

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED
(Registration Number 1699760)

REPORT AND ACCOUNTS

31 DECEMBER 2005



Jackson & Co
Chartered Accountants
Parkway House
Sheen Lane
London SW14 8LS

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

DIRECTOR

P E J McDermott

SECRETARY

M S-M Green

AUDITORS

Jackson & Co
Chartered Accountants
Parkway House
Sheen Lane
London SW14 8LS

BANKERS

National Westminster Bank Plc
156 Fleet Street
London SW14 2DX

REGISTERED OFFICE

Lacon House
Theobald's Road
London WC1X 8RW

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

REPORT AND ACCOUNTS

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ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

DIRECTOR'S REPORT

The Director presents his report together with the accounts of the Company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the group continues to be the sale of gas turbine cleaning systems.

The Company experienced another difficult year's trading with a loss before taxation of £72,376 (2004 – loss £129,665). This was due mainly to continuing intense price competition and pressure on margins together with historically large increase in component and material costs, particularly stainless steel. However, steps put in place during 2005 including reducing the Company's overheads and operating costs are stabilising the situation and improving margins, and there is some confidence that the outlook for 2006 and beyond is for the Company to return to profit.

DIRECTOR

The director in office in the year and his beneficial interests in the Company's issued ordinary share capital were as follows:-

	<u>31 December 2005</u>	<u>1 January 2005</u>
P E J McDermott	-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 the apply them consistently
- make judgements and estimates that 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Amounts are presented within items in the profit and loss account and balance sheet, the directors having had regard to the substance of the reported transactions or arrangements, in accordance with generally accepted accounting principles or practice.

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

DIRECTOR'S REPORT (continued)

In the case of each of the persons who are directors at the time when the director's report is approved:

- so far as the directors is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

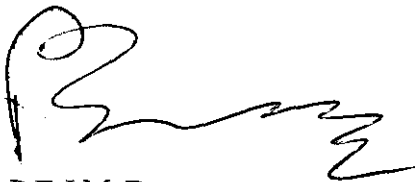
AUDITORS

The auditors, Jackson & Co Chartered Accountants, are deemed to be reappointed in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors



P E J McDermott
Director

31 July 2006

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

We have audited the financial statements on pages 5-12 of Rochem Technical Services (Europe) Limited for the year ended 31 December 2005 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 on pages 7-8.

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 Directors Report on page 1, the company's directors are responsible for the preparation of 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 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 transactions with the company 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.

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED (continued)**

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 2005 and of its results for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



JACKSON AND CO
Chartered Accountants
Parkway House
Sheen Lane
London SW14 8LS

Registered Auditors

31 July 2006

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	955,792	1,489,546
Cost of Sales		(418,345)	(974,977)
		<hr/>	<hr/>
Gross Profit		537,447	514,569
Administrative Expenses		(607,238)	(640,507)
		<hr/>	<hr/>
Operating Loss	3	(69,791)	(125,938)
Interest Receivable		31	426
Interest Payable		(2,616)	(4,153)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(72,376)	(129,665)
Taxation	6	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING LOSS FOR THE FINANCIAL YEAR		£(72,376)	£(129,665)
		<hr/> <hr/>	<hr/> <hr/>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above two financial years

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

BALANCE SHEET AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	4	<u>146,581</u>	<u>180,994</u>
CURRENT ASSETS			
Stock and work in progress	10	56,612	61,251
Debtors	9	91,047	194,973
Cash on hand and at bank		57,987	5,030
		<u>205,646</u>	<u>261,254</u>
CREDITORS: Amounts falling due within one year	7	(113,819)	(108,159)
		<u>91,827</u>	<u>153,095</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		238,408	334,089
CREDITORS: Amounts falling due after more than one year	8	(4,811)	(28,116)
		<u>£233,597</u>	<u>£305,973</u>
Represented by:			
CAPITAL AND RESERVES			
		£	£
Called up share capital	5	150,000	150,000
Profit and loss account		<u>83,597</u>	<u>155,973</u>
SHAREHOLDERS' FUNDS	14	<u>£233,597</u>	<u>£305,973</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors


P E J McDermott
Director

Approved by the Board
31 July 2006

The notes on pages 7-12 form part of these accounts

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005

1 **Accounting Policies**

(1) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(ii) Income Recognition

Sales are assessed on a contract by contract basis and reflected in the Profit and Loss Account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract. Where it is considered that the outcome of a contract in progress at the year end can be assessed with reasonable certainty, before its conclusion, the prudently calculated attributable profit is recognised in the Profit and Loss Account as the difference between the reported turnover and related costs for that contract.

(iii) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of each asset over its estimated useful life as follows:

Furniture & Fittings	-	15% per annum of cost
Plant & Machinery	-	15% per annum of cost
Motor Vehicles	-	25% per annum of cost
Leasehold Property	-	pro rata over the period of the lease

(iv) Stock and Work-in-Progress

Stock and work-in-progress is valued at the lower of cost and net realisable value, with no addition for labour and overhead costs.

(v) Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases are initially reported as fixed assets at cost, with an equivalent liability categorised as appropriate under creditors due within after one year. The asset is depreciated over the term of the lease or its useful economic life if shorter. Finance charges are allocated to accounting periods in equal amounts over the period of the lease.

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005 (continued)

1. Accounting Policies (continued)

(vi) Pension Costs

Contributions in respect of the Company's defined contribution pension scheme are charged to the Profit and Loss Account for the year in which they are payable to the scheme

(vii) Foreign Currencies

Transactions denominated in foreign currencies are recorded at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. 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.

(viii) Research and Development

The Company builds prototypes for testing and analysing equipment and products for purposes of quality control. Hardware costs of prototype parts are capitalised as plant and machinery and amortised over its expected life; other related costs are written off in the year of expenditure.

(ix) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise on the foreseeable future. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

2 **Turnover**

Turnover attributable to geographical markets outside the United Kingdom amounted to 77 % (2004 - 82%)

3 **Operating Profit**

	2005	2004
	£	£
The operating profit is stated after charging:		
Director's emoluments (including pension contributions and benefits in kind)	103,108	88,341
Auditors' remuneration	4,000	3,500
Depreciation of tangible fixed assets	21,685	35,578
Operating lease charges (plant and machinery)	435	1,371
Finance charges on hire purchase contracts	2,053	3,521

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005 (continued)

4 Tangible Fixed Assets

	Leasehold Premises	Motor Vehicles	Plant & Machinery	Furniture & Fittings	Total
	£	£	£	£	£
Cost at 1.1.05	162,370	126,949	72,199	45,601	407,119
Additions	-	-	-	501	501
Disposals	-	(48,850)	(1,281)	(1,243)	(51,374)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At cost 31.12.05	£162,370	£78,099	£70,918	£44,859	£356,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation at 1.1.05	32,726	93,352	69,276	30,772	226,126
Charged	2,706	12,221	1,460	5,298	21,685
Eliminated on disposals	-	(35,622)	(1,281)	(1,243)	(38,146)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation at 31.12.05	35,432	69,951	69,455	34,827	209,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31.12.05	£126,938	£8,148	£1,463	£10,032	£146,581
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31.12.04	£129,644	£33,597	£2,924	£14,829	£180,994
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Assets held under finance leases or hire purchase contracts included in the above:

Net book value at 31.12.05	£ -	£8,148	£ -	£ -	£8,148
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31.12.04	£ -	£33,597	£ -	£ -	£33,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005 (continued)

5 Share Capital

	2005 £	2004 £
<u>Authorised</u>		
150,000 ordinary shares of £1	<u>£150,000</u>	<u>£150,000</u>
<u>Issued, allocated and fully paid up</u>		
150,000 ordinary shares of £1	<u>£150,000</u>	<u>£150,000</u>

6 Taxation

	2005 £	2004 £
Corporation tax provision on the profit for the year	-	-
Taxation over-provided in respect of previous years	-	(232)
	<u>£ -</u>	<u>£232</u>

There is no provision for corporation tax as the Company made tax losses in both years.

7 Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts (secured)	-	3,150
Creditors for taxation and social security	21,634	15,447
Accruals	4,884	6,468
Trade Creditors	31,222	53,472
Amounts owed to group undertaking	29,829	-
Other Creditors	26,250	29,622
	<u>£113,819</u>	<u>£108,159</u>

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005 (continued)

8 Creditors: Amounts falling due after more than one year

	2005 £	2004 £
Other		
- repayable within five years	4,811	28,116
	<u> </u>	<u> </u>

9 Debtors

	2005 £	2004 £
Trade Debtors	75,465	90,666
Amounts owed by group undertakings	-	81,929
Other Debtors	15,582	22,378
	<u> </u>	<u> </u>
	£91,047	£194,973
	<u> </u>	<u> </u>

10 Stock and Work In Progress

	2005 £	2004 £
Stock	56,612	57,088
Work in Progress	-	4,163
	<u> </u>	<u> </u>
	£56,612	£61,251
	<u> </u>	<u> </u>

11 Controlling Party

The company is controlled by Rochem Technical Services (Holdings) AG, incorporated in Switzerland, which holds 100% of the issued share capital.

ROCHEM TECHNICAL SERVICES (EUROPE) LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005 (continued)

12 Related Parties

At the financial year-end the amount owed to the parent company Rochem Technical Services (Holdings) AG by the Company was £29,829 (2004 - £81,929). During the year the Company provided goods and services to the parent company valued at £522,590 (2004 - £1,073,141), and received goods and services valued at £185,604 (2004 - £162,567).

13 Guarantees and other financial commitments

Pension arrangements

The Company operates defined contribution pension schemes on behalf of the director and employees. The assets of each scheme are held separately from those to the Company in independently administered funds. The annual commitment under these schemes is for contributions of £42,596 (2004 - £39,883).

	2005 £	2004 £
<u>Operating leases</u>	<u>Land and Buildings</u>	<u>Land and Buildings</u>
Operating leases which expire:		
- within one year	£ -	£ -
- in the second to fifth years inclusive	£ -	£ -
- over five years	£26,000	£26,000

14 Reconciliation of movements on shareholders' funds

	2005 £	2004 £
Loss for the financial year after taxation	(72,376)	(129,665)
Opening shareholders' funds at 1 January 2005	305,973	435,638
Closing shareholders' funds at 31 December 2005	<u>£233,597</u>	<u>£305,973</u>