision covers future expected expenditure committed at the time of the sale of the contract for the warranty periods of the long-term contracts.

11. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised Ordinary shares of £1 each	2,900,000	2,900,000
Called up, allotted and fully paid Ordinary shares of £1 each	2,900,000	2,900,000

12. PROFIT AND LOSS ACCOUNT

	2006 £000
At beginning of the year	(1,600)
Retained profit for the year	4
At end of the year	(1,596)

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Profit/(loss) for the financial year	4	(67)
Opening equity shareholders' funds	1,300	1,367
Closing equity shareholders' funds	1,304	1,300

14. FINANCIAL COMMITMENTS

There were no capital commitments at 31 March 2006 or 31 March 2005.

Operating lease commitments

At 31 March 2006, the company was committed to making the following payments during the next year in respect of operating leases:

	2006		2005	
	Land & buildings £000	Motor vehicles £000	Land & buildings £000	Motor vehicles £000
Leases which expire:				
Within one year	12	-	105	-
Within two to five years	-	-	-	-
After five years	-	-	-	-
	12	-	105	-

15. PENSION ARRANGEMENTS

The company participates in The ALSTEC Pension Scheme, a defined benefit pension scheme for all eligible employees of the Group which commenced on 1 April 2001 and, from October 2001, introduced a money purchase section for new joiners, the assets of which are held in separate, trustee administered funds.

An independent actuary prepares valuations of the Scheme at least every three years and, in accordance with his recommendations, the Group makes contributions to the Scheme. The cost of the defined benefit section, including the amortisation of any experience surplus or deficit, is charged to the profit and loss account on a systematic and rational basis over the expected remaining working lives of the employees. The amounts charged to the profit and loss account in respect of the money purchase section represent contributions payable in respect of the accounting period.

NOTES TO THE ACCOUNTS
for the year ended 31 March 2006

The Group paid contributions of 8.0% and 12.0% (from 1 August 2005) of Pensionable Salaries to the final salary section and 6.0% of Pensionable Salaries to the money purchase section.

The pension cost for the scheme was £21,000 (2005: £16,000). Contributions amounting to £NIL (2005: £NIL) were payable to the scheme.

The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", will account for the scheme under this accounting standard as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account under FRS 17 will represent the contributions payable to the scheme in respect of the accounting period.

16. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Alstec Group Limited, a company incorporated in the UK.

Copies of its accounts are available from the Registrar of Companies.