

EURO CLAD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

COMPANY NO: 1502586

**WATTS
GREGORY**

CHARTERED ACCOUNTANTS
BUSINESS ADVISERS TAX SPECIALISTS



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EURO CLAD LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2004**

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EURO CLAD LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2004**

DIRECTORS:

P A Cook
A J Phillips
S J Phillips
D N O Williams

SECRETARY:

P G Hannah

REGISTERED OFFICE:

Wentloog Corporate Park
Wentloog Road
CARDIFF
CF3 2ER

REGISTERED NUMBER:

1502586

AUDITORS:

Watts Gregory
Chartered Accountants & Registered Auditors
Elfed House
Oak Tree Court, Mulberry Drive
Cardiff Gate Business Park
CARDIFF
CF23 8RS

EURO CLAD LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of metal roofing and cladding systems.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors envisage that the company is in a position to take advantage of any new opportunities which may arise in the future. The company continues to invest in research and development in order to maintain and develop its position in the market for its products.

A reconstruction took effect on 27 April 2004 in order to separate the manufacturing and non-manufacturing element of the group. Prior to the reconstruction Euro Clad Limited was the parent of Euro Clad (Developments) Limited, Euro Clad (Holdings) Limited and Euro Clad (Investments) Limited. As part of the reconstruction, Euro Clad (Holdings) Limited became the parent of Euro Clad Limited and Euro Clad (Investments) Limited became the parent of Euro Clad (Developments) Limited.

The non-manufacturing business assets, bank loan and investment in Euro Clad (Developments) Limited were transferred to Euro Clad (Investments) Limited from Euro Clad Limited. The net value of the assets transferred was £2,192,285, which reflected the carrying values at 1 January 2004. The transfer was made by means of a special dividend as shown in Note 7.

DIVIDENDS

The dividend relates to the transfer of certain assets and liabilities on the reconstruction of the group as referred to above.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

EURO CLAD LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004

DIRECTORS

The directors during the year under review were:

P A Cook
A J Phillips
S J Phillips
D N O Williams

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
P A Cook	-	5,000
A J Phillips	-	2,000
S J Phillips	-	5,000
D N O Williams	-	71,000

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the parent company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
P A Cook	5,000	-
A J Phillips	2,000	-
S J Phillips	5,000	-
D N O Williams	71,000	-

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made the following charitable contributions:

	2004	2003
	£	£
Charitable	1,578	-

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 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, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

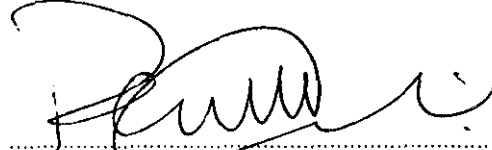
EURO CLAD LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2004**

AUDITORS

The auditors, Watts Gregory, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'P G Hannah', is written over a dotted line.

P G Hannah Secretary

Date: 28 OCTOBER 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF EURO CLAD LIMITED

We have audited the financial statements of Euro Clad Limited for the year ended 31 December 2004 on pages six to twenty three. These financial statements have been prepared under the historical cost convention and 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 on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 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 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Watts Gregory

Watts Gregory
Chartered Accountants & Registered Auditors
Elfed House
Oak Tree Court, Mulberry Drive
Cardiff Gate Business Park
CARDIFF
CF23 8RS

Date: *31/10/05*

EURO CLAD LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
TURNOVER	2	31,603,997	28,880,261
Cost of sales		<u>(26,813,586)</u>	<u>(24,463,346)</u>
GROSS PROFIT		4,790,411	4,416,915
Administrative expenses		<u>(4,456,605)</u>	<u>(4,220,176)</u>
		333,806	196,739
Other operating income		<u>177,995</u>	<u>244,785</u>
OPERATING PROFIT	4	511,801	441,524
Interest receivable and similar income		<u>40</u>	<u>2,002</u>
		511,841	443,526
Interest payable and similar charges	5	<u>(242,151)</u>	<u>(271,203)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		269,690	172,323
Tax on profit on ordinary activities	6	<u>223,787</u>	<u>(76,353)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		493,477	95,970
Dividends	7	<u>(2,192,285)</u>	<u>-</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u>(1,698,808)</u>	<u>95,970</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.


The notes form part of these financial statements

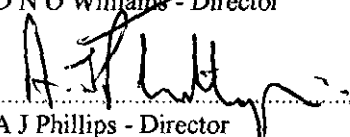
EURO CLAD LIMITED

**BALANCE SHEET
31 DECEMBER 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	1,820,276	6,120,000
Investments	9	-	6
		<u>1,820,276</u>	<u>6,120,006</u>
CURRENT ASSETS			
Stocks	10	2,379,213	2,117,284
Debtors: amounts falling due within one year	11	6,223,902	6,673,842
Debtors: amounts falling due after more than one year	11	1,116,288	869,267
Cash at bank		-	1,326
		9,719,403	9,661,719
CREDITORS			
Amounts falling due within one year	12	<u>(8,668,569)</u>	<u>(11,176,102)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,050,834</u>	<u>(1,514,383)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,871,110	4,605,623
CREDITORS			
Amounts falling due after more than one year	13	(480,581)	(195,068)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(38,242)</u>	<u>(359,460)</u>
		<u>2,352,287</u>	<u>4,051,095</u>
CAPITAL AND RESERVES			
Called up share capital	18	85,000	85,000
Capital redemption reserve	19	265,000	265,000
Profit and loss account	19	<u>2,002,287</u>	<u>3,701,095</u>
SHAREHOLDERS' FUNDS	26	<u>2,352,287</u>	<u>4,051,095</u>

ON BEHALF OF THE BOARD:


D N O Williams - Director


A J Phillips - Director

Approved by the Board on 28 OCTOBER 2005

The notes form part of these financial statements

EURO CLAD LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Net cash inflow/(outflow) from operating activities	1	1,263,748	(1,030,323)
Returns on investments and servicing of finance	2	(242,111)	(269,201)
Taxation		(83,986)	(125,690)
Capital expenditure and financial investment	2	3,832,249	(1,588,738)
Dividend paid		<u>(2,192,285)</u>	<u>-</u>
		2,577,615	(3,013,952)
Financing	2	<u>(2,555,645)</u>	<u>2,766,372</u>
Increase/(Decrease) in cash in the period		<u>21,970</u>	<u>(247,580)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		21,970	(247,580)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>2,555,645</u>	<u>(2,876,372)</u>
Change in net debt resulting from cash flows		<u>2,577,615</u>	<u>(3,123,952)</u>
Movement in net debt in the period		2,577,615	(3,123,952)
Net debt at 1 January		<u>(3,684,447)</u>	<u>(560,495)</u>
Net debt at 31 December		<u>(1,106,832)</u>	<u>(3,684,447)</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**
1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	511,801	441,524
Depreciation charges	461,071	421,064
Loss on disposal of fixed assets	6,410	5,692
Increase in stocks	(261,929)	(246,966)
Decrease/(Increase) in debtors	202,919	(1,159,920)
Increase/(Decrease) in creditors	343,476	(491,717)
Net cash inflow/(outflow) from operating activities	<u>1,263,748</u>	<u>(1,030,323)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	40	2,002
Interest paid	(210,901)	(238,941)
Interest element of hire purchase payments	<u>(31,250)</u>	<u>(32,262)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(242,111)</u>	<u>(269,201)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,073,740)	(1,594,314)
Sale of tangible fixed assets	4,905,983	5,576
Sale of fixed asset investments	<u>6</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>3,832,249</u>	<u>(1,588,738)</u>
Financing		
New loans in year	-	3,000,000
Loan repayments in year	(3,000,000)	-
New hire purchase finance in year	854,223	95,307
Capital repayments in year	(409,868)	(218,935)
Share buyback	<u>-</u>	<u>(110,000)</u>
Net cash (outflow)/inflow from financing	<u>(2,555,645)</u>	<u>2,766,372</u>

EURO CLAD LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004****3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/1/04 £	Cash flow £	At 31/12/04 £
Net cash:			
Cash at bank	1,326	(1,326)	-
Bank overdraft	<u>(327,369)</u>	<u>23,296</u>	<u>(304,073)</u>
	<u>(326,043)</u>	<u>21,970</u>	<u>(304,073)</u>
Debt:			
Hire purchase	(358,404)	(444,355)	(802,759)
Debts falling due within one year	<u>(3,000,000)</u>	<u>3,000,000</u>	<u>-</u>
	<u>(3,358,404)</u>	<u>2,555,645</u>	<u>(802,759)</u>
Total	<u>(3,684,447)</u>	<u>2,577,615</u>	<u>(1,106,832)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	2% & 10% straight line (excluding land)
Plant & machinery	Various rates based on the expected life of the assets (10 - 40% straight line)
Motor vehicles	25% & 33.33% straight line

All fixed assets are initially recorded at cost.

Stocks

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

Deferred tax

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

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES - continued

Hire purchase agreements

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease agreements

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

Pensions

The company participated in a defined benefit pension scheme for eligible employees. The assets of the scheme are held separately from those of the company. The fund has been valued every three years by a professionally qualified independent actuary, the rates of contributions payable being determined by the actuary. In the intervening years the actuary has reviewed the continuing appropriateness of the rates. Pension costs have been accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variation from regular cost have been spread over the expected average remaining service lives of the members of the scheme.

In addition, the company contributes to defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

Investments

Fixed asset investments are stated at cost. Provision is made, where necessary, for any permanent diminution in value.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

In accordance with Section 55(5) of Schedule 4 of the Companies Act 1985, the directors do not propose to disclose an analysis of turnover by geographical markets as they consider that this would be seriously prejudicial to the interests of the company.

3. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	3,568,798	3,191,623
Social security costs	356,922	309,722
Other pension costs	48,718	51,494
	<u>3,974,438</u>	<u>3,552,839</u>

EURO CLAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2004	2003
Production staff	100	97
Selling and management staff	<u>75</u>	<u>65</u>
	<u>175</u>	<u>162</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	318,350	303,458
Depreciation - assets on hire purchase contracts	142,721	117,606
Loss on disposal of fixed assets	6,410	5,692
Auditors remuneration	18,000	17,000
Operating lease costs : Land and buildings	<u>175,000</u>	<u>160,000</u>
Directors' emoluments	215,586	198,659
Directors' pension contributions to money purchase schemes	<u>9,625</u>	<u>9,625</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	3
Defined benefit schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director for the year ended 31 December 2004 is as follows:

	2004
	£
Emoluments etc	67,500
Pension contributions to money purchase schemes	<u>3,375</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	3,995	96,641
Other interest	206,906	142,300
Hire purchase interest	<u>31,250</u>	<u>32,262</u>
	<u>242,151</u>	<u>271,203</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

6. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	97,431	42,435
Deferred tax	(321,218)	33,918
Tax on profit on ordinary activities	<u>(223,787)</u>	<u>76,353</u>

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>269,690</u>	<u>172,323</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	80,907	51,697
Effects of:		
Disallowable expenses	21,798	23,357
Deferred tax movement	<u>(5,274)</u>	<u>(32,619)</u>
Current tax (credit)/charge	<u>97,431</u>	<u>42,435</u>

Following the transfer of fixed assets arising out of the reconstruction the related deferred tax provision of £326,492 has been released and is included in the above deferred tax movement.

7. DIVIDENDS

	2004	2003
	£	£
Dividend	<u>2,192,285</u>	-

The dividend relates to the transfer of certain assets and liabilities on the reconstruction of the group as referred to in the Report of the Directors.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 January 2004	5,170,845	4,344,724	372,682	9,888,251
Additions	-	900,824	172,916	1,073,740
Disposals	<u>(5,170,845)</u>	<u>(460,927)</u>	<u>(33,413)</u>	<u>(5,665,185)</u>
At 31 December 2004	<u>-</u>	<u>4,784,621</u>	<u>512,185</u>	<u>5,296,806</u>
DEPRECIATION				
At 1 January 2004	353,221	3,199,813	215,217	3,768,251
Charge for year	-	374,482	86,589	461,071
Eliminated on disposal	<u>(353,221)</u>	<u>(366,158)</u>	<u>(33,413)</u>	<u>(752,792)</u>
At 31 December 2004	<u>-</u>	<u>3,208,137</u>	<u>268,393</u>	<u>3,476,530</u>
NET BOOK VALUE				
At 31 December 2004	<u>-</u>	<u>1,576,484</u>	<u>243,792</u>	<u>1,820,276</u>
At 31 December 2003	<u>4,817,624</u>	<u>1,144,911</u>	<u>157,465</u>	<u>6,120,000</u>

Freehold Property

The cost of depreciable assets included in the freehold property at 31 December 2004 was £Nil (2003 - £3,971,520).

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2004	847,126	126,069	973,195
Additions	<u>443,278</u>	<u>172,916</u>	<u>616,194</u>
At 31 December 2004	<u>1,290,404</u>	<u>298,985</u>	<u>1,589,389</u>
DEPRECIATION			
At 1 January 2004	283,624	76,137	359,761
Charge for year	<u>98,414</u>	<u>44,307</u>	<u>142,721</u>
At 31 December 2004	<u>382,038</u>	<u>120,444</u>	<u>502,482</u>
NET BOOK VALUE			
At 31 December 2004	<u>908,366</u>	<u>178,541</u>	<u>1,086,907</u>
At 31 December 2003	<u>563,502</u>	<u>49,932</u>	<u>613,434</u>

EURO CLAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Shares in related party £	Totals £
COST			
At 1 January 2004	6	1,060,114	1,060,120
Disposals	<u>(6)</u>	<u>-</u>	<u>(6)</u>
At 31 December 2004	<u>-</u>	<u>1,060,114</u>	<u>1,060,114</u>
PROVISIONS			
At 1 January 2004 and 31 December 2004	<u>-</u>	<u>1,060,114</u>	<u>1,060,114</u>
NET BOOK VALUE			
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2003	<u>6</u>	<u>-</u>	<u>6</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Euro Quality Coatings Limited

Nature of business: Provision of high quality powder coating services.

	% holding
Class of shares:	
Deferred	100.00

31/7/04 £	31/7/03 £
(847,074)	(847,863)
<u>789</u>	<u>95,007</u>

The shares held in Euro Quality Coatings Limited are non-voting and non participating.

10. STOCKS

	2004 £	2003 £
Raw materials	2,117,513	1,925,784
Finished goods	<u>261,700</u>	<u>191,500</u>
	<u>2,379,213</u>	<u>2,117,284</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

11. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	4,860,599	4,805,943
Amounts owed by group undertakings	-	106,505
Other debtors	1,272,721	1,622,036
Prepayments and accrued income	90,582	139,358
	<u>6,223,902</u>	<u>6,673,842</u>
Amounts falling due after more than one year:		
Other debtors	<u>1,116,288</u>	<u>869,267</u>
Aggregate amounts	<u>7,340,190</u>	<u>7,543,109</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts (see note 14)	304,073	3,327,369
Hire purchase contracts (see note 15)	322,178	163,336
Trade creditors	7,102,386	7,004,467
Corporation tax	58,896	45,451
Social security and other taxes	137,633	105,106
Other creditors	253,956	302,124
VAT liability	210,465	48,807
Accruals and deferred income	278,982	179,442
	<u>8,668,569</u>	<u>11,176,102</u>

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

	2004 £	2003 £
Hire purchase contracts (see note 15)	<u>480,581</u>	<u>195,068</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	304,073	327,369
Bank loans	-	3,000,000
	<u>304,073</u>	<u>3,327,369</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2004	2003
	£	£
Net obligations repayable:		
Within one year	322,178	163,336
Between one and five years	<u>480,581</u>	<u>195,068</u>
	<u>802,759</u>	<u>358,404</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2004	2003
	£	£
Expiring:		
In more than five years	<u>175,000</u>	<u>160,000</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2004	2003
	£	£
Bank overdrafts	304,073	327,369
Bank loans	-	3,000,000
Hire purchase contracts	<u>802,759</u>	<u>358,404</u>
	<u>1,106,832</u>	<u>3,685,773</u>

The bank overdraft and loan are secured by a fixed and floating charge over the assets of the company.

17. PROVISION FOR LIABILITIES AND CHARGES

	2004	2003
	£	£
Deferred tax	<u>38,242</u>	<u>359,460</u>
		Deferred tax
		£
Balance at 1 January 2004		359,460
Credit for the year		<u>(321,218)</u>
Balance at 31 December 2004		<u>38,242</u>

EURO CLAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

17. PROVISION FOR LIABILITIES AND CHARGES - continued

The deferred tax provision relates to the following:

	£
Fixed asset timing differences	89,930
	<u>(51,688)</u>
Other short term timing differences	
	<u>38,242</u>

18. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2004	2003
Number:	Class:		£	£
100,000	Ordinary	£1	100,000	100,000
250,000	Preference	£1	<u>250,000</u>	<u>250,000</u>
			<u>350,000</u>	<u>350,000</u>

Allotted, issued and fully paid:		Nominal value:	2004	2003
Number:	Class:		£	£
85,000	Ordinary	£1	<u>85,000</u>	<u>85,000</u>

19. RESERVES

	Profit and loss account	Capital redemption reserve	Totals
	£	£	£
At 1 January 2004	3,701,095	265,000	3,966,095
Deficit for the year	<u>(1,698,808)</u>	-	<u>(1,698,808)</u>
At 31 December 2004	<u>2,002,287</u>	<u>265,000</u>	<u>2,267,287</u>

20. ULTIMATE PARENT COMPANY

At the balance sheet date the ultimate parent company was Euro Clad (Holdings) Limited, a company incorporated in England and Wales.

21. CONTINGENT LIABILITIES

There is a cross guarantee and debenture between Euro Clad Limited, Euro Clad (Developments) Limited and Euro Clad (Investments) Limited in respect of bank borrowings. The amount of borrowings at 31 December 2004 in Euro Clad (Developments) Limited and Euro Clad (Investments) Limited were £52,212 and £3,475,195 respectively. No liabilities are expected to arise in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

22. TRANSACTIONS WITH DIRECTORS

Included in other creditors is a loan from Mr P.A. Cook for £43,500 and a loan from Mr A.J. Phillips for £15,600. The balances were unchanged throughout the year. There are no fixed terms of repayment and no interest has been charged in respect of these loans.

EURO CLAD LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004****23. RELATED PARTY DISCLOSURES**

The company's related parties at 31 December 2004, with whom the company has either entered into transactions or has balances with, which require disclosure under FRS8 are as follows:

Name	Nature of relationship
Euro Clad (Developments) Limited	Common control : D.N.O. Williams
Euro Clad (Building Services) Limited	Common control : D.N.O. Williams
Wentloog Security Limited	Common control : D.N.O. Williams
Micross Systems Limited	Common control : D.N.O. Williams
Resource Limited	Common control : D.N.O. Williams
Eurobond Laminates Limited	Common control : D.N.O. Williams
Quedron (2001) Limited	Common control : D.N.O. Williams
Euro Commercials (South Wales) Limited	Common control : D.N.O. Williams
Euro Quality Stripping Limited	Common control : D.N.O. Williams
Euro Quality Coatings Limited	Common control : D.N.O. Williams
Eurobond Doors Limited	Common control : D.N.O. Williams
Euro Clad Ireland Limited	Common control : D.N.O. Williams
The Maltings Limited	Common control : D.N.O. Williams
Euro Clad (Properties) Limited	Common control : D.N.O. Williams
Eurobond Laminates (1991) Limited	Common control : D.N.O. Williams
Fabricolor Limited	Common control : D.N.O. Williams
Billander Properties	Common control : D.N.O. Williams
Euro Clad (Investments) Limited	Common control : D.N.O. Williams

During the year, the company purchased goods and services from and sold goods and services to its related parties as follows:

Nature of transaction	Amount
Sales	5,536,715
Purchases	9,511,784

The following balances are due (to)/from the company's related parties as at 31 December 2004:

Name	Amount
	£
Euro Clad (Developments) Limited	9,461
Euro Clad (Building Services) Limited	14,419
Wentloog Security Limited	(1,526)
Micross Computers Limited	(27,781)
Resource Limited	2,514
Eurobond Laminates Limited	(782,436)
Quedron (2001) Limited	373,371
Euro Commercials (South Wales) Limited	(6,296)
Euro Quality Stripping Limited	52,471
Euro Quality Coatings Limited	310,638
Eurobond Doors Limited	(12,464)
Euro Clad Ireland Limited	816,278
The Maltings Limited	1,976
Euro Clad (Properties) Limited	(51,406)
Eurobond Laminates (1991) Limited	(47,000)
Fabricolor Limited	668,821
Billander Properties Limited	10,000

EURO CLAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

There is a cross guarantee in place between Euro Clad Limited, Euro Clad (Investments) Limited and Euro Clad (Developments) Limited.

24. POST BALANCE SHEET EVENTS

On 1 April 2005 a related party loan of £345,000 due from Euro Quality Coatings Limited was assigned to Euro Clad (Investments) Limited, a related party.

25. ULTIMATE CONTROLLING PARTY

The company was under the control of Mr D.N.O. Williams throughout the year. Mr D.N.O. Williams is a director of the company and owns 83.5% (2003 - 83.5%) of the issued share capital of Euro Clad (Holdings) Limited, the parent company.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit for the financial year	493,477	95,970
Dividends	<u>(2,192,285)</u>	<u>-</u>
	(1,698,808)	95,970
Purchase of own equity shares	-	(5,000)
Premium on purchase of equity shares	<u>-</u>	<u>(105,000)</u>
Net reduction of shareholders' funds	(1,698,808)	(14,030)
Opening shareholders' funds	<u>4,051,095</u>	<u>4,065,125</u>
Closing shareholders' funds	<u>2,352,287</u>	<u>4,051,095</u>
Equity interests	<u>2,352,287</u>	<u>4,051,095</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

27. PENSIONS

Up until 1 August 2001 the company participated in a multi-employer pension scheme operated by Legal & General Assurance Society Limited providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company. The winding up of this scheme commenced on 1 August 2001 and no contributions have been made to this scheme since that date. Contributions have been made to the defined contribution pension plans of employees since 1 August 2001.

The total pension cost for the company in respect of the Legal & General Scheme was £Nil (2003 - £Nil). The pension cost was assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the Legal & General Scheme was at 1 August 1998. The assumptions that had the most significant effect on the valuation were those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8% per annum, that salary increases would average 6.25% per annum and that, as prescribed by the Pensions Act 1995, pensions earned after 5 April 1997 would increase in line with the Retail Price Index, subject to a maximum of 5% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the multi-employer scheme was £2,474,000 and the actuarial value of the assets was sufficient to cover 93% of the benefits which has accrued to members, after allowing for expected future increases in earnings. The valuation is currently being updated and any resulting deficit is not expected to be material. An amount of £30,000 (2003 - £50,000) is included in other creditors which represent the excess of the accumulated pension cost over the payment of contributions to the pension fund. Due to the nature of this scheme, i.e multi employer, the company is unable to identify its share of this scheme's underlying assets and liabilities and consequently has taken advantage of the disclosure exemption allowed by the Financial Reporting Standard No. 17 ("Accounting for Pension Costs").

The company made contributions of £48,718 (2003 - £51,494) to the defined contribution plans of employees and directors during the year. At the year end £5,229 (2003 - £3,532) of contributions were outstanding.