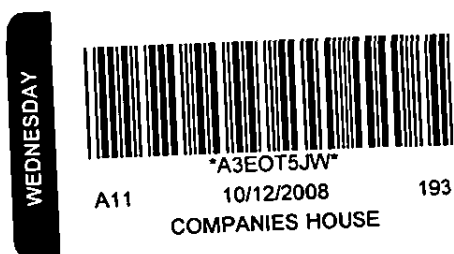


Registered number
01479677

Vapormatt Limited
Report and Accounts
30 April 2008



Vapormatt Limited
Report and accounts
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Vapormatt Limited
Company Information

Directors

R S Ashworth
T I Ashworth
M R Teague
D A Schofield

Secretary

D A Schofield

Auditors

Ian Katté & Co.
Lyndale House
24a High Street
Addlestone
Surrey
KT15 1TN

Registered office

The Monarch Centre
Venture Way
Priorswood Industrial Estate
Taunton
Somerset TA2 8DE

Registered number

01479677

Vapormatt Limited

Directors' Report

The directors present their report and accounts for the year ended 30 April 2008.

Principal activities and review of business

The company's principal activity during the year continued to be the sale and maintenance of wet blasting machinery and the sale of abrasive media. It was another pleasing year in which we were able to continue our controlled expansion. We have been able to produce a gratifying increase in turnover without sacrifice of margins. This is due, in part, to the ongoing leverage of our technological leadership within our chosen field of operations.

Summary highlights of our financial performance

- Turnover increased by 18% in the year to £4m making a 61% increase over the last three years.
- Gross profit percentage was 35.5%, a 9% improvement on 2007.
- Operating profit increased by 63% in the year to £224k meaning that it has increased 39% over the last three years.
- Net assets increased 37% in the year to £635k making net assets 120% greater than three years ago.

Management Team

We continue to develop our management structure as a foundation for future growth. In anticipation of our next stage of development the role of managing director has been made a stand alone position. The operational and sales management elements previously encompassed within this role have been passed to others.

The awareness of the need to operate with strong financial disciplines and a proper regard for consistent and long term financial planning and management as part of our overall planning and operational processes has led to the appointment of a financial director to the board which completes the balance within the company's top management team.

We have combined both sales and service activities into a single department under a sole director to enhance the quality and range of our service to both existing and new customers. This new customer facing structure more closely follows our business profile which focuses on the support of both SMEs and large blue chip customers who demand high levels of product and process expertise from their sales contacts and long term process and equipment support.

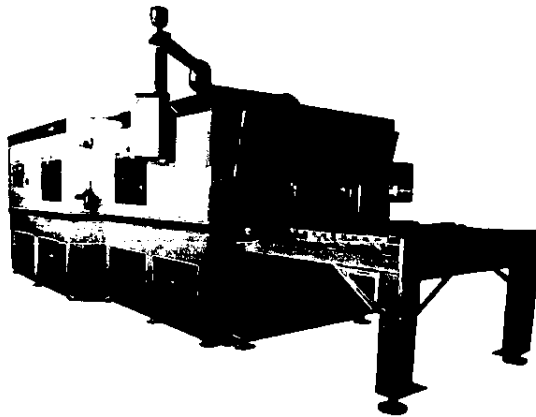
We have also extended our management team with the appointment of a dedicated operations manager and have instigated more formal project management techniques and risk analysis procedures which have enhanced our ability to deliver our larger and more complicated projects on time and to budget. This in turn will enable us to control and then optimise our costs with potential benefits to our customers both in terms of our now excellent delivery reliability and potential for maintaining favorable price/quality ratios for our equipment.

Technological and Product Range Progress

Research and development continues within the group. Significant process and equipment developments are underway which we believe provide a strong technological element to the fundamentals required for a secure future. These are supported by an ongoing IP protection policy exemplified by several new patent applications and approvals throughout the year. The company will continue to benefit from these activities which strengthen its competitive position within the market.

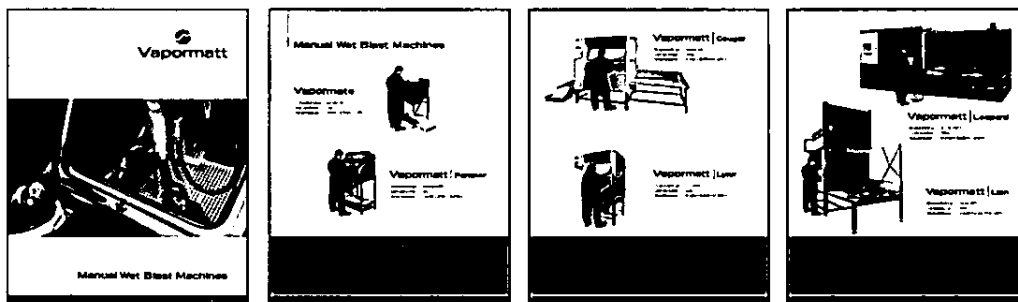
Vapormatt Limited Directors' Report

Technological and Product Range Progress (continued)



We continue with the overhaul and enhancement of our automatic equipment range, the latest exemplification of which is the new Jaguar wet blasting, washing and drying machine. This unit is a batch processing machine and has been initially launched within the aluminium extrusion die cleaning sector. The launch has been supported by presence at major trade shows and a focused PR campaign.

The complete manual machine range has been upgraded and refreshed, with standard variants being available in 5 cabinet sizes from 700mm to 2200 mm. New literature and branding has been introduced to accurately portray the strength and quality of Vapormatt products in this area, which are offered as the quality choice within the markets in which we operate.



Outlook

Looking forward towards 2009-10, the downturn in economic activity and turbulence caused within the financial markets experienced in Autumn 2008 lead us to expect lower sales volumes in the coming year.

However our high operational gearing provides a natural hedge in such recessionary times and our conservative financial management and positive cash reserves / low borrowings may provide opportunities to strengthen our strategic position for the long term despite expectations of poorer mid-term financial results.

Directors

The following directors served during the year:

R S Ashworth

T I Ashworth

M R Teague

D A Schofield (appointed 2 February 2008)

Vapormatt Limited
Directors' Report

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware:

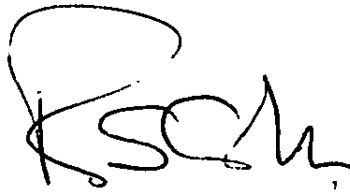
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Small company special provisions

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

This report was approved by the board on 27 October 2008.

R S Ashworth
Director

A handwritten signature in black ink, appearing to read 'RS Ashworth', with a large, stylized initial 'R' and 'S'.

Vapormatt Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

**Independent auditors' report
to the shareholders of Vapormatt Limited**

We have audited the accounts of Vapormatt Limited for the year ended 30 April 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These accounts have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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

The directors' responsibilities for preparing the accounts 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 accounts 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 accounts 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 accounts.

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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

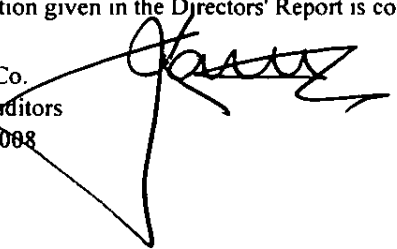
In accordance with the exemption provided by APB Ethical Standard – Provisions Available for Smaller Entities, we have prepared and submitted the company's returns to the tax authorities and assisted with the preparation of the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Ian Katté & Co.
Registered auditors
27 October 2008



Lyndale House
24a High Street
Addlestone

Vapormatt Limited
Profit and Loss Account
for the year ended 30 April 2008

	Notes	2008 £	2007 £
Turnover	2	3,957,059	3,342,389
Cost of sales		(2,551,926)	(2,248,633)
Gross profit		<u>1,405,133</u>	<u>1,093,756</u>
Administrative expenses		(1,180,664)	(956,018)
Operating profit	3	<u>224,469</u>	<u>137,738</u>
Interest receivable		16,986	4,493
Interest payable	4	(5,225)	(11,362)
Profit on ordinary activities before taxation		<u>236,230</u>	<u>130,869</u>
Tax on profit on ordinary activities	5	(63,472)	(25,226)
Profit for the financial year		<u>172,758</u>	<u>105,643</u>

Vapormatt Limited
Balance Sheet
as at 30 April 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	6	120,838	105,208
Current assets			
Stocks		735,966	367,955
Debtors	7	734,423	471,053
Cash at bank and in hand		528,589	506,888
		<u>1,998,978</u>	<u>1,345,896</u>
Creditors: amounts falling due within one year	8	(1,321,734)	(965,278)
Net current assets		<u>677,244</u>	<u>380,618</u>
Total assets less current liabilities		<u>798,082</u>	<u>485,826</u>
Creditors: amounts falling due after more than one year	9	(156,065)	(14,414)
Provisions for liabilities	10	(7,416)	(9,569)
Net assets		<u>634,601</u>	<u>461,843</u>
Capital and reserves			
Called up share capital	11	11,000	11,000
Profit and loss account	12	623,601	450,843
Shareholders' funds		<u>634,601</u>	<u>461,843</u>

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

R S Ashworth
Director



Approved by the board on 27 October 2008

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2008

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	20% straight line
Motor vehicles	25% straight line

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

2 Turnover	2008	2007
Turnover attributable to geographical markets outside the UK	69.0%	64.0%

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2008

3 Operating profit	2008	2007
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	22,582	10,543
Depreciation of assets held under finance leases and hire purchase contracts	25,592	26,224
Directors' remuneration	95,706	46,907
Auditors' remuneration	<u>6,600</u>	<u>6,600</u>
4 Interest payable	2008	2007
	£	£
Interest payable	<u>5,225</u>	<u>11,362</u>
5 Taxation	2008	2007
	£	£
UK corporation tax	65,625	24,454
Deferred tax	<u>(2,153)</u>	<u>772</u>
	<u>63,472</u>	<u>25,226</u>
6 Tangible fixed assets		
	Plant and machinery etc	Motor vehicles
	£	£
Cost		Total
At 1 May 2007	204,924	314,210
Additions	<u>39,542</u>	<u>63,804</u>
At 30 April 2008	<u>244,466</u>	<u>378,014</u>
Depreciation		
At 1 May 2007	139,618	209,002
Charge for the year	<u>28,422</u>	<u>48,174</u>
At 30 April 2008	<u>168,040</u>	<u>257,176</u>
Net book value		
At 30 April 2008	<u>76,426</u>	<u>120,838</u>
At 30 April 2007	<u>65,306</u>	<u>105,208</u>
	2008	2007
	£	£
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>48,489</u>	<u>57,004</u>

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2008

7 Debtors	2008	2007
	£	£
Trade debtors	635,681	367,554
Amounts owed by group undertakings and undertakings in which the company has a participating interest	26,019	-
Other taxes recoverable	7,791	2,716
Other debtors	64,932	100,783
	<u>734,423</u>	<u>471,053</u>
 8 Creditors: amounts falling due within one year	 2008	 2007
	£	£
Bank loans and overdrafts	-	39,470
Obligations under finance lease and hire purchase contracts	18,215	24,578
Trade creditors	368,271	324,185
Amounts owed to group undertakings and undertakings in which the company has a participating interest	191,498	61,643
Corporation tax	65,625	24,454
Other taxes and social security costs	21,669	18,435
Machine deposits	522,210	355,465
Other creditors	134,246	117,048
	<u>1,321,734</u>	<u>965,278</u>
 9 Creditors: amounts falling due after one year	 2008	 2007
	£	£
Obligations under finance lease and hire purchase contracts	6,065	14,414
Amounts owed to group undertakings and undertakings in which the company has a participating interest	150,000	-
	<u>156,065</u>	<u>14,414</u>
 10 Provisions for liabilities		
Deferred taxation:	2008	2007
	£	£
Accelerated capital allowances	12,791	9,569
Other timing differences	(5,375)	-
	<u>7,416</u>	<u>9,569</u>
	2008	2007
	£	£
At 1 May	9,569	8,797
Deferred tax charge in profit and loss account	(2,153)	772
At 30 April	<u>7,416</u>	<u>9,569</u>

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2008

11 Share capital	2008	2007
	£	£
Authorised:		
"A" Ordinary shares of £1 each	50,000	50,000
"B" Ordinary shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

	2008	2007	2008	2007
	No	No	£	£
Allotted, called up and fully paid:				
"A" Ordinary shares of £1 each	5,500	5,500	5,500	5,500
"B" Ordinary shares of £1 each	5,500	5,500	5,500	5,500
			<u>11,000</u>	<u>11,000</u>

12 Profit and loss account	2008	2007
	£	£
At 1 May	450,843	345,200
Profit for the year	172,758	105,643
	<u>623,601</u>	<u>450,843</u>
At 30 April		

13 Other financial commitments	2008	2007
	£	£
At the year end the company had annual commitments under non-cancellable operating leases as set out below:		
Operating leases which expire:		
within two to five years	<u>28,000</u>	<u>28,000</u>

14 Related parties

During the year the company traded with its parent company - Vapormatt Limited ["Vapormatt Guernsey"]. Vapormatt Limited ["Vapormatt UK"] purchased goods/services to the value of £271,983 from Vapormatt Guernsey and sold goods/services to Vapormatt Guernsey to the value of £69,751. All transactions were undertaken at arms length value.
In addition Vapormatt Guernsey charged Vapormatt UK management fees of £220,104 for the year.

15 Controlling party

The company is controlled by Vapormatt Limited, a privately owned company incorporated in Guernsey.