

Report of the Directors and
Financial Statements
for the Year Ended 31st March 2004
for
PENTRE GROUP LIMITED

2514415



PENTRE GROUP LIMITED

Contents of the Financial Statements
for the Year Ended 31st March 2004

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Notes to the Financial Statements	9
Trading and Profit and Loss Account	20

PENTRE GROUP LIMITED

Company Information
for the Year Ended 31st March 2004

DIRECTORS:

M F Seymour
H W Platt
A G Rogers

SECRETARY:

H W Platt

REGISTERED OFFICE:

Unit 2
Moss Industrial Estate
Leigh
Lancashire
WN7 3PF

REGISTERED NUMBER:

02514415 (England and Wales)

AUDITORS:

Ford Campbell
Chartered Accountants &
Registered Auditors
City Wharf
New Bailey Street
Manchester
M3 5ER

PENTRE GROUP LIMITED

Report of the Directors **for the Year Ended 31st March 2004**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of cable reels and drums.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2004.

DIRECTORS

The directors during the year under review were:

M F Seymour

H W Platt

P A Gartside

A G Rogers

- resigned 4.2.2004

- appointed 8.3.2004

The directors holding office at 31st March 2004 did not hold any beneficial interest in the issued share capital of the company at 1st April 2003 (or date of appointment if later) or 31st March 2004.

M F Seymour, H W Platt and A G Rogers are directors of the company's parent company, Lockmax Limited. Details of their interests in the shares of Lockmax Limited are shown in that company's financial statements.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep informed on matters affecting them as employees and on the various factors affecting the performance of the company.

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;
- 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.

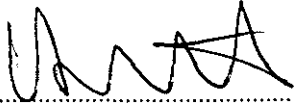
PENTRE GROUP LIMITED

Report of the Directors
for the Year Ended 31st March 2004

AUDITORS

The auditors, Ford Campbell, 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 be 'H W Platt', written over a dotted line.

H W Platt - Secretary

Date: 7th September 2004

Report of the Independent Auditors to the Shareholders of
Pentre Group Limited

We have audited the financial statements of Pentre Group Limited for the year ended 31st March 2004 on pages six to nineteen. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 two 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, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because the company did not perform stocktakes at the majority of its locations and in consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of stock and work in progress, included in the balance sheet at £1,590,473. Any adjustment to this figure could have a consequential significant effect on the loss for the year.

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 Shareholders of
Pentre Group Limited

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 or of its loss for the year then ended. In all other respects, in our opinion the financial statements have been prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stock and work in progress:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit;
and
- the company failed to maintain proper accounting records as required by the Companies Act 1985.



Ford Campbell
Chartered Accountants &
Registered Auditors
City Wharf
New Bailey Street
Manchester
M3 5ER

Date: 7th September 2004

PENTRE GROUP LIMITED

Profit and Loss Account
for the Year Ended 31st March 2004

	Notes	31.3.04 £	31.3.03 £
TURNOVER	2	15,572,505	15,918,321
Cost of sales		<u>11,630,021</u>	<u>11,042,342</u>
GROSS PROFIT		3,942,484	4,875,979
Administrative expenses		<u>9,350,790</u>	<u>5,657,219</u>
OPERATING LOSS	4	(5,408,306)	(781,240)
Loss on disposal of fixed asset	5	<u>-</u>	<u>115,617</u>
		(5,408,306)	(896,857)
Income from shares in group undertakings		<u>-</u>	<u>3,000,000</u>
		(5,408,306)	2,103,143
Interest payable and similar charges	6	<u>7,867</u>	<u>3,845</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,416,173)	2,099,298
Tax on (loss)/profit on ordinary activities	7	<u>(848,704)</u>	<u>(49,369)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(4,567,469)</u>	<u>2,148,667</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u><u>(4,567,469)</u></u>	<u><u>2,148,667</u></u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

PENTRE GROUP LIMITED

Statement of Total Recognised Gains and Losses
for the Year Ended 31st March 2004

	31.3.04	31.3.03
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(4,567,469)	2,148,667
Revaluation reserve	<u>369,673</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u>(4,197,796)</u>	<u>2,148,667</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

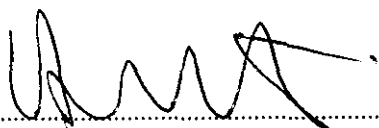
The notes form part of these financial statements

PENTRE GROUP LIMITED

Balance Sheet
31st March 2004

	Notes	31.3.04	31.3.03
		£	£
FIXED ASSETS			
Intangible assets	9	-	1,822,597
Tangible assets	10	4,122,946	4,363,400
Investments	11	<u>1,259,852</u>	<u>2,019,852</u>
		5,382,798	8,205,849
CURRENT ASSETS			
Stocks	12	1,875,343	1,879,735
Debtors	13	6,826,328	10,704,241
Cash at bank		<u>681,586</u>	<u>546,477</u>
		9,383,257	13,130,453
CREDITORS			
Amounts falling due within one year	14	<u>10,265,840</u>	<u>15,970,912</u>
NET CURRENT LIABILITIES		<u>(882,583)</u>	<u>(2,840,459)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,500,215	5,365,390
CREDITORS			
Amounts falling due after more than one year	15	(3,205,481)	(25,346)
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(424,243)</u>	<u>(271,757)</u>
		<u>870,491</u>	<u>5,068,287</u>
CAPITAL AND RESERVES			
Called up share capital	20	2,926,581	2,926,581
Share premium	21	1,212,190	1,212,190
Revaluation reserve	21	369,673	-
Profit and loss account	21	<u>(3,637,953)</u>	<u>929,516</u>
SHAREHOLDERS' FUNDS	25	<u>870,491</u>	<u>5,068,287</u>

ON BEHALF OF THE BOARD:



.....
H W Platt - Director

Approved by the Board on 7th September 2004

The notes form part of these financial statements

PENTRE GROUP LIMITED

Notes to the Financial Statements **for the Year Ended 31st March 2004**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Exemption from preparing consolidated financial statements

The financial statements contain information about Pentre Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Lockmax Limited, a company registered in England and Wales.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses, has been written off in the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold	- Equally over the length of the lease
Long leasehold	- 2% on cost/valuation
Plant and machinery	- Straight line over 4 to 10 years

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Hire purchase and leasing commitments

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.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

1. ACCOUNTING POLICIES - continued

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company is wholly owned within a group and consolidated accounts which include this company's results are publicly available.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less amounts written off. Provisions are made for impairment.

2. TURNOVER

The turnover and loss (2003 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.04 £	31.3.03 £
United Kingdom	9,846,489	9,301,624
Overseas	<u>5,726,016</u>	<u>6,616,697</u>
	<u><u>15,572,505</u></u>	<u><u>15,918,321</u></u>

The directors are of the opinion that disclosure of further segmental information would be prejudicial to the business of the company.

3. STAFF COSTS

	31.3.04 £	31.3.03 £
Wages and salaries	4,175,432	4,418,435
Social security costs	369,772	374,194
Other pension costs	<u>14,328</u>	<u>92,728</u>
	<u><u>4,559,532</u></u>	<u><u>4,885,357</u></u>

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

	31.3.04	31.3.03
Manual	203	220
Clerical and technical	<u>57</u>	<u>67</u>
	<u><u>260</u></u>	<u><u>287</u></u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31.3.04	31.3.03
	£	£
Other operating leases	18,172	71,401
Depreciation - owned assets	2,090,769	846,429
Depreciation - assets on hire purchase contracts	-	19,657
Profit on disposal of fixed assets	(79,325)	-
Goodwill written off	1,822,597	101,257
Auditors remuneration	25,032	13,261
Rent paid on premises	189,864	168,894
Rent paid on premises owned by a group company	<u>127,500</u>	<u>170,000</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. EXCEPTIONAL ITEMS

During the year the company has provided for costs of £425,000 relating to the closure of the Knowsley and Heatons sites.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.04	31.3.03
	£	£
Bank interest	<u>7,867</u>	<u>3,845</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	31.3.04	31.3.03
	£	£
Current tax:		
Adjustment of current taxation in respect of prior years	(101,305)	(21,797)
Deferred tax	<u>(747,399)</u>	<u>(27,572)</u>
Tax on (loss)/profit on ordinary activities	<u>(848,704)</u>	<u>(49,369)</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

7. TAXATION - continued

Factors affecting the tax credit

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

	31.3.04 £	31.3.03 £
(Loss)/profit on ordinary activities before tax	<u>(5,416,173)</u>	<u>2,099,298</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	(1,624,852)	629,789
Effects of:		
Tax on dividends paid by overseas subsidiary	-	(900,000)
Unrelieved tax losses carried forward	362,445	139,264
Capital allowances less than depreciation	996,419	60,164
Expenses not deductible for tax purposes	265,988	70,783
Adjustment of current taxation in respect of prior years	<u>(101,305)</u>	<u>(21,797)</u>
Current tax credit	<u>(101,305)</u>	<u>(21,797)</u>

8. RESTATEMENT OF COMPARATIVE FIGURES

Comparative figures have been restated following a reclassification of cost of sales, distribution and administration expenditure which management believe presents a more accurate cost classification. This has resulted in increased cost of sales of £1,191,810, increased administrative costs of £246,898 and decreased distribution costs of £1,438,708. There is no effect on operating and net profit.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 2003 and 31st March 2004	<u>2,025,104</u>
AMORTISATION	
At 1st April 2003	202,507
Amortisation for year	<u>1,822,597</u>
At 31st March 2004	<u>2,025,104</u>
NET BOOK VALUE	
At 31st March 2004	<u>-</u>
At 31st March 2003	<u>1,822,597</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

10. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST OR VALUATION					
At 1st April 2003	724,266	304,607	1,243,062	9,875,277	12,147,212
Additions	-	-	-	121,000	121,000
Disposals	(724,266)	-	-	-	(724,266)
Revaluations	-	-	206,938	-	206,938
Group transfer	2,420,744	-	-	-	2,420,744
At 31st March 2004	2,420,744	304,607	1,450,000	9,996,277	14,171,628
DEPRECIATION					
At 1st April 2003	139,424	274,242	123,531	7,246,615	7,783,812
Charge for year	34,849	30,365	42,259	1,983,296	2,090,769
Eliminated on disposal	(158,907)	-	-	-	(158,907)
Revaluation adjustments	-	-	(162,735)	-	(162,735)
Group transfer	495,743	-	-	-	495,743
At 31st March 2004	511,109	304,607	3,055	9,229,911	10,048,682
NET BOOK VALUE					
At 31st March 2004	1,909,635	-	1,446,945	766,366	4,122,946
At 31st March 2003	584,842	30,365	1,119,531	2,628,662	4,363,400

Included in land and buildings is freehold land valued at £640,000 (2003 - £100,000) which is not depreciated.

Cost or valuation at 31st March 2004 is represented by:

	Freehold property £	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
Valuation in 2004	-	-	1,450,000	-	1,450,000
Cost	2,420,744	304,607	-	9,996,277	12,721,628
	2,420,744	304,607	1,450,000	9,996,277	14,171,628

If long leasehold property had not been revalued they would have been included at the following historical cost:

	31.3.04	31.3.03
	£	£
Cost	1,243,062	1,243,062
Aggregate depreciation	148,392	123,531

Long leasehold property was valued on an open market basis on 25th February 2004 by CB Richard Ellis Chartered Surveyors.

At the year end assets held on finance leases had a net book value of £121,000 (2003: £Nil).

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1st April 2003	7,749,852
Disposals	<u>(760,000)</u>
At 31st March 2004	<u>6,989,852</u>
PROVISIONS	
At 1st April 2003 and 31st March 2004	<u>5,730,000</u>
NET BOOK VALUE	
At 31st March 2004	<u>1,259,852</u>
At 31st March 2003	<u>2,019,852</u>

The disposal of fixed asset investments relates to applications made by the company to Companies House to have its dormant subsidiary undertakings struck off. These amounts have been set off against their respective inter group loan accounts.

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

Pentre Holdings Limited

Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

Locker Midland Properties Limited

Nature of business: Property investment

	%
Class of shares:	holding
Ordinary	100.00

Pentre Group Heas A/S

Country of incorporation: Denmark

Nature of business: Steel reel and drum manufacturer

	%
Class of shares:	holding
Ordinary	100.00

Kovotechnik Spol. s.r.o

Country of incorporation: Czech Republic

Nature of business: Steel reel manufacturer

	%
Class of shares:	holding
Ordinary	100.00

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

11. FIXED ASSET INVESTMENTS - continued

The shares in Pentre Group Heas A/S and Kovotechnik Spol. s.r.o are held by a subsidiary undertaking and represent 100% of the issued share capital.

12. STOCKS

	31.3.04	31.3.03
	£	£
Raw materials	1,273,295	974,228
Work-in-progress	344,048	640,491
Finished goods	<u>258,000</u>	<u>265,016</u>
	<u>1,875,343</u>	<u>1,879,735</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.04	31.3.03
	£	£
Trade debtors	3,320,913	3,648,139
Amounts owed by group undertakings	2,747,051	6,498,273
Other debtors	-	11,452
Corporation tax recoverable	-	21,797
Deferred tax (see note 19)	587,241	-
Prepayments and accrued income	<u>171,123</u>	<u>524,580</u>
	<u>6,826,328</u>	<u>10,704,241</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.04	31.3.03
	£	£
Bank loans and overdrafts (see note 16)	-	1,176,204
Other loans (see note 16)	2,698,717	-
Hire purchase contracts (see note 17)	55,279	10,050
Trade creditors	2,071,191	2,197,918
Amounts owed to group undertakings	4,254,016	12,061,410
Amounts owed to related undertakings	661,218	-
Social security and other taxes	122,628	156,274
Other creditors	-	67,659
Accruals and deferred income	<u>402,791</u>	<u>301,397</u>
	<u>10,265,840</u>	<u>15,970,912</u>

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

	31.3.04	31.3.03
	£	£
Other loans (see note 16)	2,546,000	-
Hire purchase contracts (see note 17)	53,777	25,346
Amounts owed to related undertakings	<u>605,704</u>	<u>-</u>
	<u>3,205,481</u>	<u>25,346</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

16. LOANS

An analysis of the maturity of loans is given below:

	31.3.04 £	31.3.03 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	1,176,204
Other loans	<u>2,698,717</u>	<u>-</u>
	<u>2,698,717</u>	<u>1,176,204</u>
 Amounts falling due between one and two years:		
Other loans	<u>612,000</u>	<u>-</u>
 Amounts falling due between two and five years:		
Other loans	<u>1,934,000</u>	<u>-</u>

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.3.04 £	31.3.03 £
		Hire purchase contracts
Net obligations repayable:		
Within one year	55,279	10,050
Between one and five years	<u>53,777</u>	<u>25,346</u>
	<u>109,056</u>	<u>35,396</u>

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

	Operating leases			
	Land and buildings		Other	
	31.3.04 £	31.3.03 £	31.3.04 £	31.3.03 £
Expiring:				
Within one year	72,974	49,500	14,299	67,018
Between one and five years	20,500	190,500	18,503	28,176
In more than five years	<u>-</u>	<u>100,849</u>	<u>-</u>	<u>3,058</u>
	<u>93,474</u>	<u>340,849</u>	<u>32,802</u>	<u>98,252</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.04	31.3.03
	£	£
Other loans	5,244,717	-
Hire purchase	<u>109,056</u>	<u>10,050</u>
	<u>5,353,773</u>	<u>10,050</u>

The hire purchase liabilities are secured on the assets to which they relate.

Other loans are secured by a fixed and floating charge over all assets of the company.

19. PROVISION FOR LIABILITIES AND CHARGES

	31.3.04	31.3.03
	£	£
Deferred tax	-	160,158
Other provisions	<u>424,243</u>	<u>111,599</u>
	<u>424,243</u>	<u>271,757</u>
	Deferred tax	Other provisions
	£	£
Balance at 1st April 2003	160,158	111,599
Transfers	-	312,644
Movement	<u>(160,158)</u>	<u>-</u>
Balance at 31st March 2004	<u>-</u>	<u>424,243</u>

At 31st March 2004 there is a deferred tax asset of £587,241 of which £455,584 related to corporation tax losses and £131,657 to decelerated capital allowances.

20. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
4,601,481	Ordinary	£1	<u>4,601,481</u>	<u>4,601,481</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
2,926,581	Ordinary	£1	<u>2,926,581</u>	<u>2,926,581</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

21. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1st April 2003	929,516	1,212,190	-	2,141,706
Deficit for the year	(4,567,469)	-	-	(4,567,469)
Revaluation surplus (note 10)	-	-	369,673	369,673
At 31st March 2004	<u>(3,637,953)</u>	<u>1,212,190</u>	<u>369,673</u>	<u>(2,056,090)</u>

22. ULTIMATE PARENT COMPANY

The company's parent undertaking and controlling party is Lockmax Limited, a company registered in England and Wales.

Copies of the consolidated financial statements for Lockmax Limited, this being the largest group of which the company is a member, can be obtained from the Company Secretary, Lockmax Limited, Unit 2, Moss Industrial Estate, St Helens Road, Leigh, Lancashire WN7 3PF.

23. CONTINGENT LIABILITIES

There is an unlimited inter-company guarantee dated 18 February 2004 between Lockmax Limited, Pentre Group, Locker Wire Weavers Limited, Meltech Engineering Limited, Locker Midland Properties Limited and Pentre Holdings Limited amounting to £179,775 (2003: £6,169,055).

24. RELATED PARTY DISCLOSURES

In preparing these financial statements, the directors have taken advantage of the exemptions available under paragraph 3(c) of the Financial Reporting Standard No 8, Related Party Disclosures and have not disclosed transactions with other group undertakings.

At 31st March 2004, the company owed £1,266,922 (2003: £3,262,090) to Locker Group PLC, previously the ultimate parent undertaking. The maximum outstanding during the year was £3,281,462.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.04 £	31.3.03 £
(Loss)/Profit for the financial year	(4,567,469)	2,148,667
Other recognised gains and losses relating to the year (net)	<u>369,673</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(4,197,796)	2,148,667
Opening shareholders' funds	<u>5,068,287</u>	<u>2,919,620</u>
Closing shareholders' funds	<u>870,491</u>	<u>5,068,287</u>
Equity interests	<u>870,491</u>	<u>5,068,287</u>

PENTRE GROUP LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31st March 2004

26. FIXED ASSET IMPAIRMENT

During the year there was a tangible fixed asset impairment of £1,317,901 and an intangible fixed asset impairment of £1,822,597 included within the plant and machinery depreciation charge and the goodwill amortisation charge for the year, respectively.