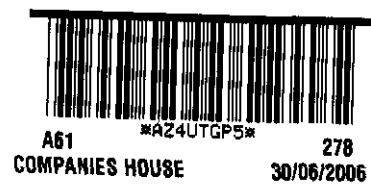


Company Registration Number 1994622

VOLTECH LIMITED

Report and Consolidated Financial Statements

31 August 2005



VOLTECH LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2005

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VOLTECH LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P A Bradstock
J S Ford
P E Ford
L Ind

SECRETARY

P E Ford

REGISTERED OFFICE

148 Sixth Street
Harwell International Business Centre
Didcot
Oxfordshire
OX11 0RA

BANKERS

National Westminster Bank plc
121 High Street
Oxford
OX1 4DD

SOLICITORS

Lyons Davidson
Bridge House
48-52 Baldwin Street
Bristol
BS1 1QD

AUDITORS

Deloitte & Touche LLP
Bristol

VOLTECH LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 August 2005.

ACTIVITIES

Voltech Limited is the holding company for the Voltech Group. The group's main activities are the design, development and manufacture of electronic equipment for the power conversion market.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Both the levels of business and year end financial position were satisfactory given the difficult economic climate. The group will continue to operate in the business area in which it is engaged and aims to exploit new activities as they arise. The group continued to spend on research and development during the year £269,639 (2004: £259,678), as it is considered crucial to keep up with competitors in order to retain market position in anticipation of market recovery.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5. The directors do not recommend the payment of a dividend (2004: £nil).

DIRECTORS AND THEIR INTERESTS

All directors served throughout the year and to date.

The directors and their interests in the company's shares at 31 August 2005 and 1 September 2004 were as follows:

	£1 Ordinary shares	
	2005	2004
P A Bradstock	100	100
J S Ford and P E Ford jointly	6,320	6,320
L Ind	780	780

The 6,320 ordinary shares above are owned by a trust in which J S Ford and P E Ford are named beneficiaries.

AUDITORS

Deloitte & Touche LLP have indicated their willingness to remain in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



L Ind
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VOLTECH LIMITED**

We have audited the financial statements of Voltech Limited for the year ended 31 August 2005 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 24. 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 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 circumstances of the company and the group, 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 of the state of the affairs of the company and the group as at 31 August 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol

30 June 2006

VOLTECH LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
Year ended 31 August 2005

	Note	2005 £	2004 £
TURNOVER	2	2,188,130	2,149,989
Cost of sales		(1,070,933)	(1,061,074)
GROSS PROFIT		1,117,197	1,088,915
Distribution costs		(240,514)	(258,923)
Administrative expenses		(1,075,701)	(1,114,359)
Other operating income		-	47,320
OPERATING LOSS	3	(199,018)	(237,047)
Interest receivable and similar income	4	1,955	7,786
Interest payable and similar charges	5	(6,445)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(203,508)	(229,261)
Tax on loss on ordinary activities	7	-	-
LOSS FOR THE FINANCIAL YEAR	17	(203,508)	(229,261)

During the year ended 31 August 2005 no activities were acquired or discontinued in the company. Consequently all figures stated above relate to continuing activities.

The company has no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

VOLTECH LIMITED

CONSOLIDATED BALANCE SHEET
At 31 August 2005

	Note	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		92,691		98,843
CURRENT ASSETS					
Stocks	11	799,397		758,780	
Debtors	12	268,673		417,233	
Cash at bank and in hand		65,430		193,487	
			1,133,500		1,369,500
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(276,728)		(315,372)	
NET CURRENT ASSETS			856,772		1,054,128
TOTAL ASSETS LESS CURRENT LIABILITIES			949,463		1,152,971
NET ASSETS			949,463		1,152,971
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Share premium account			39,000		39,000
Profit and loss account	16		900,463		1,103,971
TOTAL EQUITY SHAREHOLDERS' FUNDS	17		949,463		1,152,971

These financial statements were approved by the Board of Directors on 29 June 2006

Signed on behalf of the Board of Directors



L Ind
Director

VOLTECH LIMITED

COMPANY BALANCE SHEET
At 31 August 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	10	49,000	49,000
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(164)	(164)
NET ASSETS		<u>48,836</u>	<u>48,836</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Share premium account		39,000	39,000
Profit and loss account	16	(164)	(164)
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	<u>48,836</u>	<u>48,836</u>

The financial statements were approved by the Board of Directors on 29th June 2006

Signed on behalf of the Board of Directors



L Ind
Director

VOLTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 August 2005

	Note	2005		2004	
		£	£	£	£
Net cash outflow from operating activities	20		(97,958)		(97,572)
Returns on investment and servicing of finance					
Interest paid		(6,445)		-	
Interest received		1,955		7,786	
Net cash inflow from returns on investment and servicing of finance			(4,490)		7,786
Corporation tax received			-		13,456
Capital expenditure and financial investment					
Purchases of tangible fixed assets		(61,459)		(59,491)	
Proceeds from disposal of tangible fixed assets		39,522		1,476	
Net cash outflow from capital expenditure and financial investment			(21,937)		(58,015)
Net cash outflow before management of liquid resources and financing			(124,385)		(134,345)
Financing			-		-
Decrease in cash in the year	21		(124,385)		(134,345)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

1. ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular policies adopted, which have been applied consistently throughout the year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided in respect of the principal activity, excluding VAT and trade discounts. Income is recognised on despatch of goods.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Goodwill

Goodwill, all of which arose on the acquisition of businesses prior to the implementation of Financial Reporting Standard 10, was all written off to the profit and loss account as a matter of accounting policy. It remains eliminated in that reserve and will be charged to the profit and loss account as appropriate on the subsequent disposal of the business to which it relates.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Depreciation

Depreciation is provided to write off the cost of all assets less estimated residual values in equal annual instalments over their estimated lives, which are as follows:

Plant and machinery	2 to 5 years
Motor vehicles	3 years
Fixtures, fittings and equipment	2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken direct to reserves.

Development expenditure

Development expenditure is charged to the profit and loss account in the year it is incurred.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due.

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

2. TURNOVER

	2005	2004
	£	£
The analysis of turnover by geographical location by destination is as follows:		
Europe (including UK)	841,893	682,384
United States of America	815,491	740,079
Far East	530,746	727,526
	<u>2,188,130</u>	<u>2,149,989</u>

3. OPERATING LOSS

	2005	2004
	£	£
Operating loss is stated after charging/(crediting):		
Depreciation - owned assets	63,630	54,349
Auditors' remuneration:		
- audit	21,750	18,000
- non-audit	3,500	3,500
Rentals under operating leases - other	173,296	127,587
Profit on disposal of fixed assets	-	(22)
Research and development costs	<u>269,639</u>	<u>259,678</u>

Audit fees were borne by other group companies. There is no charge in the parent company accounts.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£	£
Other interest receivable	<u>1,955</u>	<u>7,786</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank loans and overdrafts	<u>6,445</u>	<u>-</u>

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES	2005 £	2004 £
Total emoluments (excluding pension contributions)	123,919	195,131
Total emoluments paid in respect of a defined contribution pension scheme	12,859	16,679
	<u>136,778</u>	<u>211,810</u>
	No.	No.
Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>2</u>
Average number of persons employed in the year including directors:	No.	No.
Development	8	8
Production	8	7
Distribution	6	5
Administration	8	6
	<u>30</u>	<u>26</u>
Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	730,895	746,248
Social security costs	66,755	67,217
Pension costs	12,859	16,679
	<u>810,509</u>	<u>830,144</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2005 £	2004 £
Analysis of credit in year		
United Kingdom corporation tax at 30% (2004: 30%)	-	-
Tax credit on loss on ordinary activities	<u>-</u>	<u>-</u>

There was no deferred tax charge in either year.

Factors affecting tax credit in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are as follows:

	£	£
Loss on ordinary activities before tax	<u>(203,508)</u>	<u>(229,261)</u>
	£	£
Tax at 30% thereon	(61,052)	(68,778)
Expenses not deductible for tax purposes	10	703
Capital allowances in excess of depreciation	-	(14,797)
Depreciation in excess of capital allowances	6,799	-
Short-term timing differences	-	12,797
Utilisation of tax losses	54,243	81,017
US standard rate	-	(10,942)
Current tax credit for the year	<u>-</u>	<u>-</u>

Factors affecting future tax charges

Deferred tax assets of £282,000 (2004: £257,000) in respect of tax losses and timing differences have not been recognised in these accounts on the grounds of uncertainty over future profits within the companies against which to recover the assets.

8. PARENT COMPANY PROFIT AND LOSS ACCOUNT

Under Section 230(4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account. The result for the company amounted to £nil (2004: £nil).

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

9. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2004	773,772	13,873	436,487	1,224,132
Additions	53,551	-	7,934	61,485
Disposals	(73,367)	-	(17,915)	(91,282)
At 31 August 2005	753,956	13,873	426,506	1,194,335
Accumulated depreciation				
At 1 September 2004	691,960	10,813	422,516	1,125,289
Charge for the year	52,553	1,679	9,398	63,630
Disposals	(69,360)	-	(17,915)	(87,275)
At 31 August 2005	675,153	12,492	413,999	1,101,644
Net book value				
At 31 August 2005	78,803	1,381	12,507	92,691
At 31 August 2004	81,812	3,060	13,971	98,843

10. INVESTMENTS HELD AS FIXED ASSETS

Company	2005 £	2004 £
Shares in the subsidiary company	49,000	49,000

The subsidiaries of the company and its shareholding therein at 31 August 2005 was:

	Country of registration	Class of share	Percentage held
Voltech Instruments Limited	England and Wales	Ordinary shares	100%
Voltech Instruments Inc	United States of America	Ordinary shares	100%

The shares in Voltech Instruments Inc are held by Voltech Instruments Limited.

The principal activities of the subsidiaries are the design, development and manufacture of electronic equipment for the power conversion market.

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

11. STOCKS

Group	2005 £	2004 £
Raw materials	649,421	601,479
Work in progress	1,382	47,319
Finished goods	148,594	109,982
	<u>799,397</u>	<u>758,780</u>

12. DEBTORS

Group	2005 £	2004 £
Trade debtors	239,495	359,892
Other debtors	10,510	30,640
Prepayments and accrued income	18,668	26,701
	<u>268,673</u>	<u>417,233</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2005 £	2004 £
Bank loans and overdraft	32,229	-
Trade creditors	148,264	209,795
Other taxation and social security	10,155	14,683
Other creditors	16,494	16,560
Accruals	69,586	74,334
	<u>276,728</u>	<u>315,372</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Company	2005 £	2004 £
Other	<u>164</u>	<u>164</u>

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

15.	CALLED UP SHARE CAPITAL	2005	2004
		£	£
	Authorised, allotted and fully paid 10,000 Ordinary shares of £1	10,000	10,000
		<u> </u>	<u> </u>
16.	PROFIT AND LOSS ACCOUNT		
	Group	£	
	At beginning of year	1,103,971	
	Loss for the financial year	(203,508)	
		<u> </u>	
	At 31 August 2005	900,463	
		<u> </u>	
	Company	£	
	At beginning of year	(164)	
	Result for the financial year	-	
		<u> </u>	
	At 31 August 2005	(164)	
		<u> </u>	
17.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	Group	2005	2004
		£	£
	Loss for the financial year	(203,508)	(229,261)
	Gain on translation of foreign currency	-	19,392
		<u> </u>	<u> </u>
	Net reduction in shareholders' funds	(203,508)	(209,869)
	Opening shareholders' funds	1,152,971	1,362,840
		<u> </u>	<u> </u>
	Closing shareholders' funds	949,463	1,152,971
		<u> </u>	<u> </u>
	Company	£	£
	Loss for the financial year	-	-
	Opening shareholders' funds	48,836	48,836
		<u> </u>	<u> </u>
	Closing shareholders' funds	48,836	48,836
		<u> </u>	<u> </u>

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

18. OPERATING LEASE COMMITMENTS

At 31 August 2005 the company was committed to making the following payments in respect of operating leases:

Land and buildings	2005 £	2004 £
Leases which expire:		
- within one year	-	92,719
- between one and two years	-	3,835
- thereafter	87,932	-
	<u>87,932</u>	<u>96,554</u>

19. PENSION SCHEME

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held in separate trustee administered funds. Contributions made during the year amounted to £12,859 (2004: £16,679). No amounts were outstanding to the scheme at the year end (2004: £nil).

20. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating loss	(199,018)	(237,047)
Depreciation charge	63,630	54,349
Profit on disposal of tangible fixed assets	-	(22)
Decrease in debtors	148,920	36,956
Increase in stock	(40,617)	(27,534)
(Decrease)/increase in creditors	(70,873)	75,726
Net cash outflow from operating activities	<u>(97,958)</u>	<u>(97,572)</u>

VOLTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2005

21. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

	2005	2004
	£	£
Decrease in cash in the year	(124,385)	(134,345)
Change in net debt resulting from cash flows	(124,385)	(134,345)
Translation difference on foreign currency	(35,901)	20,923
	<u>(160,286)</u>	<u>(113,422)</u>
Net funds at beginning of the year	193,487	306,909
Net funds at end of the year	<u>33,201</u>	<u>193,487</u>

22. ANALYSIS OF NET FUNDS

	At 1 September 2004	Cash flow	Exchange movements	At 31 August 2005
	£	£	£	£
Cash at bank and in hand	<u>193,487</u>	<u>(124,385)</u>	<u>(35,901)</u>	<u>33,201</u>

23. RELATED PARTY TRANSACTIONS

Voltech Limited wholly owns Voltech Instruments Limited, which wholly owns Voltech Instruments Inc. Voltech Limited is a non trading company, and has had no transactions with either subsidiary during the year.

24. ULTIMATE CONTROLLING PARTIES

The directors consider J S Ford and P E Ford to be the ultimate controlling parties.