

Belimo Automation UK Limited

**Directors' report and financial
statements**

Registered number 1534607

31 December 2005



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Directors' report

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

Principal activities

The principal activity of the company in the year under review was the implementation of electrical components for use in the heating and ventilation industry.

Business review

A review of the operations of the company during the financial year and the results of those operations are as follows:

The directors consider the continued development of the company throughout the year and the state of the company's affairs at the balance sheet date to be satisfactory.

The likely developments in the operations of the company and the expected results of these operations in the financial years subsequent to the year ended 31 December 2005 are that the company will continue its current activities for the foreseeable future.

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the current financial year of £300,000. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year were a final dividend of £50,000 in respect of the previous year ended 31 December 2005.

Directors and directors' interests

The directors who held office during the year were as follows:

C Shepherd (resigned 3 October 2005)
BC Trutmann
AJ Bartlett (appointed 3 October 2005)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Political and charitable contributions

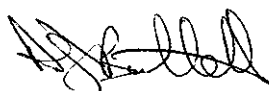
The company made no political contributions during the year. Donations to UK charities amounted to £839.

Directors' report

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AJ Bartlett
Director

St Martins House
31-35 Clarendon Road
Watford
Herts WD17 1JF

28th June 2006

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Belimo Automation UK Limited

We have audited the financial statements of Belimo Automation (UK) Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the cash flow statement, and the related notes. 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 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 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 set out on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

**Report of the independent auditors to the members of Belimo Automation
UK Limited (*continued*)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 JUNE 2006

Income statement

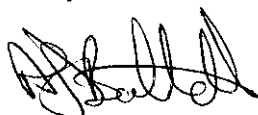
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Revenue	<i>1</i>	5,417	5,432
Cost of sales		(4,146)	(4,317)
Gross profit		1,271	1,115
Administrative expenses		(868)	(1,072)
Operating profit	<i>1,3,4</i>	403	43
Financial income	<i>6</i>	8	13
Financial expenses	<i>6</i>	(41)	(42)
Net financing costs		(33)	(29)
Profit/(loss) before tax		370	14
Taxation	<i>7</i>	(47)	(28)
Profit/(loss) after tax		323	(14)

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Non-current assets			
Property, plant and equipment	8	137	128
		<u>137</u>	<u>128</u>
Current assets			
Stocks	10	416	510
Trade and other receivables	11	1,042	941
Other financial assets	15	10	10
Cash and cash equivalents		268	235
Assets classified as held for sale	2	-	188
		<u>1,736</u>	<u>1,884</u>
Total assets		<u>1,873</u>	<u>2,012</u>
Current liabilities			
Trade and other payables	13	(900)	(966)
Tax payable		(15)	(15)
Other interest bearing loans and borrowings	12	(350)	(700)
		<u>(1,265)</u>	<u>(1,681)</u>
Non-current liabilities			
Deferred tax liabilities	9	(6)	(2)
Total liabilities		<u>(1,271)</u>	<u>(1,683)</u>
Net assets	1	<u>602</u>	<u>329</u>
Equity			
Share capital	14	-	-
Retained earnings	14	602	329
Total equity		<u>602</u>	<u>329</u>

These financial statements were approved by the board of directors on 28th June 2006 and were signed on its behalf by:



AJ Bartlett
 Director

Cash flow statement
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Cash flows from operating activities			
Profit/(loss) for the year		323	(14)
<i>Adjustments for:</i>			
Depreciation	8	33	46
Financial income	6	(8)	(13)
Financial expense	6	41	42
Gain on sale of property, plant and equipment		(224)	(3)
Taxation	7	47	28
Operating profit before changes in working capital and provisions		212	86
(Increase)/decrease in trade and other receivables		(101)	149
Decrease/(increase) in stock		94	(103)
(Decrease)/increase in trade and other payables		(66)	143
Cash generated from the operations		139	275
Interest paid		(48)	(42)
Tax paid		(39)	(90)
Net cash from operating activities		52	143
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		415	3
Interest received	6	8	13
Acquisition of property, plant and equipment	8	(42)	(19)
Net cash from investing activities		381	(3)
Cash flows from financing activities			
Repayment of borrowings		(350)	-
Dividends paid	14	(50)	(300)
Net cash from financing activities		(400)	(300)
Net increase/(decrease) in cash and cash equivalents		33	(160)
Cash and cash equivalents at 1 January		235	395
Cash and cash equivalents at 31 December		268	235

Notes

(forming part of the financial statements)

1 Accounting policies

Belimo Automation (UK) Limited (the "Company") is a company incorporated in the UK.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2004 for the purposes of the transition to Adopted IFRSs.

Transition to Adopted IFRSs

The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 20.

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Intra-group financial instruments

Intra-group financial instruments, such as guarantees received, are held at fair value as financial assets or liabilities, as appropriate. Changes in fair value are taken to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

■	Freehold land and buildings	-	6% per annum
■	Leasehold improvements	-	over the life of the lease
■	Plant and machinery	-	12.5 – 33% per annum
■	Fixtures, fittings and equipment	-	12.5 – 33% per annum
■	Motor vehicles	-	33% per annum

Notes (continued)

1 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material).

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Revenue

Revenue represents amounts received for goods and services net of VAT and discounts.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement. In accordance with IFRS 5, the above policy is effective from 1 January 2004.

Adopted IFRS not yet applied

The following Adopted IFRSs were available for early application but have not been applied by the Company in these financial statements:

- IFRS 7 'Financial instruments: Disclosure' applicable for years commencing on or after 1 January 2007

The application of IFRS 7 in 2005 would not have affected the balance sheet or income statement as the standard is concerned only with disclosure. The Company plans to adopt it in 2006.

2 Non-current assets held for sale

Assets held for sale/disposal group

	2005 £000	2004 £000
Property, plant and equipment	-	188

Notes (continued)

3 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2005 £000	2004 £000
Audit	14	14
Other services – fees received by the auditor and their associates	3	-
	<u>17</u>	<u>14</u>

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Sales	11	9
Administration	5	8
	<u>16</u>	<u>17</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	520	540
Social security costs	73	66
Other pension costs	44	40
	<u>637</u>	<u>646</u>

5 Directors' emoluments

	2005 £000	2004 £000
Directors' emoluments	121	141
Company contributions to money purchase pension plans	11	9
	<u>132</u>	<u>150</u>

	Number of directors	
	2005	2004
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

Notes (continued)

6 Finance income and expense

	2005 £000	2004 £000
Interest income	8	13
Interest expense	(41)	(42)
Financial expenses	(33)	(29)

7 Taxation

Recognised in the income statement

	2005 £000	2004 £000
<i>Current tax expense</i>		
Current year	41	23
Adjustments for prior years	-	(4)
<i>Deferred tax expense</i>	41	19
Origination and reversal of temporary differences	6	9
Total tax in income statement	47	28

Reconciliation of effective tax rate

	2005 £000	2004 £000
Profit before tax	370	14
Tax using the UK corporation tax rate of 30% (2004: 30%)	111	4
Non-deductible expenses	4	19
Income not subject to tax	(67)	-
Under / (over) provided in prior years	-	(4)
Other permanent differences	(1)	9
Total tax in income statement	47	28

Notes (continued)

8 Property, plant and equipment

	Freehold land and buildings £000	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 January 2004	300	111	138	156	34	739
Acquisitions	-	-	2	-	17	19
Transfer to non-current assets held for sale	(300)	-	-	-	-	(300)
Disposals	-	-	-	-	(17)	(17)
Balance at 31 December 2004	-	111	140	156	34	441
Balance at 1 January 2005	-	111	140	156	34	441
Acquisitions	-	-	5	22	15	42
Disposals	-	-	(7)	(8)	(18)	(33)
Balance at 31 December 2005	-	111	138	170	31	450
Depreciation and impairment						
Balance at 1 January 2004	95	-	131	147	23	396
Depreciation charge for the year	17	12	6	3	8	46
Disposals	-	-	-	-	(17)	(17)
Transfer to non-current asset held for resale	(112)	-	-	-	-	(112)
Balance at 31 December 2004	-	12	137	150	14	313
Balance at 1 January 2005	-	12	137	150	14	313
Depreciation charge for the year	-	12	2	7	12	33
Disposals	-	-	(7)	(8)	(18)	(33)
Balance at 31 December 2005	-	24	132	149	8	313
Net book value						
At 1 January 2004	205	111	7	9	11	343
At 31 December 2004 and 1 January 2005	-	99	3	6	20	128
At 31 December 2005	-	87	6	21	23	137

The depreciation charge in respect of freehold land and buildings for the year ended 31 December 2004 represents a charge in respect of earlier periods.

Notes (continued)

9 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2005	2004	2005	2004	2005	2004
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	-	-	(6)	(2)	(6)	(2)

Amount of temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised is £nil (2004: £nil).

Movement in deferred tax during the year

	1 January 2005 £000	Recognised in income £000	31 December 2005 £000
Property, plant and equipment	(2)	(4)	(6)

Movement in deferred tax during the prior year

	1 January 2004 £000	Recognised in income £000	31 December 2004 £000
Property, plant and equipment	7	(9)	(2)

10 Stocks

	2005 £000	2004 £000
Finished goods	416	510

11 Trade and other receivables

	2005 £000	2004 £000
Trade receivables	989	893
Other receivables and prepayments	53	48
	1,042	941

Notes (continued)

12 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	2005 £000	2004 £000
<i>Current liabilities</i>		
Loan from Belimo Holding AG	350	700

Terms and debt repayment schedule

The loan is repayable on demand.

13 Trade and other payables

	2005 £000	2004 £000
Trade payables due to group undertakings	708	759
Other trade payables	61	39
Non-trade payables and accrued expenses	131	168
	<u>900</u>	<u>966</u>

14 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2004	-	643	643
Total recognised income and expense	-	(14)	(14)
Dividends	-	(300)	(300)
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2004	-	329	329
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 1 January 2005	-	329	329
Total recognised income and expense	-	323	323
Dividends	-	(50)	(50)
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2005	-	602	602

Notes (continued)

14 Capital and reserves (continued)

Share capital

	2005	Ordinary shares 2004
On issue at 1 January and 31 December fully paid	100	100
	2005	2004
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

	2005	2004
	£000	£000
£500 (2004: £3,000) per qualifying ordinary share	50	300

After the balance sheet date dividends of £3,000 per qualifying ordinary share (2004: £500) were proposed by the directors. The dividends have not been provided for.

Notes (continued)

15 Financial instruments

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate %	2005		Effective interest rate %	2004	
		Total £000	0 – <1 years £000		Total £000	0 to <1 years £000
Cash and cash equivalents*	2.00	268	268	1.40	235	235
Loan from Belimo Holding AG*	5.5	350	350		700	700
Inter-company balance with Belimo Automation AG*	nil**	708	708	nil	759	759
		<u>1,326</u>	<u>1,326</u>		<u>1,694</u>	<u>1,694</u>

* These assets / liabilities bear interest at a fixed rate

** This balance attracts interest at 7.75% on overdue amounts only.

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2005 £000	Fair value 2005 £000	Carrying amount 2004 £000	Fair value 2004 £000
Loan from group undertakings	(350)	(350)	(700)	(700)
Intra-group guarantee	10	10	10	10
	<u>340</u>	<u>340</u>	<u>690</u>	<u>690</u>
Unrecognised (losses) / gains		-		-

Note 1: A fellow subsidiary has issued a guarantee in favour of Belimo Automation UK Limited, indemnifying the company against risk of bad debt on trade debtors. This guarantee represents a financial asset and is carried a fair value. Fair value is determined based on estimates regarding recoverability of debts outstanding at the balance sheet date.

Notes (continued)

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2005 £000	2004 £000
Less than one year	-	-
Between one and five years	-	-
More than five years	50	50
	50	50

During the year £50,000 was recognised as an expense in the income statement in respect of operating leases (2004: £37,000).

17 Related parties

Identity of related parties

All companies belonging to the group headed by Belimo Holdings AG have been identified as related parties.

Related party transactions

There have been transactions in the year with following companies which are the ultimate holding company of Belimo Automatic UK Limited and a fellow subsidiary of that company.

Belimo Holdings AG: Interest payments of £23,000 have been made in respect of the outstanding loan. Furthermore, £350,000 of the loan was repaid during the course of the year. The amount outstanding at the end of the year was £350,000. The loan bears interest at 5.5% and is repayable in on demand.

Belimo Automation AG: Purchases of £4,013,000 were made from this fellow subsidiary of Belimo Holding AG. These costs are included within cost of sales. Additionally, £15,000 of interest on late payments was paid to the same company.

The balance outstanding at the year end was £708,000. Invoices are payable within 60 days, after which point interest of 7.75% is charged.

Other related party transactions

The directors are deemed key management personnel. Their compensation is disclosed in note 5.

18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Belimo Holding AG which is the immediate and ultimate parent company incorporated in Switzerland.

The consolidated financial statements of the groups headed by this company are available to the public and may be obtained from Brunnenbachstrasse 1, CH-8340 Hinwil, Switzerland.

19 Subsequent events

Subsequent to the balance sheet date, no events requiring disclosure have been noted.

Notes (continued)

20 Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening IFRS balance sheet at 1 January 2004 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	Note	1 January 2004			31 December 2004		
		UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs	UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs
		£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment	a	343	-	343	298	(170)	128
		<u>343</u>	<u>-</u>	<u>343</u>	<u>298</u>	<u>(170)</u>	<u>128</u>
Current assets							
Stocks		407	-	407	510	-	510
Trade and other receivables	c	913	(41)	872	951	(10)	941
Other financial assets	c	-	41	41	-	10	10
Cash and cash equivalents		395	-	395	235	-	235
Assets classified as held for sale	a	-	-	-	-	188	188
		<u>1,715</u>	<u>-</u>	<u>1,715</u>	<u>1,696</u>	<u>188</u>	<u>1,884</u>
Total assets		<u>2,058</u>	<u>-</u>	<u>2,058</u>	<u>1,994</u>	<u>18</u>	<u>2,012</u>
Current liabilities							
Trade and other payables	b	(931)	(400)	(1,331)	(1,007)	(659)	(1,666)
Tax payable		(84)	-	(84)	(15)	-	(15)
		<u>(1,015)</u>	<u>(400)</u>	<u>(1,415)</u>	<u>(1,022)</u>	<u>(659)</u>	<u>(1,681)</u>

Notes (continued)

20 Explanation of transition to Adopted IFRSs (continued)

Non-current liabilities

Other interest-bearing loans and borrowings	(700)	700	-	(709)	709	-
Provisions	-	-	-	(2)	-	(2)
	(700)	700	-	(711)	709	(2)
Total liabilities	(1,715)	300	(1,415)	(1,733)	50	(1,683)
Net assets	343	300	643	261	68	329
Equity						
Share capital	-	-	-	-	-	-
Retained earnings	343	300	643	261	68	329
Total equity	343	300	643	261	68	329

Reconciliation of loss for 2004

	Note	UK GAAP £000	2004 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue		5,432	-	5,432
Cost of sales		(4,317)	-	(4,317)
Gross profit		1,115	-	1,115
Administrative expenses	a	(1,090)	18	(1,072)
Operating profit before net financing costs		25	18	43
Financial income		13	-	13
Financial expenses		(42)	-	(42)
Net financing costs		(29)	-	(29)
(Loss)/profit before tax		(4)	18	14
Taxation		(28)	-	(28)
Loss after tax		(32)	18	(14)

Notes (continued)

21 Explanation of transition to Adopted IFRSs (continued)

Notes to the reconciliation of equity and loss

- a) As 31 December, the freehold land and buildings owned by the company were treated as held for sale under Adopted IFRSs. Deprecation on these assets had ceased in accordance with IFRS 5. Under UK GAAP depreciation was charged for the full year ended 31 December 2004.

- b) Under UK GAAP, dividends declared after the year end were accrued as liabilities in the balance sheet at the end of the period to which the dividends related.

Under Adopted IFRSs, the declaration of a dividend after the year end does not create a liability. The dividends are instead recognised at the date at which they are approved. The effect of the transition to Adopted IFRSs, has therefore been to remove the liability in respect of the dividends declared after the year ends.

The interest bearing loan from Belimo Holdings AG has been redesignated as short-term.

- c) A fellow group company has granted a guarantee relieving Belimo Automation UK Limited of the risk of bad debt. This guarantee has been recognised as a financial asset under Adopted IFRSs. No separate asset was previously recognised under UK GAAP.

There are no material differences between the cash flow statement presented under Adopted IFRSs and the cash flow statement presented under UK GAAP.