

Ultraframe (UK) Limited

Directors' report and financial statements

30 September 2005

Registered number 1765701



Ultraframe (UK) Limited

Directors' report and financial statements

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Ultraframe (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 September 2005 (2004: 53 weeks).

Principal activity and business review

The principal activity of the Company is the specialist design and manufacture of conservatory systems for domestic and light commercial applications.

The directors report a loss after tax of £687,190 for the 52 week period ended 30 September 2005 (2004: *profit after tax of £10,738,620*).

Proposed dividend

No interim dividend was paid during the period (2004: *£9,912,625*). No final dividend is proposed to be paid (2004: *£825,995*).

Policy on payment of suppliers

It is the Company's policy to agree payment terms with suppliers when orders are placed. Payments are made in accordance with these terms provided suppliers also comply with relevant terms and conditions. The Company does not apply any particular code. At the period end there were 51 days (2004: *50 days*) purchases in trade creditors.

Employee involvement

The Company places great emphasis on consultation at all levels, where its policy is to encourage an open management style with frequent formal and informal discussions on all aspects of operations. To achieve this the Company utilises its Joint Consultative Committee. This Committee, which meets regularly, comprises elected representatives and members of the management team. In addition, regular internal newsletters are distributed to employees by both electronic and traditional media. Employee share ownership is encouraged in the Company's ultimate parent company via SAYE and other schemes.

Employment of disabled people

The Company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training, career development and promotion and the retention of employees who become disabled. The operation of this policy is reviewed regularly.

Ultraframe (UK) Limited

Directors' report *(continued)*

Directors and directors' interests

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

MD Barnett	(resigned 18 October 2004)
NJ Brown	(appointed 18 October 2004)
LR Doughty	(appointed 18 October 2004)
DA Moore	(Chairman)
V Murray OBE	
M Price	(appointed 3 May 2005)
C Richardson	
ID Ridgley	(resigned 10 March 2005)
AG Rothwell	
P Seddon	(resigned 8 February 2005)
RH Smith	(resigned 10 December 2004)
AWM Thomson	
DJ Wallis	(appointed 22 February 2005)

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the parent company as recorded in the register of directors' share and debenture interests:

	Holding	Class of share	Interest at beginning of period or date of appointment if later	Interest at end of period
LR Doughty	Beneficial	Ordinary £1	-	5,000

The directors further had the following interests in an Inland Revenue approved savings-related share option scheme operated by Ultraframe Plc.

	Interest at beginning of period	Number of Options During the period		Interest at end of period	Exercise price (pence)	Date from which exercisable	Expiry date
		Granted	Exercised / lapsed				
NJ Brown	-	17,164	-	17,164	55.2	01/04/08	01/10/08
LR Doughty	-	17,164	-	17,164	55.2	01/04/08	01/10/08

The mid-market price of Ultraframe Plc shares on 30 September 2005 was 34.25 pence and the high and low share prices during the 52 week period ended 30 September 2005 were 92.0 pence and 34.25 pence per share respectively. The mid-market share price was 34.75 pence on 24 November 2005. The directors' interests have not changed between 30 September 2005 and 24 November 2005.

Messrs M Price, AWM Thompson and DJ Wallis had no disclosable shareholding in Ultraframe Plc.

The interests of Messrs DA Moore, C Richardson, AG Rothwell and Mrs V Murray OBE in the parent company are disclosed in the financial statements of that company.

No directors had an interest in the shares of the Company during the period.

Ultraframe (UK) Limited

Directors' report *(continued)*

Political and charitable contributions

No political contributions were made during the period. Donations to UK charities amounted to £3,781 (2004: £4,909).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



E. G. Smethurst
Company Secretary

Enterprise Works
Salthill Road
CLITHEROE
Lancashire
BB7 1PE

7 December 2005

Ultraframe (UK) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 accounts 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.

Ultraframe (UK) Limited

Independent auditors report to the members of Ultraframe (UK) Limited

We have audited the financial statements on pages 6 to 19.

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 4, 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 30 September 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
Navigation Way
Preston
PR2 2YF

7 December 2005

Ultraframe (UK) Limited

Profit and loss account

for the 52 week period ended 30 September 2005

	Note	2005 £000	2004 £000
Turnover	1,2	54,588	73,877
Cost of sales		(32,286)	(37,389)
Gross profit		22,302	36,488
Distribution costs		(2,490)	(2,439)
Administrative expenses before exceptional items		(14,645)	(18,662)
Exceptional items	4	(6,228)	-
Administrative expenses		(20,873)	(18,662)
Operating (loss)/profit		(1,061)	15,387
Interest receivable and similar income	7	51	35
Interest payable and similar charges	8	(7)	(1)
(Loss)/profit on ordinary activities before taxation	3	(1,017)	15,421
Taxation on (loss)/profit on ordinary activities	9	330	(4,682)
(Loss)/profit on ordinary activities after taxation		(687)	10,739
Dividends	10	-	(10,739)
Retained (loss)/profit for the financial period		(687)	-

All the above transactions relate to continuing operations.

Statement of total recognised gains and losses

for the 52 week period ended 30 September 2005

There were no other recognised gains or losses other than those shown in the profit and loss account for both the current and prior period.

Ultraframe (UK) Limited

Statement of historical cost profits and losses for the 52 week period ended 30 September 2005

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before taxation	(1,017)	15,421
Difference between the historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	7	7
Historical cost (loss)/profit on ordinary activities before taxation	(1,010)	15,428
Historical cost (loss)/profit for the period retained after taxation and dividends	(680)	7

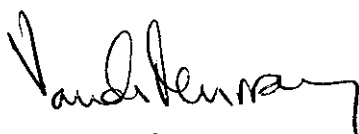
Ultraframe (UK) Limited

Balance sheet

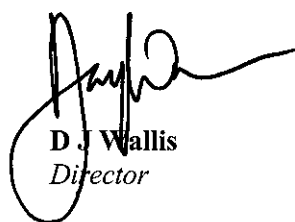
at 30 September 2005

	Note	2005		2004	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11		16,976		17,581
Current assets					
Stocks	12	4,672		5,260	
Debtors	13	12,041		12,395	
Cash at bank and in hand		2,121		2,142	
		18,834		19,797	
Creditors: amounts falling due within one year	14	(17,575)		(20,192)	
Net current assets/(liabilities)			1,259		(395)
Total assets less current liabilities			18,235		17,186
Provisions for liabilities and charges	15		(2,125)		(389)
Net assets			16,110		16,797
Capital and reserves					
Called up share capital	16		56		56
Share premium account	17		3,849		3,849
Revaluation reserve	17		229		236
Profit and loss account	17		11,976		12,656
Equity shareholders' funds			16,110		16,797

These financial statements were approved by the board of directors on 7 December 2005 and were signed on its behalf by:



V Murray OBE
Director



D J Wallis
Director

Ultraframe (UK) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

The Company has applied the transitional rules contained in Financial Reporting Standard 15 to retain previous valuations as the basis on which certain of these assets are held.

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

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less the estimated residual value, of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% of cost
Leasehold land and buildings	-	Over the shorter of the expected life of the asset or lease term
Plant and machinery	-	10% to 20% of cost
Computer hardware	-	25% of cost
Computer software	-	33% of cost
Motor vehicles	-	13% to 25% of cost
Fixtures and fittings	-	10% to 20% of cost

No depreciation is provided on freehold land and assets in the course of construction.

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The Company contributes to employees' personal pension plans. All contributions shown in the profit and loss account relate to contributions to personal pension plans. Amounts are charged to the profit and loss account in the period in which the liability arises.

Ultraframe (UK) Limited

Notes *(continued)*

1 **Accounting policies** *(continued)*

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is the amount at which it is expected that items of stock and work in progress may be disposed of without giving rise to either profit or loss in the period of sale.

Taxation

The charge for taxation is based on the profit for the period 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 in Financial Reporting Standard 19.

Related party transactions

The directors have taken advantage of the exemption contained in Financial Reporting Standard 8, paragraph 3(c) and have not disclosed related party transactions with group companies.

Turnover

Except as noted above in respect of contracts, all turnover is recognised on the despatch of goods. Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third parties.

Warranty provision

The Company monitors product warranty issues and, where necessary, establishes provisions to meet expected future costs based upon historic failure rates and/or technical assessments of likely failure rates in the populations at risk. These estimates are reviewed each year. The most significant factor affecting existing provisions is the estimated failure rate.

Employee share schemes

The cost of awards to employees that take the form of shares in Ultraframe Plc or rights to shares in Ultraframe Plc are recognised over the period to which the performance criteria relate. Where there are no performance criteria, the cost is recognised when the employee becomes unconditionally entitled to the shares. The Company takes advantage of the exemption provided in UITF17 and does not account for the costs associated with the grant of options at a discount to the market price in respect of SAYE options.

Ultraframe (UK) Limited

Notes (continued)

2 Analysis of turnover and profit on ordinary activities before taxation

	2005 £000	2004 £000
<i>By geographical market</i>		
United Kingdom	53,701	72,946
Europe	802	829
Other	85	102
	<hr/> 54,588 <hr/>	<hr/> 73,877 <hr/>

Turnover represents sale of goods and services net of discounts and allowances and value added tax and originates from operations in the United Kingdom. An analysis of profit before tax by class of business is not given as, in the opinion of the directors, the Company operated substantially one class of business during the period.

3 Profit on ordinary activities before taxation

	2005 £000	2004 £000
Profit on ordinary activities before taxation is stated after charging:		
Emoluments of the directors:		
Remuneration as executives	804	869
Pension contributions	71	53
Auditors' remuneration:		
Audit services	46	42
Non-audit services	31	46
Operating lease rentals:		
Plant and machinery	347	5
Other	469	384
Depreciation and other amounts written off tangible and intangible fixed assets	2,830	2,876
Research and development expenditure	971	1,108

4 Exceptional items

	2005 £000	2004 £000
Litigation	(6,050)	-
Litigation damages receipt (net)	424	-
Restructuring costs	(602)	-
	<hr/> (6,228) <hr/>	<hr/> - <hr/>

Ultraframe continuously and vigorously defends its intellectual property rights and legal rights generally and at any one time there are a number of legal cases being pursued. All legal costs are fully expensed in the profit and loss account as they are incurred.

Ultraframe (UK) Limited

Notes *(continued)*

4 **Exceptional items** *(continued)*

Burnden

As previously reported, Ultraframe has a major legal case currently ongoing, arising from the alleged infringement of intellectual property rights owned by Ultraframe's wholly owned subsidiaries Northstar Limited ("Northstar") and Seaquest Limited ("Seaquest"). In July 2005, the High Court delivered a judgment in this long running case between Ultraframe and The Burnden Group and Burnden Conservatory Products ("Burnden"), Burnden's founder Gary Fielding and his wife Sally Fielding and others. It was established that the overwhelming majority of Intellectual Property Rights ("IPR"), in the disputed roofing system belong to Northstar and Seaquest. Burnden are liable to pay licence fees in respect of past use and have been obliged to undertake to the Court to take a licence from Northstar and Seaquest relating to any future infringing use of the IPR, the terms of which will be determined at a later date.

The Court found evidence of two dishonest conspiracies perpetrated against Ultraframe's wholly owned subsidiaries. Mr Fielding was found to have been deliberately untruthful when giving evidence to the Court and to have been involved in the fabrication of documents to support his defence. The Court also found Burnden and/or Mr Fielding liable to compensate Ultraframe's companies in respect of management charges wrongly levied to the companies. Notwithstanding these findings, the Company was disappointed with certain parts of the judgement particularly in so far as potential recovery of damages was concerned.

A High Court hearing to determine any reimbursement of costs for respective parties took place in October 2005. The judge ruled that Ultraframe may be required to pay a proportion of Burnden's costs, and indicated an interim award in the region of £2,125,000; such payment would only be made upon the final outcome of the appeal process, should it find in Burnden's favour.

Ultraframe has now sought leave to appeal and a Court decision on the grounds for appeal is expected in 2006. The appeal process is significantly less time intensive than the initial court case, and any additional cost incurred by Ultraframe would not be of the magnitude of the costs incurred to date. In the meantime, on the grounds of accounting prudence, full provision has been made in the 2005 profit and loss account for the interim award of £2,125,000 referred to above. This has been charged as an operating exceptional item.

The duration and related cost of this complex UK legal case has exceeded initial estimates and the level of costs specifically incurred on this case is significantly higher than the normal run rate of legal expenses. Accordingly, directly attributable costs incurred on this case amounting to £3,900,000 have also been similarly treated as abnormal by size, incidence and materiality in the period under review and have been charged to the profit and loss account by way of an operating exceptional item. This major court case follows earlier, directly related, legal proceedings in prior periods. Specifically related costs incurred in respect of earlier proceedings were charged in arriving at operating profit and were not separately disclosed. These costs amounted to £1,509,000 in the last financial year and additional costs were also incurred in prior periods.

Eurocell

In June 2005, the Court of Appeal ruled that Ultraframe's patent rights and design rights in the Ultralite 500 roofing technology and the Ultralite 500 system had been infringed by Eurocell. In light of this decision, Ultraframe has now applied to the Court for reimbursement of its legal costs and for a substantial multi-million pound damages award. The infringing product produced by Eurocell has also been withdrawn from the market. Ultraframe was awarded interim damages of £800,000 and incurred directly attributable costs of £376,000 in the period under review. A hearing to determine the remaining damages payable to Ultraframe is scheduled to take place in February 2006. Receipts and directly related costs in respect of material damages are credited to the profit and loss account as an operating exceptional item, in recognition of their abnormal size and incidence.

Ultraframe (UK) Limited

Notes (continued)

5 Remuneration of directors

The emoluments, excluding pension contributions, of the highest paid director were £224,700 (2004: £111,058) and the Company made pension contributions of £21,000 (2004: £9,095). Retirement benefits are accruing to 9 directors under money purchase schemes (2004: 10 directors).

6 Staff numbers and costs

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

	2005 No	2004 No
Manufacturing	371	433
Administration	209	235
	<hr/> 580	<hr/> 668

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	13,114	15,375
Social security costs	1,170	1,258
Other pension costs (see note 21)	337	375
	<hr/> 14,621	<hr/> 17,008

7 Interest receivable and similar income

	2005 £000	2004 £000
On cash deposits	51	25
Exchange gain	-	10
	<hr/> 51	<hr/> 35

8 Interest payable and similar charges

	2005 £000	2004 £000
On bank loans and overdrafts	1	1
Exchange loss	6	-
	<hr/> 7	<hr/> 1

Ultraframe (UK) Limited

Notes (continued)

9 Taxation

(a) Analysis of (credit)/ charge in period

	2005 £000	2004 £000
<i>Current tax</i>		
UK corporation tax on profits for the period	754	4,706
Adjustment in respect of previous periods	(125)	(127)
	<hr/>	<hr/>
Total current tax	629	4,579
<i>Deferred tax</i>		
Origination and reversal of timing differences	(959)	103
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	(330)	4,682
	<hr/>	<hr/>

(b) Factors affecting the tax charge for the period

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before taxation	(1,017)	15,421
	<hr/>	<hr/>
UK corporation tax on the (loss)/profit for the period on ordinary activities at 30% (2004: 30%)	(305)	4,626
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21	112
Capital allowances in excess of qualifying depreciation	410	12
Non qualifying depreciation	-	20
Profit on sale of qualifying fixed assets	-	(15)
Capital items expensed	-	42
Movements in short term timing differences	628	(91)
Adjustments to tax charge in respect of previous periods	(125)	(127)
	<hr/>	<hr/>
Current tax charge for period	629	4,579
	<hr/>	<hr/>

The Company has utilised tax losses of other group companies, which have been transferred by way of group relief.

Ultraframe (UK) Limited

Notes (continued)

10 Dividends

	Amount per share	2005 £000	2004 £000
Ordinary shares - interim paid	£178	-	9,913
- final proposed	£ 15	-	826
		<hr/>	<hr/>
		-	10,739
		<hr/>	<hr/>

11 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Assets under construction £000	Total £000
<i>Cost or valuation</i>						
At beginning of period	10,643	18,920	3,296	2,066	1,254	36,179
Additions	-	1,981	119	58	71	2,229
Disposals	(5)	-	-	(575)	-	(580)
At 30 September 2005	10,638	20,901	3,415	1,549	1,325	37,828
<i>Depreciation</i>						
At beginning of period	1,646	13,412	2,070	1,470	-	18,598
Charge for the year	206	2,064	344	216	-	2,830
Disposals	(1)	-	-	(575)	-	(576)
At 30 September 2005	1,851	15,476	2,414	1,111	-	20,852
<i>Net book value</i>						
At 30 September 2005	8,787	5,425	1,001	438	1,325	16,976
At 1 October 2004	8,997	5,508	1,226	596	1,254	17,581

Ultraframe (UK) Limited

Notes (continued)

11 Tangible fixed assets (continued)

The following information relates to assets carried at revalued amounts, which have been retained under the transitional provisions set out in FRS15:

	2005 £000	2004 £000
Freehold land and building		
At 1990 open market value	1,540	1,540
Aggregate depreciation thereon	(461)	(430)
Net book value	<u>1,079</u>	<u>1,110</u>
Historical cost of revalued assets	1,211	1,211
Aggregate depreciation based on historical costs	(361)	(337)
Historical cost net book value	<u>850</u>	<u>874</u>

Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost.

The gross book value of freehold land and buildings included £10,321,391 (2004: £10,321,391) of depreciable assets.

12 Stocks

	2005 £000	2004 £000
Raw materials and consumables	4,221	4,718
Work in progress	451	542
	<u>4,672</u>	<u>5,260</u>

13 Debtors

	2005 £000	2004 £000
Trade debtors	10,208	11,428
Deferred taxation (see note 15)	570	-
Other debtors	450	149
Prepayments and accrued income	813	818
	<u>12,041</u>	<u>12,395</u>

Ultraframe (UK) Limited

Notes (continued)

14 Creditors: amounts falling due within one year

	2005		2004	
	£000	£000	£000	£000
Payments received in advance		33		44
Trade creditors		8,688		8,064
Amounts owed to parent undertaking		3,104		4,295
Amounts owed to fellow subsidiary undertaking		3,486		3,318
Other creditors including taxation and social security:				
Corporation tax	-		1,170	
Other taxes and social security	1,791		1,185	
	<u>1,791</u>		<u>2,355</u>	
Taxation and social security				
Other creditors	111	1,902	133	2,488
	<u>111</u>		<u>133</u>	
Accruals and deferred income		362		1,157
Dividends		-		826
		<u>17,575</u>		<u>20,192</u>

15 Provisions for liabilities and charges

	Litigation £000	Deferred taxation £000	Total £000
At beginning of period	-	389	389
Charge/(credit) for the period in the profit and loss account	2,125	(389)	1,736
	<u>2,125</u>	<u>-</u>	<u>2,125</u>

The elements of deferred tax are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	320	683
Short term and other timing differences	(890)	(294)
	<u>(570)</u>	<u>389</u>

The Company has made no provision for tax which would arise on the capital gain on the disposal of freehold land and buildings at their revalued amounts as there is no intention to dispose of the properties and hence any liability is considered too remote.

The deferred tax asset of £570,000 at 30 September 2005 is recognised within debtors (see note 13 on page 16)

Ultraframe (UK) Limited

Notes (continued)

16 Called up share capital

	2005 £000	2004 £000
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	56	56

17 Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At beginning of period	3,849	236	12,656	16,741
Loss for the financial period	-	-	(687)	(687)
Transfer to realised profits	-	(7)	7	-
At 30 September 2005	3,849	229	11,976	16,054

18 Reconciliation of movement in shareholders' funds

	2005 £000	2004 £000
Shareholders' funds at beginning of period	16,797	16,797
(Loss)/profit for the financial period	(687)	10,739
Dividends paid and proposed	-	(10,739)
Closing shareholders' funds	16,110	16,797

19 Contingent liabilities

The Company's bankers have issued a guarantee in favour of Customs and Excise up to a limit of £160,000 (2004: £160,000) for payment of duties, taxes, levies and similar amounts. The Company's bankers have recourse to the Company for recovery of this amount.

The Company is party to banking facilities for certain members of the Ultraframe Plc group of companies arranged by The Royal Bank of Scotland Plc. The Company and certain other members of the Ultraframe Plc group of companies have provided security to The Royal Bank of Scotland as agent for the lenders in the form of a fixed and floating charge and an unlimited intercompany composite cross guarantee as part of these arrangements. At 30 September 2005, the total bank debt outstanding was £23,962,000 (2004: £27,783,000). In addition, pending final determination of the litigation between Four Seasons and Patio Enclosures (as disclosed in the annual report and accounts of Ultraframe Plc), collateral has been put in place in favour of Patio Enclosures, in accordance with US legal procedures. Consequently, the Group has given an indemnity for \$10,000,000 (2004: \$8,800,000) to the Group's bankers in respect of a bank letter of credit issued as required collateral.

Ultraframe (UK) Limited

Notes (continued)

20 Commitments

(a) Capital commitments:

	2005 £000	2004 £000
Contracted	203	425

(b) Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In the second to fifth years inclusive	260	303	260	40
In more than five years	183	-	183	-
	<u>443</u>	<u>303</u>	<u>443</u>	<u>40</u>

21 Pension scheme

The Company contributes to employee personal pension plans. All contributions shown in the profit and loss account relate to contributions to personal pension plans. Amounts are charged to the profit and loss account in the period in which the liability arises and amounted to £336,675 (2004: £375,443) of which £nil (2004: £nil) is included in accruals at the period end.

22 Ultimate parent company

The Company is a subsidiary undertaking of Ultraframe Plc, which is registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Ultraframe Plc and the directors regard Ultraframe Plc as ultimate parent company and controlling party.

The consolidated accounts of Ultraframe Plc are available to the public and may be obtained from the Company Secretary, Enterprise Works, Salthill Road, Clitheroe, Lancashire, BB7 1PE.