

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

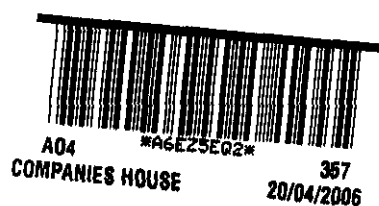
Registered Number: 02373607

FINANCIAL STATEMENTS

for the year ended 30 JUNE 2005

I N D E X

1	Directors' Report
2	Statement of Directors' responsibilities
3	Report of the independent auditors
4	Profit and loss account
5	Balance sheet
6 - 10	Notes to the accounts



ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)
DIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 30 June 2005.

RESULTS AND DIVIDEND

The profit for the financial year was £17,405. The Directors do not recommend the payment of an ordinary dividend.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the manufacturing and supply of timber frame and floor joist products. The directors expect that the present level of activity will be sustained for the foreseeable future.

The company changed its name to Eleco Timber Frame Limited on 5 July 2004.

DIRECTORS AND THEIR INTERESTS

The Directors, who served in the year, had the following interests in the ordinary share capital of the holding Company, Eleco plc:

	Ordinary Shares of 10p each		Options over Ordinary Shares of 10p each			
	At 30.6.2005 or on resignation	At 1.7.2004	At 30.6.2005 or on resignation	Granted during year	Exercised during year	At 1.7.2004
L N Holdcroft (resigned 24 June 2005)	Nil	Nil	Nil	Nil	Nil	Nil
D S Dannhauser						
PJ Taylor						

(Director of Eleco plc)
(Director of Eleco plc)

The interests of D S Dannhauser and P J Taylor in the shares of the holding company are shown in the accounts of Eleco plc.

The company maintains Directors' and Officers' Liability insurance.

AUDITORS

The auditors, Ernst & Young LLP, are automatically re-appointed by virtue of an elective resolution.

BY ORDER OF THE BOARD

Eleco House
15 Gentlemen's Field
Westmill Road
Ware SG12 0EF

31 October 2005



D S Dannhauser
Director

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)
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 the 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**ELECO TIMBER FRAME LIMITED****(formerly GNS UK Limited)**

We have audited the company's financial statements for the year ended 30 June 2005 which comprise the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

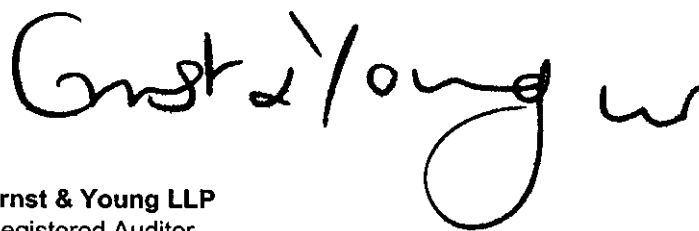
Basis of audit opinion

We conducted our audit in accordance with 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 affairs of the company as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Ernst & Young LLP**

Registered Auditor

Luton

31 October 2005

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 30TH JUNE

	NOTES	<u>2005</u> £	<u>2004</u> £
Turnover	2	1,995,711	-
Cost of sales		(1,572,497)	-
Gross profit		<u>423,214</u>	<u>-</u>
Distribution costs		(75,588)	-
Administrative and selling expenses		(310,410)	-
Operating profit		<u>37,216</u>	<u>-</u>
Interest payable	4	(10,231)	-
Profit on ordinary activities before taxation	5	<u>26,985</u>	<u>-</u>
Tax on profit on ordinary activities	6	(9,580)	-
Retained profit for the financial year		<u>17,405</u>	<u>-</u>
Retained profit brought forward		-	-
Retained profit carried forward		<u><u>17,405</u></u>	<u><u>-</u></u>

All of the company's operations are continuing.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

BALANCE SHEET as at 30 JUNE**FIXED ASSETS**

Tangible Assets:

	<u>NOTES</u>	<u>2005</u> £	<u>2004</u> £
Plant, equipment and vehicles	1&7	154,222	56,822
		154,222	56,822

CURRENT ASSETS

Stocks	1&8	74,784	15,000
Debtors	9	905,353	100
Bank balances and cash in hand		153	-
		980,290	15,100

**CREDITORS : AMOUNTS FALLING
DUE WITHIN ONE YEAR
NET CURRENT LIABILITIES**

10	(1,107,427)	(71,822)	(56,722)
	(127,137)		

**TOTAL ASSETS LESS CURRENT
LIABILITIES**

27,085	100
--------	-----

**PROVISIONS FOR LIABILITIES AND
CHARGES**

11	(9,580)	-	-
	(9,580)		

NET ASSETS

£ 17,505	£ 100
----------	-------

CAPITAL AND RESERVES

Called up share capital	12	100	100
Profit and loss account		17,405	-

EQUITY SHAREHOLDERS' FUNDS

13	£ 17,505	£ 100
----	----------	-------

The financial statements on pages 4 to 10 were approved by the board of directors on 31 October 2005, and signed on its behalf by:



D S DANNHAUSER - DIRECTOR

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

NOTES TO THE ACCOUNTS for the year ended 30 June 2005

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting:

The accounts are prepared under the historical cost convention.

Tangible fixed assets:

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation:

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its expected useful life as follows:-

Plant, equipment and vehicles	2 to 10 years
-------------------------------	---------------

Stocks and work-in-progress:

Stocks, including work in progress, are valued at the lower of cost and net realisable value. Cost is the cost of direct materials and labour plus attributable overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and on disposal.

Finance and operating leases:

As lessee: Leasing agreements, which transfer to the group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright ("finance leases"). Assets acquired under finance leases are capitalised in the balance sheet as tangible fixed assets and are depreciated accordingly. The capital element of the lease commitments is shown as obligations under finance leases. The capital element of finance leases is applied to reduce the outstanding obligations and the interest element of the rental obligations is charged to profit and loss over the period of the lease in proportion to the reducing capital balance outstanding. Amounts paid under operating leases are charged to income as incurred.

Cash flow:

The company is a wholly owned subsidiary of Eleco plc and the cash flows of the company are included in the consolidated group cash flow statement of Eleco plc. Consequently the company is exempt from the requirement to publish a cash flow statement.

Deferred taxation:

Deferred taxation 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 the date will result in an obligation to pay more tax or a right to pay less tax 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, 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 undiscounted 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.

ELECO TIMBER FRAME LIMITED

(formerly GNS UK Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2005**2 TURNOVER**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. The turnover and profit on ordinary activities before taxation are wholly attributable to the company's principal activity, which is carried out entirely within the United Kingdom.

3 EMPLOYEES (including directors)

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

	<u>2005</u>	<u>2004</u>
	<u>No.</u>	<u>No.</u>
Management	3	2
Administration	1	-
Production and sales	21	-
	<u>25</u>	<u>2</u>

Staff costs during the year amounted to:-

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Wages and salaries	384,775	-
Social security cost	37,125	-
	<u>421,900</u>	<u>-</u>

4 INTEREST PAYABLE

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	3,227	-
Payable to group undertakings	7,004	-
	<u>10,231</u>	<u>-</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging:-

Auditors' remuneration for:

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Audit	3,000	-
Operating leases:		
Plant hire	13,246	-
Other	31,945	-
Depreciation (notes 1 and 7):		
Owned assets	<u>8,829</u>	<u>-</u>

ELECO TIMBER FRAME LIMITED

(formerly GNS UK Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2005**6 TAX ON PROFIT ON ORDINARY ACTIVITIES****a) Tax on profit on ordinary activities**

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Deferred tax:		
Origination and reversal of timing differences	9,580	-
Total deferred tax	<u>9,580</u>	<u>-</u>
Tax on profit on ordinary activities	<u><u>9,580</u></u>	<u><u>-</u></u>

b) Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before tax	<u>26,985</u>	<u>-</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2004: 30%)	8,096	-
Effects of:		
Expenses not deductible for tax purposes	2,837	-
(Shortfall)/excess of capital allowances relative to depreciation	(9,580)	-
Group relief	(1,210)	-
Marginal relief	(143)	-
Current tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

c) Factors that may affect future tax charges

Future tax charges may be affected by a similar range of factors to those listed above.

7 TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles <u>£</u>
Cost:	
At 1 July 2004	56,822
Additions	106,229
At 30 June 2005	<u><u>163,051</u></u>
Accumulated Depreciation:	
At 1 July 2004	-
Charge for the year	8,829
At 30 June 2005	<u><u>8,829</u></u>
Net book value at 30 June 2005	<u><u>154,222</u></u>
Net book value at 30 June 2004	<u><u>56,822</u></u>

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2005

8 STOCKS	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Raw materials and components	51,850	-
Work in progress	22,934	-
Other	-	15,000
	<u>74,784</u>	<u>15,000</u>

9 DEBTORS	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Due within one year:		
Trade debtors	861,814	-
Amounts owed by group undertakings	-	100
Prepayments and accrued income	43,539	-
	<u>905,353</u>	<u>100</u>

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Bank overdrafts (see below)	311,224	-
Trade creditors	341,089	-
Amount owed to parent undertaking	354,367	48,739
Amounts owed to group undertakings	63,872	-
Other taxes and social security costs	14,649	-
Accruals and deferred income	22,226	23,083
	<u>1,107,427</u>	<u>71,822</u>

The bank overdraft is secured by floating charges over the assets of the company.

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax (see below)
	<u>£</u>
At 1 July 2004	-
Transfer from profit and loss account	9,580
At 30 June 2005	<u>9,580</u>

Deferred taxation

The total tax deferred to date based on a corporation tax rate of 30.00% (2004: - 30.00%) comprises:-

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Accelerated relief on capital expenditure	<u>(9,580)</u>	<u>-</u>

12 CALLED UP SHARE CAPITAL

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Authorised:		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

ELECO TIMBER FRAME LIMITED
(formerly GNS UK Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2005

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities after taxation	17,405	-
Net increase in shareholders' funds	17,405	-
Opening shareholders' funds	100	100
Closing shareholders' funds	<u>17,505</u>	<u>100</u>

14 OPERATING LEASE OBLIGATIONS

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
The Company has the following annual commitments as at 30 June 2005 in respect of non-cancellable operating leases which expire:	Land & Buildings	Land & Buildings
Within one year	52,192	-
Between 2 and 5 years inclusive	-	58,850
After five years	70,000	-
	<u>122,192</u>	<u>58,850</u>

15 ULTIMATE PARENT COMPANY

The Directors regard Eleco plc, a company registered in England and Wales, as the ultimate controlling parent undertaking. Copies of the ultimate controlling parent's consolidated financial statements may be obtained from the Company Secretary, Eleco plc, Eleco House, 15 Gentlemen's Field, Westmill Road, Ware SG12 0EF. According to the register kept by the company, Eleco plc, a company incorporated in England and Wales, has a 100% interest in the equity capital of the company at 30 June 2005.

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of Eleco plc or subsidiaries.