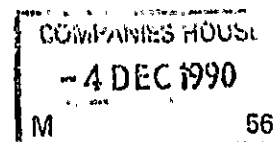


ALTAIR FILTERS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS
53 weeks ended 31 JANUARY 1990

880172



ALTAIR FILTERS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 1990

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ALTAIR FILTERS INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-----------|--|
| Directors | I H Church) R E Cleaver) Joint Managing Directors D I S Hinton (appointed 23 November 1990) |
|-----------|--|

| | |
|-----------|--------------|
| Secretary | T M A Whelan |
|-----------|--------------|

| | |
|-------------------|------------------------------|
| Registered Office | Omega Park Alton Hants |
|-------------------|------------------------------|

| | |
|---------|-------------------|
| Bankers | Barclays Bank plc |
|---------|-------------------|

| | |
|------------|----------------------|
| Solicitors | Turner Kenneth Brown |
|------------|----------------------|

| | |
|----------|---|
| Auditors | Ernst & Young Chartered Accountants Southampton |
|----------|---|

ALTAIR FILTERS INTERNATIONAL LIMITED

DIRECTORS' REPORT

53 weeks ended 31 January 1990

The directors submit their report and financial statements of the company for the 53 weeks ended 31 January 1990.

1. ACTIVITIES

The principal activity of the company is that of manufacturing air filtration equipment.

2. REVIEW OF DEVELOPMENTS

(a) Major events during the year

On the 21st September 1989, Multiple Industries Ltd, who own 100% of the shares in Altair Filters International Limited was acquired by Appfire Ltd. Appfire Limited is owned by two directors of the company and Investors in Industry (3i plc).

(b) Review of the results for the year

The financial performance of the company is fully set out in the accounts. Sales achieved were £2,692,408 (1989 - £2,155,184) with pre-tax profits of £384,691 (1989 - £367,050).

3. DIVIDENDS AND TRANSFERS TO RESERVES

The directors recommend a further interim ordinary dividend of £1,156,197 which makes a total of £2,269,961 for the year.

4. FUTURE PROSPECTS

The directors consider that the company is in a position to continue to make good progress in future periods.

5. FIXED ASSETS

Details of fixed assets owned during the year are stated in note 10 to the financial statements.

ALTAIR FILTERS INTERNATIONAL LIMITED

DIRECTORS' REPORT CONT

53 weeks ended 31 January 1990

6. DIRECTORS

The directors are shown on page 1. Mr I H Church and Mr R E Cleaver served throughout the year together with Sir Anthony Joliffe who resigned on 2.5.89 and Mr John Pither who resigned on 15.5.89.

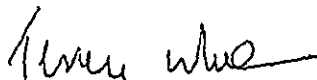
Mr D I S Hinton was appointed as director on 23 November 1990.

7. AUDITORS

Touche Ross having resigned as auditors, Ernst & Young were appointed.

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

By order of the Board



Teresa M A Whelan
Secretary

REPORT OF THE AUDITORS

TO THE MEMBERS OF ALTAIR FILTERS INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 January 1990 and of its profit and source and application of funds for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

David Young

Chartered Accountants
Southampton

28 November, 1990

ALTAIR FILTERS INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT 53 weeks ended 31 January 1990

| | Note | 53 weeks ended 31 January 1990 £ | 52 weeks ended 28 January 1989 £ |
|--|------|--|--|
| Turnover | 2 | 2 692 408 | 2 155 184 |
| Cost of sales | | <u>(904 196)</u> | <u>(735 358)</u> |
| Gross profit | | 1 788 212 | 1 419 826 |
| Distribution costs | | (273 526) | (226 191) |
| Administrative expenses | 3 | (1 198 925) | (810 332) |
| Other operating income | | <u>19 604</u> | <u>4 330</u> |
| | | 335 365 | 387 633 |
| Other interest receivable and similar income | 4 | 49 841 | 15 396 |
| Interest payable and similar charges | 5 | <u>(515)</u> | <u>(35 979)</u> |
| Profit on ordinary activities before taxation | 6 | 384 691 | 367 050 |
| Tax on profit on ordinary activities | 7 | <u>106 084</u> | <u>167 000</u> |
| Profit on ordinary activities after taxation | | 278 607 | 200 050 |
| Extraordinary items | 8 | <u>310 965</u> | <u>404 860</u> |
| Profit for the financial period | | 589 572 | 604 910 |
| Dividend | 9 | (2 269 961) | - |
| Profit and loss account brought forward | | <u>1 977 719</u> | <u>1 372 809</u> |
| Profit and loss account carried forward | | <u>297 330</u> ===== | <u>1 977 719</u> ===== |

ALTAIR FILTERS INTERNATIONAL LIMITED

BALANCE SHEET 31 JANUARY 1990

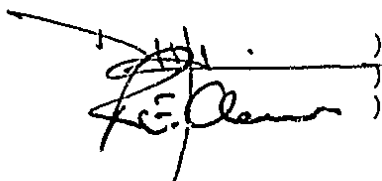
| | Note | 31 January 1990 | | 28 January 1989 | |
|--|------|--------------------|----------------|--------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | 1 724 235 | | 1 747 979 | |
| Investments | 11 | <u>20 757</u> | | <u>67 347</u> | |
| | | | 1 744 992 | | 1 815 326 |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 264 162 | | 147 271 | |
| Debtors | 13 | 990 671 | | 1 409 747 | |
| Cash at bank and in hand | | <u>198 375</u> | | <u>105 525</u> | |
| | | <u>1 453 208</u> | | <u>1 662 543</u> | |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | | |
| Bank loans and overdrafts | 14 | - | | 89 347 | |
| Trade creditors | | 294 180 | | 257 432 | |
| Amounts owed to group companies | 15 | 622 667 | | 461 480 | |
| Other creditors including taxation and social security | 16 | 393 829 | | 169 240 | |
| Accruals and deferred income | | 98 888 | | 167 651 | |
| Proposed dividend | | <u>1 156 197</u> | | <u>-</u> | |
| | | <u>2 565 761</u> | | <u>1 145 150</u> | |
| NET CURRENT (LIABILITIES)/ ASSETS | | | (1 112 553) | | <u>517 393</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 632 439 | | 2 332 719 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 18 | | <u>47 109</u> | | <u>67 000</u> |
| | | | <u>585 330</u> | | <u>2 265 719</u> |

ALTAIR FILTERS INTERNATIONAL LIMITED

BALANCE SHEET 31 JANUARY 1990 (continued)

| | | 31 January 1990 £ | 28 January 1989 £ |
|-------------------------|----|-------------------------|-------------------------|
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 3 000 | 3 000 |
| Revaluation reserve | | 285 000 | 285 000 |
| Profit and loss account | | <u>297 330</u> | <u>1 977 719</u> |
| | | <u>585 330</u> | <u>2 265 719</u> |

The financial statements were approved by the Board of Directors on
28-11-90


)
) Directors

ALTAIR FILTERS INTERNATIONAL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS 53 weeks ended 31 January 1990

| | 1990 £ | 1989 £ |
|--|-----------|-----------|
| SOURCE OF FUNDS | | |
| Profit on ordinary activities before taxation | 384 691 | 367 050 |
| Adjustments for items not involving the movement of funds: | 37 888 | 54 889 |
| Depreciation | 1 563 | (17 437) |
| Loss/(Profit) on sale of fixed assets | 424 142 | 404 502 |
| Total generated from operations | | |
| FUNDS FROM OTHER SOURCES | | |
| Proceeds on disposal of investments | 357 554 | - |
| Proceeds on sale of tangible fixed assets | 23 186 | 737 468 |
| | 804 882 | 1 141 970 |
| APPLICATION OF FUNDS | | |
| Purchase of tangible fixed assets | 38 892 | 155 565 |
| Tax paid | - | 84 000 |
| Purchase of Alton development | - | 786 952 |
| Dividend paid | 1 113 764 | - |
| | 1 152 656 | 1 026 517 |
| (DECREASE)/INCREASE IN WORKING CAPITAL | (347 774) | 115 453 |
| ARISING FROM INVESTMENTS IN | | |
| Stocks | 116 891 | 16 983 |
| Debtors | (115 094) | 111 554 |
| Creditors | 11 401 | (171 398) |
| Group balances | (543 169) | (280 770) |
| | (529 971) | (323 631) |
| | 182 197 | 439 084 |
| Net liquid funds | (347 774) | 115 453 |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

1. ACCOUNTING POLICIES

(a) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

(b) Tangible fixed assets

Depreciation is provided in equal instalments over the estimated useful life of the assets and is calculated on the cost of the assets.

The following rates are used:

| | |
|------------------------------|-----|
| Plant and Machinery | 15% |
| Tools & electrical equipment | 20% |
| Equipment | 10% |
| Vehicles | 25% |

Freehold property is maintained, as a matter of company policy, by a programme of repair and refurbishment such that the residual value of the property is at least equal to the book value. Having regard to this, it is in the opinion of the directors that depreciation on the property as required by the Companies Act 1985 and Statement of Standard Accounting Practice 12, would not be material.

(c) Deferred taxation

Provision is made for deferred taxation using the liability method on all timing differences to the extent that it is probable that the liability will crystallise.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

(e) 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 retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

(f) Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover represents sales by the company to outside customers and fellow group companies excluding Value Added Tax.

| | 1990 £ | 1989 £ |
|------------------------------------|----------------|----------------|
| With third parties | 2 389 064 | 2 066 492 |
| Within the group | <u>303 344</u> | <u>88 692</u> |
| | 2 692 408 | 2 155 184 |
| | ===== | ===== |
| Geographical analysis of turnover: | | |
| United Kingdom | 1 086 324 | 1 037 996 |
| Other European countries | 1 053 832 | 630 360 |
| Rest of World | <u>552 252</u> | <u>486 828</u> |
| | 2 692 408 | 2 155 184 |
| | ===== | ===== |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 January 1990

| | 1990 £ | 1989 £ |
|--|-----------|-----------|
| 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES | | |
| Directors' emoluments | | |
| Fees | - | - |
| Other emoluments | 135 672 | 97 502 |
| Remuneration of the chairman | - | 9 900 |
| Remuneration of the highest paid director | 65 293 | 40 120 |
| Scale of other directors' remuneration: | No. | No. |
| £ 0 - £ 5,000 | - | 2 |
| £55,001 - £60,000 | 1 | |
| Employee costs during the year: | 1990 £ | 1989 £ |
| Wages and salaries | 426 741 | 335 224 |
| Social security costs | 46 559 | 25 701 |
| Other pension costs | 26 882 | 15 382 |
| Average number of persons employed: | No. | No. |
| Production | 9 | 9 |
| Sales and distribution | 4 | 4 |
| Administration | 15 | 12 |
| | 28 | 25 |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 1990 £ | 1989 £ |
|-----------------------|---------------|---------------|
| Bank deposit interest | 7 849 | - |
| Group interest | 41 992 | 15 396 |
| | <u>49 841</u> | <u>15 396</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 1990 £ | 1989 £ |
|---|------------|---------------|
| Bank loans, overdrafts and other loans repayable within five years | - | 34 885 |
| Hire purchase interest | 515 | 1 094 |
| | <u>515</u> | <u>35 979</u> |

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 1990 £ | 1989 £ |
|---|----------------|----------------|
| Profit on ordinary activities before taxation is after charging: | | |
| Depreciation | 37 888 | 54 889 |
| Auditors' remuneration | 8 000 | 8 000 |
| Hire of plant and machinery | - | 408 |
| Directors emoluments | 135 672 | 97 502 |
| Operating lease rentals - cars | 33 064 | 5 102 |
| | <u>191 634</u> | <u>165 901</u> |

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1990 £ | 1989 £ |
|---|----------------|----------------|
| Corporation tax (at 35%) | 125 975 | 161 000 |
| Deferred taxation | 21 231 | 6 000 |
| | <u>147 206</u> | <u>167 000</u> |
| Adjustments in respect of prior periods | | |
| Deferred taxation | (41 122) | - |
| | <u>106 084</u> | <u>167 000</u> |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 January 1990

8. EXTRAORDINARY ITEMS

| | 1990 £ | 1989 £ |
|---|----------------|----------------|
| Recovery(Write off) of investment and amounts owed by wholly owned subsidiary Altair Australia Pty Ltd presently in liquidation | 8 086 | (56 839) |
| Write-off of investment and amounts owed by wholly owned subsidiary Altair Australia Filters Pty Ltd which is insolvent | - | (19 243) |
| Profit on sale of Altair Norge | 302 879 | - |
| Profit on sale of Premises | | 480 942 |
| | <u>310 965</u> | <u>404 860</u> |

9. DIVIDENDS

| | 1990 £ | 1989 £ |
|----------------|------------------|-----------|
| Interim - paid | 1 113 764 | - |
| - proposed | 1 156 197 | - |
| | <u>2 269 961</u> | <u>-</u> |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

10. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Plant and machinery etc £ | Motor vehicles £ | Fixtures, fittings, and equipment £ | Total £ |
|---------------------|--|------------------------------------|------------------------|---|------------------|
| Cost or valuation | | | | | |
| At 29 Jan 89 | 1 550 000 | 139 297 | 82 130 | 144 411 | 1 915 838 |
| Additions | - | 24 111 | - | 14 781 | 38 892 |
| Disposals | - | - | (53 438) | (224) | (53 662) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 Jan 90 | 1 550 000 | 163 408 | 28 692 | 158 968 | 1 901 068 |
| Depreciation | | | | | |
| At 29 Jan 89 | Nil | 113 451 | 28 125 | 26 283 | 167 859 |
| Charge for the year | - | 16 074 | 12 121 | 9 693 | 37 888 |
| Disposals | - | - | (28 787) | (127) | (28 914) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 Jan 90 | Nil | 129 525 | 11 459 | 35 849 | 176 833 |
| Net book value | | | | | |
| At 31 Jan 90 | <u>1 550 000</u> | <u>33 883</u> | <u>17 233</u> | <u>123 119</u> | <u>1 724 235</u> |
| Net book value | | | | | |
| At 29 Jan 89 | <u>1 550 000</u> | <u>25 846</u> | <u>54 005</u> | <u>118 128</u> | <u>1 747 979</u> |

The freehold land and buildings were valued at their open market value for existing use in January 1989 by Chesterton & Co., Chartered Surveyors. If they had not been revalued, freehold land and buildings would have been carried in the balance sheet at:-

| | |
|--|-----------|
| Historical cost | £ |
| at 29 Jan 89 | |
| and 31 Jan 90 | 1 265 000 |
| Cumulative depreciation based on cost | |
| at 31 Jan 90 | Nil |

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

11. INVESTMENTS HELD AS FIXED ASSETS

| | £ |
|----------------------------|---------------|
| In subsidiaries: | |
| Cost at 28 January 1989 | 67 347 |
| sold during the period | <u>46 590</u> |
| Balance at 31 January 1990 | <u>20 757</u> |

| NAME OF COMPANY | COUNTRY OF INCORPORATION | HOLDING | PROPORTION HELD | |
|---|--------------------------|-----------------|-----------------|--|
| Zellinger & Zollenberg (dormant company) | UK | Ordinary shares | 100% | |

| 12. STOCKS | 1990 £ | 1989 £ |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables | 142 457 | 135 402 |
| Work in progress | 120 576 | 4 020 |
| Finished goods and goods for resale | <u>1 129</u> | <u>7 849</u> |
| | <u>264 162</u> | <u>147 271</u> |

| 13. DEBTORS | 1990 £ | 1989 £ |
|-------------------------------------|----------------|------------------|
| Trade debtors | 414 529 | 553 133 |
| Amounts owed by holding company | 299 665 | 817 493 |
| Amounts owed by fellow subsidiaries | 93 846 | - |
| Other debtors | 158 090 | 31 981 |
| Prepayments and accrued income | <u>24 541</u> | <u>7 140</u> |
| | <u>990 671</u> | <u>1 409 747</u> |

| 14. BANK LOANS AND OVERDRAFTS | 1990 £ | 1989 £ |
|-------------------------------|-----------|-----------|
| Unsecured | - | 89 347 |

| 15. AMOUNTS OWED TO GROUP COMPANIES | 1990 £ | 1989 £ |
|-------------------------------------|----------------|----------------|
| Due to holding company | 42 000 | 349 469 |
| Due to fellow subsidiaries | <u>580 667</u> | <u>112 011</u> |
| | <u>622 667</u> | <u>461 480</u> |

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

16. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

| | 1990 £ | 1989 £ |
|---|----------------|----------------|
| Corporation tax | | |
| Other tax and social security | 364 975 | 161 000 |
| Obligations under finance leases and hire purchase contracts | 19 834 | - |
| Other creditors | - | 5 350 |
| | <u>9 020</u> | <u>2 890</u> |
| | <u>393 829</u> | <u>169 240</u> |

17. PENSION SCHEME

The company operates a defined contribution pension scheme for its directors and senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1990 | | 1989 | |
|---|---------------|-----------------|---------------|-----------------|
| | £ Provided | £ Unprovided | £ Provided | £ Unprovided |
| Capital allowances in excess of depreciation | 47 109 | - | 66 000 | - |
| Potential Capital gains | - | 243 000 | - | 243 000 |
| Other timing differences | - | - | 1 000 | - |
| | <u>47 109</u> | <u>243 000</u> | <u>67 000</u> | <u>243 000</u> |

19. CALLED UP SHARE CAPITAL

| | 1990 £ | 1989 £ |
|--------------------------------------|--------------|--------------|
| Authorised, allotted and fully paid: | | |
| 1,000 ordinary shares of £1 each | 1 000 | 1 000 |
| 2,000 deferred shares of £1 each | 2 000 | 2 000 |
| | <u>3 000</u> | <u>3 000</u> |

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1990

20. FINANCIAL COMMITMENTS

The annual commitment under non-cancellable operating leases was as follows:

| | Motor vehicles | |
|--------------------------|----------------|--------|
| | 1990 | 1989 |
| | £ | £ |
| Leases expiry | | |
| Within one year | 6 600 | - |
| Within two to five years | 58 120 | 14 583 |
| | <hr/> | <hr/> |
| | 64 720 | 14 583 |
| | <hr/> | <hr/> |

21. CONTINGENT LIABILITIES

The company, together with certain other group companies, is party to multilateral guarantees given in respect of the bank overdrafts of the participating companies. As at 31 January, 1990 the total of the overdrafts guaranteed by the company under this agreement amounted to £500,000 (1989 - £5,998 000).

The company has entered into contract guarantees and performance bonds totalling £510,123.

22. ULTIMATE HOLDING COMPANY

With effect from 21 September 1989 the ultimate holding company became Appfire Ltd which is incorporated in Great Britain. Prior to this the ultimate holding company was Walker Greenbank plc.