

COMPANY REGISTRATION NUMBER 773331

NUMATIC INTERNATIONAL LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2010



STEWART & CO
Chartered Accountants & Statutory Auditor
Knoll House, Knoll Road
Camberley, Surrey
GU15 3SY

NUMATIC INTERNATIONAL LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGE
The director's report	1
Independent auditor's report to the shareholder	4
Profit and loss account	6
Group statement of total recognised gains and losses	7
Group balance sheet	8
Balance sheet	9
Group cash flow cash flow statement	10
Notes to the financial statements	11
The following pages do not form part of the financial statements	
Detailed profit and loss account	31
Notes to the detailed profit and loss account	32

NUMATIC INTERNATIONAL LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2010

The director has pleasure in presenting his report and the financial statements of the group for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of design, manufacturer and distribution of professional cleaning equipment and there has been no change during the year

The trading year of 2010 has proven to be more difficult than 2009 and looking forward, with the Government austerity measures beginning to bite, 2011 might well be even more difficult. Many of our customers (the schools, the hospitals, county councils) are directly affected by budget reductions and the increasing inflation in the cost of living also plays a major part in reducing spendable income in retail terms.

In conjunction with a difficult sales environment, which keeps pricing keen, there are also unprecedented increases in the cost of plastics directly related to oil prices but, equally, in other basic materials such as steel, copper, etc all of which are primary commodities within our manufacturing facilities. If the current trend continues we would expect the price of plastics and steel to increase yet further.

New products developed in 2010 will be introduced to the market during the first half of 2011 but, due to the economic climate, may not make a serious contribution to turnover until 2012.

I think we must all realise that we need to see an improved level of buoyancy in the UK so that we can trade our way upwards. Until that happens, however, margins will remain under pressure.

On the positive side the overseas business now constitutes 40% of our annual sales and, as we are well established in most markets, we would expect positive growth in this respect.

Our total worldwide manufacturing facility is based in Chard where we have maintained employment levels at the existing number of 700. Employee relationships remain strong with excellent communications at all levels both at home and abroad.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,462,000. The director has not recommended a dividend.

FINANCIAL INSTRUMENTS

The company does not use any financial instruments to hedge its risks associated with price, credit, liquidity or cash flow.

DIRECTOR

The director who served the company during the year was as follows:

Mr C R Duncan

NUMATIC INTERNATIONAL LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the director is 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

DISABLED EMPLOYEES

It is the group's policy to consider applications for employment from disabled people on the same basis as other potential employees. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees. If an employee becomes disabled during the period of employment the group will, if necessary and to the extent possible, retrain the employee for duties suited to that employee's abilities following disablement.

EMPLOYEE INVOLVEMENT

The group involves employees in the business in various ways. Regular meetings are held between managers and the Union Representatives of staff to discuss any issues arising and the Health and Safety Committee liaises with staff. Furthermore, wages are based on a productivity scheme, which involves disclosure to staff of sales performance.

NUMATIC INTERNATIONAL LIMITED

THE DIRECTOR'S REPORT *(continued)*

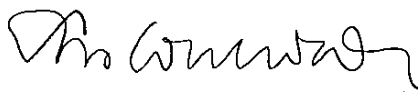
YEAR ENDED 31 DECEMBER 2010

AUDITOR

Stewart & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY

Signed by order of the director



MR S WHITLOCK
Company Secretary

Approved by the director on 16 August 2011

NUMATIC INTERNATIONAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
NUMATIC INTERNATIONAL LIMITED
YEAR ENDED 31 DECEMBER 2010

We have audited the group and parent company financial statements ("the financial statements") of Numatic International Limited for the year ended 31 December 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER - POSSIBLE OUTCOME OF LEGAL PROCEEDINGS

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 19 to the financial statements concerning the possible outcome of legal proceedings, alleging the misappropriation of assets owned by Numatic International SA, a wholly owned subsidiary incorporated in France, where the company is the claimant. The ultimate outcome of the matter cannot presently be determined and full provision has been made for the assets in question in the financial statements.

NUMATIC INTERNATIONAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
NUMATIC INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

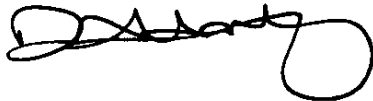
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Knoll House, Knoll Road
Camberley, Surrey
GU15 3SY

16 August 2011

DAVID HARTLEY FCA (Senior
Statutory Auditor)
For and on behalf of
STEWART & CO
Chartered Accountants
& Statutory Auditor

NUMATIC INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
GROUP TURNOVER	2	105,362	98,190
Cost of sales		<u>70,269</u>	<u>63,354</u>
GROSS PROFIT		35,093	34,836
Distribution costs		2,735	2,472
Administrative expenses		28,157	27,244
Other operating income	3	<u>(1,159)</u>	<u>(147)</u>
OPERATING PROFIT	4	5,360	5,267
Attributable to			
Operating profit before exceptional items		5,577	5,271
Exceptional items	4	<u>(217)</u>	<u>(4)</u>
		5,360	5,267
Interest receivable and similar income	7	71	167
Interest payable and similar charges	8	<u>(417)</u>	<u>(427)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,014	5,007
Tax on profit on ordinary activities	9	<u>1,552</u>	<u>1,634</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u>3,462</u>	<u>3,373</u>

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 29 form part of these financial statements

NUMATIC INTERNATIONAL LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
Profit for the financial year		
attributable to the shareholder of the parent company	3,462	3,373
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,216	(787)
Deferred tax in respect of defined benefit pension scheme	(328)	220
	<u>4,350</u>	<u>2,806</u>
Exchange differences on retranslation of net assets of subsidiary undertakings	226	108
Total gains and losses recognised since the last annual report	<u>4,576</u>	<u>2,914</u>

The notes on pages 11 to 29 form part of these financial statements

NUMATIC INTERNATIONAL LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £000	2009 £000
FIXED ASSETS			
Intangible assets	11	427	314
Tangible assets	12	29,614	29,373
		<u>30,041</u>	<u>29,687</u>
CURRENT ASSETS			
Stocks	14	16,788	14,667
Debtors	15	17,768	19,112
Cash at bank		8,296	6,725
		<u>42,852</u>	<u>40,504</u>
CREDITORS: Amounts falling due within one year	16	<u>20,194</u>	<u>24,607</u>
NET CURRENT ASSETS		<u>22,658</u>	<u>15,897</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,699</u>	<u>45,584</u>
CREDITORS: Amounts falling due after more than one year	17	5,972	2,078
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	126	132
Other provisions	19	2,329	2,208
NET ASSETS EXCLUDING PENSION LIABILITY		<u>44,272</u>	<u>41,166</u>
Defined benefit pension scheme liability	20	(3,276)	(4,734)
NET ASSETS INCLUDING PENSION LIABILITY		<u>40,996</u>	<u>36,432</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	5,000	5,000
Profit and loss account	25	35,996	31,432
SHAREHOLDER'S FUNDS	26	<u>40,996</u>	<u>36,432</u>

These financial statements were approved and signed by the director and authorised for issue on 16 August 2011

x  x

MR C R DUNCAN

The notes on pages 11 to 29 form part of these financial statements

NUMATIC INTERNATIONAL LIMITED

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £000	2009 £000
FIXED ASSETS			
Intangible assets	11	113	115
Tangible assets	12	24,556	24,487
Investments	13	7,545	7,545
		<u>32,214</u>	<u>32,147</u>
CURRENT ASSETS			
Stocks	14	11,725	9,539
Debtors	15	20,574	21,551
Cash at bank		7,345	6,274
		<u>39,644</u>	<u>37,364</u>
CREDITORS: Amounts falling due within one year	16	17,426	21,852
NET CURRENT ASSETS		<u>22,218</u>	<u>15,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,432</u>	<u>47,659</u>
CREDITORS: Amounts falling due after more than one year	17	4,002	–
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	126	132
NET ASSETS EXCLUDING PENSION LIABILITY		<u>50,304</u>	<u>47,527</u>
Defined benefit pension scheme liability	20	(3,276)	(4,734)
NET ASSETS INCLUDING PENSION LIABILITY		<u>47,028</u>	<u>42,793</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	5,000	5,000
Profit and loss account	25	42,028	37,793
SHAREHOLDER'S FUNDS		<u>47,028</u>	<u>42,793</u>

These financial statements were approved and signed by the director and authorised for issue on 16 August 2011

✕  ✕

MR C R DUNCAN

Company Registration Number 773331

The notes on pages 11 to 29 form part of these financial statements

NUMATIC INTERNATIONAL LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	5,762	8,879
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27	(398)	(407)
TAXATION	27	(1,203)	(1,592)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27	(2,773)	(2,823)
CASH INFLOW BEFORE FINANCING		1,388	4,057
FINANCING	27	340	1,048
INCREASE IN CASH	27	1,728	5,105

The notes on pages 11 to 29 form part of these financial statements

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 15 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 5 or 15 years
Patents	- Between 10 and 20 years straight line

Fixed assets

All fixed assets are initially recorded at cost.

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- 2% per annum straight line (France 15 years)
Plant & Machinery	- On a straight line monthly basis over the first 6 years to 10% of cost, thereafter its value in use is reassessed on an annual basis and 20% reducing balance (France over 5 and 10 years straight line)
Computer Equipment	- On a straight line basis over the first 3 years to 10% of cost, thereafter its value in use is reassessed on an annual basis (France between 3 and 5 years straight line)
Motor Vehicles	- 20%-33% per annum straight line
Tooling	- On a straight line monthly basis over 4 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the group.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the profit and loss account. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the profit and loss account as other finance costs or income. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme deficits are recognised in full on the balance sheet, net of related deferred tax.

The overseas subsidiary undertakings make contributions (where applicable) on behalf of their employees into private funds, contributions to these schemes are charged to the profit and loss account as they are incurred.

The parent undertaking also operates a defined contribution self-administered scheme for directors, contributions to this scheme are charged to the profit and loss account as they are incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Investments

Investments held as fixed assets are stated at cost, provision is made for impairment where there is felt to be a permanent diminution in value of the underlying net assets

2. TURNOVER

The turnover for the year was derived from the group's principal activity. In the opinion of the director all geographical markets are supplied under similar terms conditions and prices, and the products supplied form one class of business. Inter group trading is eliminated on consolidation. The director considers that any further disclosure in terms of turnover analysis would be commercially sensitive and therefore prejudicial to the group.

3. OTHER OPERATING INCOME

	2010 £000	2009 £000
Rent receivable	74	36
Other operating income	1,085	111
	<u>1,159</u>	<u>147</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2010 £000	2009 £000
Amortisation of intangible assets	60	58
Depreciation of owned fixed assets	2,258	2,444
Profit on disposal of fixed assets	(25)	(36)
Operating lease costs		
- Plant and equipment	298	282
Net profit on foreign currency translation	(39)	(16)
Auditor's remuneration - audit of the financial statements	55	55
Auditor's remuneration - other fees	93	119
Provision for losses in Numatic International SA	<u>217</u>	<u>4</u>

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

4. OPERATING PROFIT *(continued)*

Stewart & Co

	2010 £000	2009 £000
Auditor's remuneration - audit of the financial statements	<u>55</u>	<u>55</u>

Overseas auditors

	2010 £000	2009 £000
Auditor's remuneration - other fees		
- Local statutory audit of subsidiary	<u>93</u>	<u>119</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2010 No	2009 No
Number of production staff	623	612
Number of administrative staff	<u>215</u>	<u>215</u>
	<u>838</u>	<u>827</u>

The aggregate payroll costs of the above were

	2010 £000	2009 £000
Wages and salaries	24,884	22,980
Social security costs	1,616	1,548
Other pension costs	<u>1,777</u>	<u>1,903</u>
	<u>28,277</u>	<u>26,431</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 7) and amounts recognised in the statement of recognised gains and losses

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

6. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services were

	2010	2009
	£000	£000
Remuneration receivable	<u>740</u>	<u>823</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£000	£000
Bank interest receivable	<u>19</u>	<u>20</u>
Net finance income in respect of defined benefit pension schemes	<u>52</u>	<u>147</u>
	<u>71</u>	<u>167</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£000	£000
Other similar charges payable	<u>417</u>	<u>427</u>

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010	2009
	£000	£000
Current tax		
UK Taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	<u>1,241</u>	<u>1,369</u>
Foreign tax		
Current tax on income for the year	<u>84</u>	<u>103</u>
Total current tax	<u>1,325</u>	<u>1,472</u>
Deferred tax		
Origination and reversal of timing differences	<u>227</u>	<u>162</u>
Tax on profit on ordinary activities	<u>1,552</u>	<u>1,634</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

9. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £000	2009 £000
Profit on ordinary activities before taxation	<u>5,014</u>	<u>5,007</u>
Profit on ordinary activities by rate of tax	1,404	1,402
Expenses not deductible for tax purposes	86	97
Capital allowances for period in excess of depreciation	1	72
Overseas taxation	84	103
Tax adjustment for overseas subsidiaries	(23)	32
Tax adjustment for pension costs under FRS17	(227)	(234)
Total current tax (note 9(a))	<u>1,325</u>	<u>1,472</u>

10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £3,360,000 (2009 - £3,588,000)

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £000	Patents £000	Total £000
COST			
At 1 January 2010	855	147	1,002
Additions	165	13	178
Disposals	(513)	—	(513)
Exchange adjustments	(31)	2	(29)
At 31 December 2010	<u>476</u>	<u>162</u>	<u>638</u>
AMORTISATION			
At 1 January 2010	673	15	688
Charge for the year	51	9	60
On disposals	(513)	—	(513)
Exchange adjustments	(24)	—	(24)
At 31 December 2010	<u>187</u>	<u>24</u>	<u>211</u>
NET BOOK VALUE			
At 31 December 2010	<u>289</u>	<u>138</u>	<u>427</u>
At 31 December 2009	<u>182</u>	<u>132</u>	<u>314</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

11. INTANGIBLE FIXED ASSETS *(continued)*

Company	Patents £000
COST	
At 1 January 2010	130
Additions	6
At 31 December 2010	136
AMORTISATION	
At 1 January 2010	15
Charge for the year	8
At 31 December 2010	23
NET BOOK VALUE	
At 31 December 2010	113
At 31 December 2009	115

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Motor Vehicles £000	Tooling £000	Total £000
COST						
At 1 Jan 2010	26,970	9,637	3,352	589	5,292	45,840
Additions	38	665	396	170	1,456	2,725
Disposals	—	(259)	(537)	(163)	(26)	(985)
Exchange adjustments	(173)	(22)	23	(12)	(3)	(187)
At 31 Dec 2010	26,835	10,021	3,234	584	6,719	47,393
DEPRECIATION						
At 1 Jan 2010	3,743	6,362	2,421	376	3,565	16,467
Charge for the year	542	774	394	90	458	2,258
On disposals	—	(204)	(535)	(137)	(4)	(880)
Exchange adjustments	(32)	(12)	(2)	(19)	(1)	(66)
At 31 Dec 2010	4,253	6,920	2,278	310	4,018	17,779
NET BOOK VALUE						
At 31 Dec 2010	22,582	3,101	956	274	2,701	29,614
At 31 Dec 2009	23,227	3,275	931	213	1,727	29,373

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Motor Vehicles £000	Tooling £000	Total £000
COST						
At 1 Jan 2010	22,148	8,892	2,504	54	5,213	38,811
Additions	6	397	290	—	1,157	1,850
Disposals	—	—	(455)	—	(15)	(470)
At 31 Dec 2010	22,154	9,289	2,339	54	6,355	40,191
DEPRECIATION						
At 1 Jan 2010	2,823	6,014	1,929	40	3,518	14,324
Charge for the year	416	638	262	3	452	1,771
On disposals	—	—	(456)	—	(4)	(460)
At 31 Dec 2010	3,239	6,652	1,735	43	3,966	15,635
NET BOOK VALUE						
At 31 Dec 2010	18,915	2,637	604	11	2,389	24,556
At 31 Dec 2009	19,325	2,878	575	14	1,695	24,487

13. INVESTMENTS

Company	Group companies £000
COST	
At 1 January 2010 and 31 December 2010	7,545
NET BOOK VALUE	
At 31 December 2010 and 31 December 2009	7,545

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company				
Numatic International SA	France	Ordinary shares	100%	Sales and distribution
Numatic International GmbH	Germany	Ordinary shares	100%	Sales and distribution
Numatic International B V	Holland	Ordinary shares	100%	Sales and distribution
Numatic International (Proprietary) Ltd	South Africa	Ordinary shares	100%	Sales and distribution
Numatic International Schweiz AG	Switzerland	Ordinary shares	100%	Sales and distribution

It must be emphasised that in aggregate the value of the investments in Numatic International SA, Numatic International B V, Numatic International (Proprietary) Ltd and Numatic International Schweiz AG are disproportionate to their current asset value by £7,448,000. It is the company's policy to fully capitalise start up costs, working capital requirements and wherever possible the provision of freehold premises. All subsidiaries are held for the long term and are expected, if they are not already, to provide a meaningful return on the capital employed. Furthermore the current asset values of the subsidiary undertakings do not include internally generated goodwill. Accordingly no impairments have been made.

All subsidiary undertakings are involved in the sale and distribution of group and associated products.

All subsidiary undertakings are included in the consolidated accounts.

14. STOCKS

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Raw materials	8,280	6,782	8,280	6,782
Work in progress	944	680	944	680
Finished goods	7,534	7,175	2,471	2,047
Small tools	30	30	30	30
	<u>16,788</u>	<u>14,667</u>	<u>11,725</u>	<u>9,539</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

15. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Trade debtors	14,224	15,144	9,223	9,981
Amounts owed by group undertakings	—	—	10,924	11,166
Other debtors	3,036	3,367	4	4
Deferred taxation (Note 18)	22	29	—	—
Prepayments and accrued income	486	572	423	400
	<u>17,768</u>	<u>19,112</u>	<u>20,574</u>	<u>21,551</u>

16 CREDITORS: Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank loans and overdrafts	5,200	8,911	4,402	8,091
Trade creditors	8,259	9,448	7,659	8,804
Other creditors including taxation				
Corporation tax	804	683	791	669
Other taxation	827	868	674	749
Other creditors	788	770	—	—
Accruals and deferred income	4,316	3,927	3,900	3,539
	<u>20,194</u>	<u>24,607</u>	<u>17,426</u>	<u>21,852</u>

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank loans	<u>5,972</u>	<u>2,078</u>	<u>4,002</u>	<u>—</u>

18. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Provision brought forward	103	165	132	204
Increase/(Decrease) in provision	<u>1</u>	<u>(62)</u>	<u>(6)</u>	<u>(72)</u>
Provision carried forward	<u>104</u>	<u>103</u>	<u>126</u>	<u>132</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

18. DEFERRED TAXATION *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2010		2009	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Excess of taxation allowances over depreciation on fixed assets	126	-	132	-
Other timing differences	(22)	-	(29)	-
	<u>104</u>	<u>-</u>	<u>103</u>	<u>-</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of

Company	2010		2009	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Excess of taxation allowances over depreciation on fixed assets	126	-	132	-

19. OTHER PROVISIONS

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Other provisions	<u>2,329</u>	<u>2,208</u>	<u>-</u>	<u>-</u>

During 2009 irregular activities by former management were identified in Numatic International SA, a wholly owned subsidiary incorporated in France, and there are currently legal proceedings in progress alleging the misappropriation of the subsidiary's assets, where the company is the claimant. The value of the assets that the company is trying to recover stands at £2,525,000, for which full provision was made in the financial statements for the year ended 31 December 2008. This figure consists of several transactions covering the two periods preceding this date. The amounts included in these financial statements in respect of this subsidiary are a £165,000 loss (2009 £134,000 profit) and £1,935,000 net liabilities (2009 £1,835,000 net liabilities).

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

20 PENSIONS AND OTHER POST RETIREMENT BENEFITS

The group operates a number of pension schemes for its employees

Defined benefit pension scheme (company only)

Employees contribute 7% of salary (2009 6%) with the balance of required contributions being met by the company (23.3% of pensionable salaries at the balance sheet date). An actuary reviews the assets and liabilities of the scheme on a triennial basis for funding purposes, the last valuation being as at 1st April 2009. Interim valuations will continue to be performed at the end of each accounting year for the purposes of FRS 17 disclosures.

The actuarial assessment considers the assets and liabilities at the date of calculation and forecasts assets and liabilities in the future according to a set of assumptions, the most important of which are the rate of return on the assets and the rate of increase in remuneration and pensions.

At the date of the last full valuation in 2009, the actuarial valuation of the assets was £18,745,000 and of the liabilities £31,354,000, representing a shortfall of £12,609,000 and a funding level of 60%. This underfunding is being reduced by adjusting the employer's contribution to 23.3% of pensionable salaries for the year to 31st December 2009 and thereafter.

The position will be reviewed at the next actuarial valuation, which should have an effective date not more than three years from the date of the latest valuation.

The amounts recognised in the profit and loss account are as follows

	2010 £000	2009 £000
<i>Amounts credited to operating profit</i>		
Current service cost	(851)	(765)
Total operating credit	<u>(851)</u>	<u>(765)</u>
<i>Amounts included in other finance income</i>		
Expected return on scheme assets	1,848	1,611
Interest on scheme liabilities	(1,900)	(1,758)
Other finance income	<u>(52)</u>	<u>(147)</u>
Total credit to the profit and loss account	<u>(903)</u>	<u>(912)</u>

The total operating credit is recognised in the following line items in the profit and loss account

	2010 £000	2009 £000
Cost of sales	(903)	(912)
Total operating credit	<u>(903)</u>	<u>(912)</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Other finance income is included in the profit and loss account within interest receivable and similar income

Actuarial gains of £1,216 (2009 £(787)) have been recognised in the statement of total recognised gains and losses

The amounts recognised in the balance sheet are as follows

	2010 £000	2009 £000
Present value of unfunded obligations	(4,550)	(6,575)
Related deferred tax asset	1,274	1,841
Net pension liability	<u>(3,276)</u>	<u>(4,734)</u>

Changes in the present value of the defined benefit obligation scheme are as follows

	2010 £000	2009 £000
Opening defined benefit obligation	33,042	27,129
Current service cost	851	765
Interest on scheme liabilities	1,900	1,758
Actuarial loss	1,266	4,312
Contributions by scheme participants	509	450
Benefits paid	(790)	(1,372)
Closing defined benefit obligation	<u>36,778</u>	<u>33,042</u>

The defined benefit obligation may be analysed between wholly unfunded and wholly or partly funded schemes as follows

	2010 £000	2009 £000
Funded	32,228	26,467
Unfunded	4,550	6,575
	<u>36,778</u>	<u>33,042</u>

Changes in the fair value of scheme assets are as follows

	2010 £000	2009 £000
Opening fair value of scheme assets	26,467	20,505
Expected return on scheme assets	1,848	1,611
Contributions by scheme participants	509	450
Actuarial gain	2,482	3,525
Benefits paid	(790)	(1,372)
Other	1,712	1,748
Closing fair value of scheme assets	<u>32,228</u>	<u>26,467</u>

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows

	2010	2009
	%	%
European equities	78.00	79 00
European bonds	15.00	14 00
Property	7.00	7 00

The principal actuarial assumptions as at the balance sheet date were

	2010	2009
	%	%
Discount rate	5.40	5 70
Expected return on scheme assets	6.10	6 80
Rate of increase in salaries	4.40	4 60
Rate of increase in pensions in payment	3.30	3 40
Inflation	3.40	3 60

Amounts for the current and previous four periods are as follows

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Defined benefit obligation	(36,778)	(33,042)	(27,129)	(29,500)	(29,825)
Fair value of scheme assets	32,228	26,467	20,505	24,691	22,475
Deficit in the scheme	<u>(4,550)</u>	<u>(6,575)</u>	<u>(6,624)</u>	<u>(4,809)</u>	<u>(7,350)</u>

Other pension schemes

The parent undertaking operates a defined contribution self-administered scheme for its directors from which the sole director is accruing benefits. No contributions were made by the parent company to this scheme during this year and the previous year.

The overseas subsidiary undertakings make contributions into employees' personal pension schemes.

Total pension costs

The pension cost charge represents contributions payable by the group to the funds and amounted to £1,777,000 (2009 £1,903,000), including contributions payable by overseas subsidiary undertakings.

All contributions deducted from employees and payable by the employer have been paid to the UK schemes.

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

21. SECURITY

Bank borrowings covering the bank treasury loan and the overdraft facility are secured by specific legal charges over freehold land and property

There is a letter of comfort in place from the parent undertaking, in respect of any bank borrowings of Chalon UK Limited, a company also owned and controlled by Mr C R Duncan, the sole director

There is also security given by the parent undertaking in respect of the bank borrowings of Numatic International SA

22. COMMITMENTS UNDER OPERATING LEASES

At 2010 the group had annual commitments under non-cancellable operating leases as set out below

Group	2010		2009	
	Land and buildings £000	Other items £000	Land and buildings £000	Other items £000
Operating leases which expire				
Within 1 year	267	180	222	207
Within 2 to 5 years	1,238	643	975	683
After more than 5 years	829	-	1,016	-
	<u>2,334</u>	<u>823</u>	<u>2,213</u>	<u>890</u>

23. RELATED PARTY TRANSACTIONS

The company was under the control of Mr C R Duncan throughout the current and previous year Mr C R Duncan is the director and sole shareholder

During the year the company was invoiced by Chalon UK Limited, a company also owned and controlled by Mr C R Duncan, £250,000 (2009 nil) regarding marketing and consultancy

24. SHARE CAPITAL

Authorised share capital:

	2010 £000	2009 £000
5,000,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2010		2009	
	No	£000	No	£000
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

25 RESERVES

Group	Profit and loss account £000
Balance brought forward	31,432
Profit for the year	3,462
Exchange differences on retranslation of net assets of subsidiary undertakings	226
Defined benefit pension scheme	876
Balance carried forward	<u>35,996</u>
 Company	 Profit and loss account £000
Balance brought forward	37,793
Profit for the year	3,360
Defined benefit pension scheme	875
Balance carried forward	<u>42,028</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010 £000	2009 £000
Profit for the financial year	3,462	3,373
Defined benefit pension scheme	876	(567)
Exchange differences on retranslation of net assets of subsidiary undertakings	226	108
Net addition to shareholder's funds	<u>4,564</u>	2,914
Opening shareholder's funds	<u>36,432</u>	<u>33,518</u>
Closing shareholder's funds	<u>40,996</u>	<u>36,432</u>

NUMATIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

27. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £000	2009 £000
Operating profit	5,360	5,267
Amortisation	60	58
Depreciation	2,258	2,444
Profit on disposal of fixed assets	(25)	(36)
(Increase)/decrease in stocks	(2,121)	522
Decrease/(increase) in debtors	1,337	(1,003)
(Decrease)/increase in creditors	(823)	2,055
Increase/(decrease) in provisions	121	(234)
Exchange differences arising on consolidation	226	109
Exchange rate adjustments on fixed assets	126	386
FRS17 adjustment reversal	(757)	(689)
Net cash inflow from operating activities	<u>5,762</u>	<u>8,879</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £000	2009 £000
Interest received	19	20
Interest paid	(417)	(427)
Net cash outflow from returns on investments and servicing of finance	<u>(398)</u>	<u>(407)</u>

TAXATION

	2010 £000	2009 £000
Taxation	<u>(1,203)</u>	<u>(1,592)</u>

CAPITAL EXPENDITURE

	2010 £000	2009 £000
Payments to acquire intangible fixed assets	(178)	(64)
Payments to acquire tangible fixed assets	(2,725)	(2,914)
Receipts from sale of fixed assets	130	155
Net cash outflow from capital expenditure	<u>(2,773)</u>	<u>(2,823)</u>

NUMATIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

27. NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	2010 £000	2009 £000
Increase in bank loans	340	1,048
Net cash inflow from financing	<u>340</u>	<u>1,048</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £000	2009 £000
Increase in cash in the period	1,728	5,105
Net cash (inflow) from bank loans	<u>(340)</u>	<u>(1,048)</u>
	<u>1,388</u>	<u>4,057</u>
Change in net debt	1,388	4,057
Net debt at 1 January 2010	<u>(4,264)</u>	<u>(8,321)</u>
Net debt at 31 December 2010	<u>(2,876)</u>	<u>(4,264)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2010 £000	Cash flows £000	At 31 Dec 2010 £000
Net cash			
Cash in hand and at bank	6,725	1,571	8,296
Overdrafts	<u>(5,357)</u>	<u>157</u>	<u>(5,200)</u>
	<u>1,368</u>	<u>1,728</u>	<u>3,096</u>
Debt			
Debt due within 1 year	<u>(3,554)</u>	<u>3,554</u>	–
Debt due after 1 year	<u>(2,078)</u>	<u>(3,894)</u>	<u>(5,972)</u>
	<u>(5,632)</u>	<u>(340)</u>	<u>(5,972)</u>
Net debt	<u>(4,264)</u>	<u>1,388</u>	<u>(2,876)</u>