

COMPANY NO: 3679626

Cambi UK Limited

ANNUAL REPORT

Year ended 31 December 2006

FRIDAY



A79YNR02

A09

06/07/2007

156

COMPANIES HOUSE

Contents

	Page
Company Information	1
Report of the Directors	2
Independent Auditors' Report to the Shareholders	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8

Company Information

Directors	Per Lillebo Chrstian Isachsen
Secretary	Chrstian Isachsen
Registered office	7 th Floor 90 High Holborn London WC1V 6XX
Registered number	3679626
Auditors	RSM Robson Rhodes LLP Chartered Accountants Daedalus House Station Road Cambridge CB1 2RE
Bankers	Den norske Bank ASA KKD Divisjonssenteret P O Box 1171 Sentrum N-0107 Oslo Norway
Solicitors	Garretts Abbots House Abbey Street Reading RG1 3BD

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activities of the company are the design and installation of equipment in the recycling of sewage

Business review and future development

The activity in 2006 has mainly been to support other companies within the group, and to do marketing in UK for new Cambi THP projects. The marketing activity has not materialized any project for the company in 2006, and the company will keep on the activity in 2007

Results of the company

The results of the company for the year are set out in the Profit and Loss Account on page 5. This shows a loss after taxation of £36,000 (2005 Profit of £163,000). The directors do not recommend the payment of a dividend (2005 nil)

Going concern

Disclosure has been made within note 1 to the financial statements concerning the adoption of the going concern assumption in the preparation of the financial statements

Directors

The present directors of the company are set out on page 1. All directors served throughout the period

No directors have any interest in the shares of the company

Statement of directors' responsibilities for the Annual Report

The directors are responsible for preparing 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 apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed subject to any material departure 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 which 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

Report of the Directors (continued)

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following

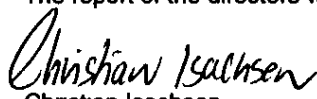
- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware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

Auditors

The auditors, RSM Robson Rhodes LLP are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approval

The report of the directors was approved by the Board on 30th May 2007 and signed on its behalf by


Christian Isachsen
Secretary

Independent Auditors' Report to the Shareholders of Cambi UK Limited

We have audited the financial statements on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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.

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 affairs of the company 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.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Cambridge, England

21 June 2007

Profit and Loss Account
for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover: continuing operations	2	73	105
Cost of sales		(2)	(29)
		<hr/>	<hr/>
Gross profit		71	76
Administrative expenses		(97)	(136)
Profit on sale of contract		-	247
		<hr/>	<hr/>
Operating (loss)/profit: continuing operations	3	(26)	187
Interest payable	5	(22)	(24)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(48)	163
Tax on (loss)/profit on ordinary activities	6	12	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(36)	163
		<hr/>	<hr/>

There are no recognised gains or losses other than those reported above

Balance Sheet
at 31 December 2006

	Note	2006 £'000	2005 £'000
Current assets			
Debtors	7	15	14
Cash at bank and in hand		5	14
		<hr/>	<hr/>
		20	28
Creditors: Amounts falling due within one year	8	(678)	(650)
		<hr/>	<hr/>
Net current liabilities		(658)	(622)
		<hr/>	<hr/>
Total assets less current liabilities		(658)	(622)
Provisions for liabilities and charges	9	(85)	(85)
		<hr/>	<hr/>
Net liabilities		(743)	(707)
		<hr/>	<hr/>
Equity Shareholders' deficit			
Ordinary share capital	10	400	400
Profit and loss account	11	(1,143)	(1,107)
		<hr/>	<hr/>
	12	(743)	(707)
		<hr/>	<hr/>

The financial statements were approved by the Board on 30th May 2007 and signed on its behalf by


Director

Cash Flow Statement
for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net cash (outflow)/inflow from operating activities	13	(54)	442
Returns on investment and servicing of finance			
Interest paid		(22)	(24)
		<hr/>	<hr/>
		(22)	(24)
Capital expenditure and financial investment			
Payments to acquire fixed assets		-	24
		<hr/>	<hr/>
		-	24
		<hr/>	<hr/>
Net cash (outflow)/inflow before financing		(76)	442
Financing			
Loan from parent undertaking		67	(306)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year	15	(9)	136
		<hr/>	<hr/>

Notes to the Financial Statements for the year ended 31 December 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards and law

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings

Going concern

The financial statements indicate that the company has incurred significant trading losses in recent years, has net liabilities of £743,000 (2005: £707,000) at the balance sheet date and is primarily funded through loans and intercompany balances amounting to £648,000 (2005: £582,000) provided by the parent company Cambi AS. The directors have received confirmation from the parent company that the group balances will not need to be repaid for 12 months from the date of these accounts.

The directors, having reviewed the trading and cash flow forecasts for the company and taken account of the factors noted above, consider that the company will be able to meet all its external obligations as they fall due and will remain within the intercompany funding balances. For this reason the directors consider it appropriate that the financial statements are prepared on the going concern basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Differences are taken to the profit and loss account in the year in which they arise.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences in the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date, and
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

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

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Stock, work in progress and long-term contracts

Stocks, excluding long-term contract balances, are stated at the lower cost and net realisable value. Long-term contract balances classified as stocks have been stated at total cost incurred, less foreseeable losses and applicable payments on account.

If recognised turnover exceeds payments on account, the excess has been included within debtors. If payments on account exceed turnover, the excess has been deducted from any balance on that contract within stocks. Any residue has been included within creditors.

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Notes To The Financial Statements (continued)

for the year ended 31 December 2006

2. TURNOVER

Turnover, excluding VAT, is recognised on the basis of work performed on contracts which have been invoiced

	2006 £'000	2005 £'000
UK	73	85
Republic of Ireland	-	20
	<u>73</u>	<u>105</u>

3. OPERATING PROFIT/(LOSS)

Operating (loss)/profit is arrived at after charging

	2006 £'000	2005 £'000
Fees payable to the company's auditors for the audit of the financial statements	4	8
Fees payable to the company's auditors for other services relating to taxation	3	7
Profit on sale of contract	-	(247)
	<u>-</u>	<u>(247)</u>

4. EMPLOYEES

Average monthly number of employees, including directors

	2006 No.	2005 No.
Administration	1	1
	<u>1</u>	<u>1</u>

Staff costs, including directors

	2006 £'000	2005 £'000
Wages and salaries	50	61
Social security costs	6	7
	<u>56</u>	<u>68</u>

None of the directors received any remuneration from the company during the year (2005 £nil)

Notes to the Financial Statements (continued)
for the year ended 31 December 2006

5. INTEREST PAYABLE

	2006 £'000	2005 £'000
Bank interest on loans and overdrafts	-	6
Interest payable to group companies	22	18
	<u>22</u>	<u>24</u>

6. TAXATION

	2006 £'000	2005 £'000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Group relief receivable	(12)	-
	<u>(12)</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>(12)</u>	<u>-</u>
Current tax reconciliation		
	2006 £'000	2005 £'000
(Loss)/profit on ordinary activities before taxation	(48)	163
Theoretical tax at UK corporation tax rate 30% (2005 30%)	(14)	49
Effects of		
Expenses disallowed	7	5
Accelerated capital allowances	(5)	(7)
Other timing differences	-	26
Profit on sale of contract not taxable	-	(74)
(Decrease)/increase in tax losses	-	1
	<u>(12)</u>	<u>-</u>
Actual current taxation charge	<u>(12)</u>	<u>-</u>

The Company has tax losses of £1,256,343 (2005 £1,257,812) available to carry forward to offset against future trading profits. The Company has un-provided deferred tax assets, as follows

	2006 £'000	2005 £'000
Fixed asset timing differences	16	19
Other timing differences	26	26
Unutilised tax losses	377	379
	<u>419</u>	<u>424</u>

The deferred tax assets have not been recognised due to uncertainties as to the extent and timing of its future recovery

Notes to the Financial Statements (continued)
for the year ended 31 December 2006

7. DEBTORS

	2006 £'000	2005 £'000
Trade debtors	10	-
Other debtors	5	14
	<hr/>	<hr/>
	15	14
	<hr/>	<hr/>

8. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Trade creditors	4	49
Amounts owed to group undertakings	287	288
Loan from parent undertaking	361	294
Other taxes and social security	6	6
Other creditors and accruals	20	13
	<hr/>	<hr/>
	678	650
	<hr/>	<hr/>

9. PROVISIONS FOR LIABILITIES AND CHARGES

	Product claim £'000
At 1 January 2006	85
Amount charged to profit and loss account	-
	<hr/>
At 31 December 2006	85
	<hr/>

A product claim is in process against the Company relating to an incident at a plant installed by the Company. The customer is seeking damages of \$1.2 million. The information usually required by FRS12 is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The directors are of the opinion that the claim can be successfully resisted by the Company.

10. SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted and fully paid		
400,000 ordinary shares of £1 each	400	400
	<hr/>	<hr/>

Notes to the Financial Statements (continued)
for the year ended 31 December 2006

11. RESERVES

	Profit and loss account £'000
At 1 January 2006	(1,107)
Loss for the year	(36)
	<hr/>
At 31 December 2006	(1,143)
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	2006 £'000	2005 £'000
Total recognised gains and losses	(36)	163
Opening shareholders' deficit	(707)	(870)
	<hr/>	<hr/>
Closing shareholders' deficit	(743)	(707)
	<hr/>	<hr/>

13. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating (loss)/profit	(26)	187
(Increase)/decrease in debtors	(1)	206
Increase/(decrease) in creditors	(27)	49
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(54)	442
	<hr/>	<hr/>

14. ANALYSIS OF NET DEBT

	2005 £'000	Cashflow £'000	2006 £'000
Cash at bank and in hand	14	(9)	5
	<hr/>	<hr/>	<hr/>
	14	(9)	5
Loan from group undertaking	(294)	(67)	(361)
	<hr/>	<hr/>	<hr/>
Net debt	(280)	(76)	(356)
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (continued)
for the year ended 31 December 2006

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	2006 £'000	2005 £'000
Increase/(decrease) in cash in the year	(9)	136
Cash outflow from financing	(67)	306
	<hr/>	<hr/>
Changes in net debt resulting from cash flows	(76)	442
Net debt at 1 January 2006	(280)	(722)
	<hr/>	<hr/>
Net debt at 31 December 2006	(356)	(280)
	<hr/>	<hr/>

16. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is Cambi AS, a company registered in Norway

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemption in relation to transactions with group companies that are 90% or more owned by the parent company