

**ALcontrol Holdings (UK) Limited (formerly
Nailmist Limited)**

**Directors' report and financial
statements**

Registered number 05257340

31 March 2005



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Directors' report

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

Principal activities

The principal activity of the company is that of an intermediate holding company.

Business review

The company was incorporated on 12 October 2004 as Nailmist Limited. On 30 November 2004 it changed its name to ALcontrol Holdings (UK) Limited.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

JC Molan	(appointed 17 October 2005)
GHW Baalhuis	(appointed 10 December 2004, resigned 17 October 2005)
IC Robinson	(appointed 10 December 2004)
EJ Ernst	(appointed 11 November 2004, resigned 10 December 2004)
SA Leefe	(appointed 11 November 2004, resigned 10 December 2004)
M Layton	(appointed 12 October 2004, resigned 11 November 2004)
D Pudge	(appointed 12 October 2004, resigned 11 November 2004)

The interests of the directors in the shares of other group companies are disclosed in the directors' report of the parent company.

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

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

KPMG LLP were appointed as first auditors of the company.

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


IC Robinson
Director

Templeborough House
Mill Close
Rotherham
S60 1BZ

26 April 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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, 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 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 to enable them to ensure that the 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 detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of ALcontrol Holdings (UK) Limited (formerly Nailmist Limited)

We have audited the financial statements on pages 4 to 13.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 31 March 2005 and of its loss for the six month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

26 April 2006

Profit and loss account

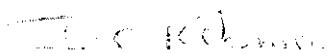
for the six month period ended 31 March 2005

	<i>Note</i>	6 months ended 31 March 2005 £000
Turnover – continuing operations		-
Operating profit – continuing operations	2	-
Other interest receivable and similar income	5	12
Interest payable and similar charges	6	(7,092)
Loss on ordinary activities before taxation		(7,080)
Tax on profit on ordinary activities	7	-
Loss on ordinary activities after taxation		(7,080)
Loss for the financial period		(7,080)
Undeclared dividend on non-equity shares	8	(504)
Retained loss for the period		(7,584)

Balance sheet
at 31 March 2005

	<i>Note</i>	2005	
		£000	£000
Fixed assets			
Investments	9		164,505
			<hr/>
			164,505
Current assets			
Debtors (including £76,136,000 due after more than one year)	10	76,144	
Cash at bank and in hand		-	
		<hr/>	
		76,144	
Creditors: amounts falling due within one year)	11	(9,197)	
		<hr/>	
Net current assets			66,947
			<hr/>
Total assets less current liabilities			231,452
Creditors: amounts falling due after more than one year	12		(224,414)
			<hr/>
Net assets			7,038
			<hr/>
Capital and reserves			
Called up share capital	13		204
Share premium account	14		13,914
Profit and loss account			(7,080)
			<hr/>
Shareholders' funds			7,038
Equity		(7,479)	
Non-equity		14,517	
		<hr/>	
			7,038
			<hr/>

These financial statements were approved by the board of directors on 26 April 2006 and were signed on its behalf by:



IC Robinson
Director

Statement of total recognised gains and losses
for the six month period ended 31 March 2005

	6 months ended 31 March 2005 £000
Loss for the financial year	(7,584)
Undeclared non equity dividend	504
	<hr/>
Total recognised gains and losses relating to the financial year	(7,080)
	<hr/>

Reconciliation of movements in shareholders' funds
for the six month period ended 31 March 2005

	6 months ended 31 March 2005 £000
Loss for the financial year	(7,080)
Undeclared non-equity dividend	(504)
	<hr/>
Undeclared non-equity dividend	(7,584)
	504
New share capital subscribed (net of issue costs)	14,118
	<hr/>
Net addition to shareholders' funds	7,038
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	7,038
	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

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

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of ALcontrol Group Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ALcontrol Group Holdings Limited, within which this company is included, can be obtained from the address given in note 17.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Loss on ordinary activities before taxation

6 months ended
 31 March 2005
 £000

Loss on ordinary activities before taxation is stated

After charging

Auditors' remuneration:

Audit

Other services - fees paid to the auditor and its associates

-
 -

Auditors' remuneration is paid by another group company.

Notes (continued)

3 Remuneration of directors

None of the directors received any remuneration for their services to the company during the year.

4 Staff numbers and costs

The company had no other employees during the period apart from the directors.

5 Other interest receivable and similar income

	6 months ended 31 March 2005 £000
Bank interest	12
	<hr/>

6 Interest payable and similar charges

	6 months ended 31 March 2005 £000
On bank loans and overdrafts	1,093
On all other loans	5,555
Net exchange losses	238
Amortisation of prepaid finance costs	190
Other interest	16
	<hr/>
	7,092
	<hr/>

Of the above amount £5,555,000 was payable to group undertakings.

Notes (continued)

7 Taxation

Analysis of charge in period

6 months ended
 31 March 2005
 £000

UK corporation tax

Current tax on income for the period

-

Total current tax

-

Deferred tax

-

Tax on profit on ordinary activities

-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below.

6 months ended
 31 March 2005
 £000

Current tax reconciliation

Loss on ordinary activities before tax

(7,080)

Current tax at 30%

(2,124)

Effects of:

Expenses not deductible for tax purposes

1,037

Other timing differences

332

Group relief not paid for

754

Total current tax charge (see above)

-

Factors that may affect future current and total tax charges

The company has an unrecognised deferred tax asset of £53,000 relating to carried forward losses at the year end. The asset has not been recognised on the basis that its recoverability is uncertain.

8 Dividends and other appropriations

6 months ended
 31 March 2005
 £000

Participating dividends on non-equity shares:

Undeclared dividend on preference shares

504

Notes (continued)

9 Fixed asset investments

	Shares in group undertakings £000
Shares	
Cost	
At beginning of year	-
Additions	164,505
	<hr/>
At end of year	164,505
	<hr/>
Provisions	
At beginning and end of year	-
	<hr/>
Net book value	
At 31 March 2005	164,505
	<hr/>
On incorporation	-
	<hr/>

The companies in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
ALcontrol Holdings Limited	UK	Holding company	100% 'A' shares 100% 'B' shares 100% 'C' shares 100% 'D' shares 100% 'E' shares 100% 'X' shares

10 Debtors

	2005 £000
Amounts owed by group undertakings due after more than one year	
- due within one year	8
- due after more than one year	76,136
	<hr/>
	76,144
	<hr/>

Notes (continued)

11 Creditors: amounts falling due within one year

	2005 £000
Bank loans and overdrafts	(583)
Amounts owed to group undertakings	9,564
Accruals and deferred income	216
	<hr/> 9,197 <hr/>

12 Creditors: amounts falling due after more than one year

	2005 £000
Bank loans and overdrafts	43,464
Amounts owed to group undertakings	180,950
	<hr/> 224,414 <hr/>

Amounts owed to group undertakings are unsecured. Interest is charged on the outstanding balances at an arm's length rate which is reviewed annually.

Included in bank loans and overdrafts is £3,869,000 of prepaid finance costs.

Loans

The principal values of bank loans and overdrafts consist of the following amounts that are secured by fixed and floating charges over the assets of the company.

	Interest rate	Repayment date	2005 £000
Senior debt - term A	LIBOR + 2.25%	From 30 September 2005 to 10 December 2011	19,189
Senior debt - term B	LIBOR + 2.75%	10 December 2012	16,043
Senior debt - term C	LIBOR + 3.25%	10 December 2013	12,101
			<hr/> 47,333 <hr/>

Amounts owed to group undertakings are unsecured.

	2005 £000
Debt can be analysed as falling due:	
In one year or less, or on demand	(583)
Between one and two years	(583)
Between two and five years	(1,749)
In five years or more	45,796
	<hr/> 42,881 <hr/>

Notes (continued)

12 Creditors: amounts falling due after more than one year (continued)

Amounts repayable in more than five years:

	2005 £000
Bank loans and overdrafts	45,796

13 Called up share capital

	2005 £
<i>Authorised</i>	
Equity: 120,000 'A' Ordinary shares of €0.01 each	1,200
Non equity: 25,000,000 redeemable preference shares of €0.01 each	250,000
300,000 Cumulative convertible participated preferred ordinary shares of €0.01 each	3,000
	<hr/> 254,200 <hr/>
	£
<i>Allotted, called up and fully paid</i>	
Equity: 109,184 'A' Ordinary shares of €0.01 each	1,091
Non equity: 19,999,894 redeemable preference shares of €0.01 each	199,999
280,001 Cumulative convertible participating preferred ordinary shares of €0.01 each	2,800
	<hr/> 203,890 <hr/>

Preference shares

Preference shareholders have the right to receive a fixed cumulative preferential dividend at a rate of 11.6% per annum but do not have the right to vote at general meetings of the company. The right to receive the preference dividend has priority over the rights of the holders of any other class of shares.

Preference shares may be redeemed early by a written resolution, otherwise they are redeemable on a sale or listing or on winding up of a group company.

Notes (continued)

13 Called up share capital (continued)

Preferred ordinary shares

Dividends on the preferred ordinary shares will accrue from 10 December 2009 and will rank pari passu in all respects with the 'A' Ordinary shares as to dividends. The dividend will be 15% of the profit before taxation of the company. Each preferred ordinary share entitles the shareholder to one vote at general meetings of the company.

Shares issued in period

During the period the company issued 109,184 'A' ordinary shares, 19,999,894 redeemable preference shares and 280,001 cumulative participating preferred ordinary shares. Total consideration payable was cash of £7,553,000 with the remaining amount of £6,564,000 being in the form of shares. On issue of the shares during the period an amount of £13,913,000 has been added to the share premium account. The shares were issued during the period as part of the acquisition of the company by ALcontrol Group Holdings Limited.

14 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of period	-	-
Retained loss for the year	-	(7,584)
Premium on share issues, less expenses	13,914	-
Undeclared non-equity dividend	-	504
	<hr/>	<hr/>
At end of period	13,914	(7,080)
	<hr/>	<hr/>

15 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries; the amount outstanding at the year end was £nil.

In addition to the bank loans held by the company are £80,393,000 of loans held by other group companies. The company is a guarantor and each guarantor irrevocably and unconditionally jointly and severably guarantees the borrowings of other group companies.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of ALcontrol Group Holdings Limited.

The largest group in which the results of the company are consolidated is that headed by ALcontrol Group Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from Templeborough House, Mill Close, Rotherham S60 1BZ. No other group accounts include the results of the company.