

REGISTER
OF COMPANIES

NU-AIRE LIMITED

Report and Financial Statements

30 September 2004



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Deloitte & Touche LLP
Cardiff

REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Parry
D H Willcox
J Bradley
R Duczenko
M Huxtable

SECRETARY

R Parry

REGISTERED OFFICE

Western Industrial Estate
Caerphilly
CF83 1NA

BANKERS

Barclays Bank Plc

SOLICITORS

Morgan Cole

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2004.

ACTIVITIES

The principal activities of the company are the manufacture and sale of ventilating and air-handling equipment.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The profit for the financial year after taxation amounted to £3,192,000 (2003 - £2,078,000). The results for the year are set out in the profit and loss account on page 6. The company's balance sheet, as detailed on page 7, shows a satisfactory position, with shareholders' funds amounting to £15,762,000 (2003 - £12,692,000).

The directors are satisfied with the company's profitability in the year and are confident that it will be maintained in the forthcoming financial year.

DIVIDENDS

A dividend of £122,000 (2003 - £nil) has been announced for the financial year.

DIRECTORS

The present membership of the Board is set out on page 1. All the directors served throughout the financial year.

None of the directors had any interests in the share capital of any group company, except the ultimate parent company, at the beginning and the end of the financial year.

The interests of the directors in the share capital of the ultimate parent company are disclosed in the financial statements of Oval (1888) Limited.

DISABLED PERSONS

It is established company policy to offer the same opportunity to disabled people as to all others in matters of recruitment and career advancement, provided they have the ability to perform the tasks required with or without training, and to provide retraining where necessary in cases where disability is incurred during employment with the company.

EMPLOYEE INVOLVEMENT

It is company policy to ensure that employees are provided with information on all matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial economic factors affecting the company's performance, are consulted wherever necessary and are encouraged generally to be involved in the company's overall performance.

RESEARCH AND DEVELOPMENT

Expenditure on research and development has allowed the company to retain its competitive position in its core market, whilst providing opportunities for expansion into other related markets in the future. Research and development costs totalled £439,000 for the year (2003 - £481,000).

DIRECTORS' REPORT (continued)

AUDITORS

An elective resolution is in place dispensing with the requirement to reappoint auditors annually and, accordingly, Deloitte & Touche LLP will remain in office as the company's auditors.

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



R Parry
Secretary

Date 26 January 2005

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 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 the system of internal control, 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 MEMBERS OF NU-AIRE LIMITED

We have audited the financial statements of Nu-Aire Limited for the year ended 30 September 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 the 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 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 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 of the state of the company's affairs as at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff

Date

31 July 2005

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2004

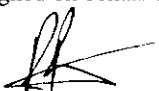
	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
TURNOVER: continuing operations	2		30,005		27,558
Cost of sales			(16,365)		(15,187)
Gross profit			13,640		12,371
Distribution costs			(6,203)		(6,073)
<i>Administrative expenses</i>					
Exceptional administrative expenses	3	1,377		410	
Other administrative expenses		3,134		2,743	
Total administrative expenses			(4,511)		(3,153)
OPERATING PROFIT: continuing operations			2,926		3,145
Income from fixed asset investments			223		-
Interest receivable and similar income			61		7
Interest payable and similar charges	4		(29)		(144)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		3,181		3,008
Tax credit/(charge) on profit on ordinary activities	7		11		(930)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			3,192		2,078
Dividends	8		(122)		-
RETAINED PROFIT FOR THE FINANCIAL YEAR			3,070		2,078
Profit and loss account brought forward			10,692		8,614
Profit and loss account carried forward			13,762		10,692

There have been no recognised gains and losses for the current or prior financial year other than as stated in the profit and loss account and, accordingly, no statement of total recognised gains and losses is presented.

BALANCE SHEET
30 September 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	9	732	769
Investments	10	7,460	7,460
		<u>8,192</u>	<u>8,229</u>
CURRENT ASSETS			
Stocks	11	1,794	2,193
Debtors	12	7,684	7,431
Cash at bank and in hand		2,906	1,206
		<u>12,384</u>	<u>10,830</u>
CREDITORS: amounts falling due within one year	13	<u>(4,802)</u>	<u>(6,349)</u>
NET CURRENT ASSETS		<u>7,582</u>	<u>4,481</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,774</u>	<u>12,710</u>
CREDITORS: amounts falling due after more than one year	14	<u>(12)</u>	<u>(18)</u>
NET ASSETS		<u><u>15,762</u></u>	<u><u>12,692</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	2,000	2,000
Profit and loss account		13,762	10,692
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	<u><u>15,762</u></u>	<u><u>12,692</u></u>

These financial statements were approved by the Board of Directors on 26 January 2005
Signed on behalf of the Board of Directors


R Parry - Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996), the company is not required to prepare a cash flow statement as a group cash flow statement has been included in the financial statements of Oval (1888) Limited, the ultimate parent company.

Tangible fixed assets

Depreciation is calculated to write off the cost of all tangible fixed assets in equal annual instalments over their estimated useful lives at the following rates:

Plant, machinery and equipment	12 1/2% - 33 1/3%
Motor vehicles	25% - 50%

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. The cost of work-in-progress and finished goods includes materials, direct labour and fixed and variable factory overheads.

Deferred taxation

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.

Research and development

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

Leases

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

Foreign exchange

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

1. ACCOUNTING POLICIES (continued)

Grant income

Grants received as contributions towards the cost of fixed assets are credited to deferred income and released to the profit and loss account over the useful economic lives of the assets.

Pensions

The company operates a defined contribution pension scheme covering all eligible employees. Contributions are charged to the profit and loss account as they become payable under the rules of the scheme.

2. TURNOVER

Turnover represents the invoiced value, excluding value added tax, of goods sold and services provided to customers. Turnover is recognised on despatch of the goods and provision of services.

The company trades internationally. However, an analysis of the company's turnover by geographical segment is not disclosed as, in the opinion of the directors, this disclosure would be seriously prejudicial to the interests of the company.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004	2003
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible assets		
- owned assets	287	281
Auditors' remuneration		
- audit fees	24	25
- other services	8	53
Management charge	824	692
Operating lease rentals		
- plant and machinery	50	60
- other	223	187
Exceptional administrative expenses		
Inter-company loan written-off	-	410
Payment to ESOP trust	1,377	-
Research and development costs	439	481
Release of grant income	(17)	(38)
	<u> </u>	<u> </u>

The £1,377,000 exceptional expense in the current year relates to a payment to the ESOP trust in relation to the exercise of share options in the parent company. The £410,000 exceptional expense in the prior year related to the write-off of an inter-company loan with an overseas fellow subsidiary which has now ceased to trade.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Bank loans and overdrafts, and other loans repayable within five years	29	144

5. DIRECTORS' EMOLUMENTS

For the year ended 30 September 2004, the directors were remunerated by other group companies for their services to the group as a whole and it is not practicable to allocate their remuneration for their services to group companies. Details of their remuneration is disclosed in the financial statements of the intermediate holding company, Nu-Aire Holdings Limited.

6. EMPLOYEES

	2004 No.	2003 No.
The average number of persons (including directors) employed by the company during the year was		
Production staff	143	141
Administration staff	62	61
Distribution staff	98	101
	<u>303</u>	<u>303</u>
	£'000	£'000
Staff costs		
Wages and salaries	7,915	7,621
Social security costs	882	803
Other pension costs	457	436
Profit related pay	413	346
	<u>9,667</u>	<u>9,206</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£'000	£'000
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2003 - 30%)	102	1,003
Double tax relief	(102)	-
Adjustment in respect of prior years	1	(75)
	<u>1</u>	<u>928</u>
Total current tax		
Deferred tax	(12)	2
	<u>(11)</u>	<u>930</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£'000	£'000
Profit on ordinary activities before tax	<u>3,181</u>	<u>3,008</u>
Tax on profit on ordinary activities before tax at 30% (2003 - 30%)	954	903
Factors affecting charge for the year		
Expenses not deductible for tax purposes	87	176
Capital allowances in excess of depreciation	10	3
Short-term timing differences	2	(14)
Non-taxable income	(2)	(2)
Enhanced R&D tax relief	-	(4)
Group relief	(949)	(59)
Double tax relief	(102)	-
Prior year adjustment	1	(75)
	<u>1</u>	<u>928</u>
Current tax charge for year		

8. DIVIDENDS

	2004	2003
	£'000	£'000
Dividends	<u>122</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

9. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 1 October 2003	15	3,688	3,703
Additions	7	243	250
	<hr/>	<hr/>	<hr/>
At 30 September 2004	22	3,931	3,953
Depreciation			
At 1 October 2003	12	2,922	2,934
Charge for the year	6	281	287
	<hr/>	<hr/>	<hr/>
At 30 September 2004	18	3,203	3,221
Net book value			
At 30 September 2004	4	728	732
	<hr/>	<hr/>	<hr/>
At 30 September 2003	3	766	769
	<hr/>	<hr/>	<hr/>

10. INVESTMENTS IN SUBSIDIARIES

	2004 £	2003 £
The subsidiary, which is wholly owned and stated at cost, is		
Arem SAS	7,460,289	7,460,289
	<hr/>	<hr/>

Arem SAS is incorporated in France and its activities are the manufacture and sale of ventilating equipment. Nu-Aire Limited holds shares representing 100% of the company's voting rights via a French branch.

Nu-Aire Limited is a wholly owned subsidiary of Nu-Aire Holdings Limited, a company incorporated in Great Britain. Nu-Aire Holdings Limited is a wholly owned subsidiary of Oval (1888) Limited, which has prepared consolidated financial statements for the group. Accordingly, the company has taken advantage of S228 of the Companies Act 1985 which exempts them from preparing group accounts.

11. STOCKS

	2004 £'000	2003 £'000
Raw materials and consumables	913	1,166
Work-in-progress	96	78
Finished goods	785	949
	<hr/>	<hr/>
	1,794	2,193
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

12. DEBTORS

	2004	2003
	£'000	£'000
Trade debtors	7,439	6,912
Amounts owed by parent and fellow subsidiary undertakings	66	297
Prepayments and accrued income	114	169
Deferred taxation (see note 15)	65	53
	<u>7,684</u>	<u>7,431</u>

All amounts are due within one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£'000	£'000
Bank overdraft	-	1,500
Trade creditors	2,771	2,863
Amounts owed to subsidiary undertakings	4	3
Other creditors including taxation and social security	620	848
Accruals and deferred income	1,407	1,135
	<u>4,802</u>	<u>6,349</u>

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

	2004	2003
	£'000	£'000
Accruals and deferred income	<u>12</u>	<u>18</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

15. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
At 1 October 2003	53
Credited to profit and loss account	12
	<hr/>
At 30 September 2004	<u>65</u>

The amounts of deferred taxation provided in the financial statements are as follows:

	2004	2003
	£'000	£'000
Accelerated capital allowances	60	50
Short-term timing differences	5	3
	<hr/>	<hr/>
	<u>65</u>	<u>53</u>

The potential assets are based on a corporation tax rate of 30% (2003 - 30%).

16. CALLED UP SHARE CAPITAL

	2004	2003
	£'000	£'000
Authorised, allotted, issued and fully paid		
Ordinary shares of £1 each	2,000	2,000
	<hr/>	<hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£'000	£'000
Profit attributable to members of the company	3,192	2,078
Dividends paid	(122)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	3,070	2,078
Opening shareholders' funds	12,692	10,614
	<hr/>	<hr/>
Closing shareholders' funds	<u>15,762</u>	<u>12,692</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2004

18. LEASING COMMITMENTS

	Plant and machinery £'000	Other £'000
Annual commitments under operating leases at 30 September 2004 are as follows		
Operating leases which expire:		
Within one year	-	11
Between one and two years	10	70
Between two and five years	-	130
	<u>10</u>	<u>211</u>

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Nu-Aire Holdings Limited, which is itself a wholly owned subsidiary of Oval (1888) Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Oval (1888) Limited.

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Oval (1888) Limited, a company incorporated in Great Britain.

Copies of the financial statements of Oval (1888) Limited may be obtained from Western Industrial Estate, Caerphilly, CF83 1NA.