

SAS Holdings Limited
(Registered number 1697448)
Amended
Financial statements
Year ended 31 December 2005



SAS HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2005

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**SAS HOLDINGS LIMITED
DIRECTORS AND ADVISORS**

E. A. McElhinney
M.E. McElhinney
J. M. King
K. D. Roberts

Chairman and Chief Executive
Managing Director – SAS International Limited
Non-Executive Director
Company Secretary

John King has been a non-executive director since 1987. He joined the Group after retiring from the Trafalgar House Group building companies. He is also a consultant to the building and construction industry for business development, mergers and acquisitions.

Principal Bankers

Royal Bank of Scotland
Corporate Banking Centre
4 Abbey Gardens
Reading
Berkshire
RG1 3BA

Head Office

SAS Holdings Limited
31 Suttons Business Park
London Road
Reading
Berkshire
RG6 1AZ

Auditors

PKF (UK) LLP
Pannell House
Park Street
Guildford
Surrey
GU1 4HN

Registered Number

1697448

Solicitors

Moorcrofts LLP
Mere House
Mere Park
Dedmere Road
Marlow
Buckinghamshire
SL7 1PB

Registered Office

34 – 36 The Broadway
Maidenhead
Berkshire
SL6 1LU

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the design and manufacture of ceiling systems, partitioning and other building products and project management.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors are satisfied with the outcome for the year which reflects good operating results in the continuing core businesses of manufacturing and construction project management.

During the year construction began on a substantial new works facility at Oldbury which on completion later this year will house the present manufacturing business which has been on its existing West Bromwich site for the last twenty five years. This modern new facility will greatly enhance the technical and productive capability of the Group.

The current year is expected to show substantial growth in overall trading performance with a quite satisfactory result.

RESULTS AND DIVIDENDS

The profit for the year ended 31 December 2005 was £671,000 (2004 –£870,000). The directors have not recommended or paid any dividends in respect of the year ended 31 December 2005 (2004: £nil). The profit for the year of £671,000 (2004 - £870,000) has been transferred to reserves.

DIRECTORS

The directors who served during the year and their interests in the ordinary share capital of the Company at the beginning and end of the year, were as follows:

	No. of shares	
	31 December 2005	31 December 2004
E A McElhinney	159,892	159,892
M E McElhinney	-	-
S S Morton (resigned 30 December 2005)	-	-
J M King	-	-
A J Williams (resigned 31 May 2006)	-	-

EMPLOYEES

The Group supports the principle of equal opportunities. Its policy is that there should be no unfair discrimination on the grounds of sex, religion or race. Equal employment opportunities are available to all persons, including the disabled, having full regard to their particular skills and abilities.

The directors believe in encouraging employees to become fully informed of the Group's activities and to be more closely involved in the business. Where practicable, employee salaries and wages are linked to trading results.

PURCHASE OF OWN SHARES

During the period the Company repurchased 2,279 ordinary shares of £1 each for a consideration of £456,000. The shares repurchased represented 1% of the Company's called up share capital. The repurchase was made in order to rationalise the shareholdings.

SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

FINANCIAL INSTRUMENTS

The group does not actively use financial instruments as part of its financial risk management. The Group's policy is to finance working capital through retained earnings which, when appropriate, are placed on deposit at prevailing interest rates. The Group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Group's financial position or result for the year.

APPOINTMENT OF AUDITORS

A resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD



.....
K D Roberts
Secretary

7 July 2006

SAS HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements on a 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 the Group and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF SAS HOLDINGS LIMITED**

We have audited the Group and parent Company financial statements ('the financial statements') of SAS Holdings Limited for the year ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under 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 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions 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

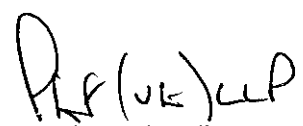
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 Group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and parent Company's affairs as at 31 December 2005 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


Registered auditors

Guildford, UK

4 August 2006

SAS HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £'000	As restated <u>2004</u> £'000
Turnover	2	35,236	34,884
Cost of sales		(23,605)	(23,507)
		<hr/>	<hr/>
Gross profit		11,631	11,377
Distribution costs		(1,056)	(945)
Administrative expenses		(9,791)	(11,138)
		<hr/>	<hr/>
Operating profit/(loss)	3	784	(706)
Share of operating loss in:			
Joint venture – continuing activities		(7)	(5)
		<hr/>	<hr/>
Total operating profit/(loss)		777	(711)
Exceptional items:			
Profit on disposal of freehold property in continuing operations		70	217
Profit on disposal of associated undertaking in discontinued operations	4	-	31
Loss on disposal of other fixed asset investments in continuing operations		-	(5)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before interest, amounts written off investments and taxation		847	(468)
Interest receivable and similar income	5	1,111	1,284
Amounts written off investments	6	(288)	-
Interest payable and similar charges	7	(22)	(43)
Other finance costs	8	(150)	(148)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,498	625
Tax on profit on ordinary activities	9	(827)	245
		<hr/>	<hr/>
Profit on ordinary activities retained for the year	21	671	870
		<hr/>	<hr/>

All amounts between turnover and operating loss relate to continuing activities.

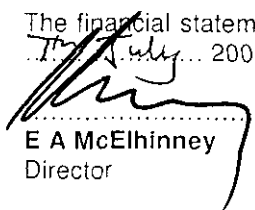
SAS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> £'000	As restated <u>2004</u> £'000
Profit for the year:		
Group	713	875
Joint venture	(42)	(5)
	<hr/> 671	<hr/> 870
Actuarial loss on the defined benefit pension scheme	(462)	(366)
Deferred taxation on the deficit in the defined benefit pension scheme	183	(296)
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	<u>392</u>	<u>208</u>

SAS HOLDINGS LIMITED
BALANCE SHEETS
31 DECEMBER 2005

		Group		Company	
	Notes	2005	As restated	2005	As restated
		£'000	2004	£'000	2004
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12	47	70	-	-
Tangible assets	13	11,048	10,978	-	-
Investments	14	214	544	17,118	14,644
		<u>11,309</u>	<u>11,592</u>	<u>17,118</u>	<u>14,644</u>
Current assets					
Stocks	15	8,864	8,027	-	-
Debtors due within one year	16	8,451	7,539	5,149	6,270
Debtors due in over one year	16	2	-	234	382
Cash at bank and in hand		26,333	26,309	23,187	24,821
		<u>43,650</u>	<u>41,875</u>	<u>28,570</u>	<u>31,473</u>
Creditors: amounts falling due within one year	17	(6,579)	(6,489)	(322)	(708)
Net current assets		<u>37,071</u>	<u>35,386</u>	<u>28,248</u>	<u>30,765</u>
Total assets less current liabilities		<u>48,380</u>	<u>46,978</u>	<u>45,366</u>	<u>45,409</u>
Creditors: amounts falling due after more than one year	18	(14)	(13)	-	-
Provisions for liabilities and charges	19	(1,173)	(141)	(1,123)	(69)
Net assets excluding pension liability		<u>47,193</u>	<u>46,824</u>	<u>44,243</u>	<u>45,340</u>
Pension liability	11	(2,357)	(1,931)	(2,357)	(1,931)
Net assets including pension liability		<u>44,836</u>	<u>44,893</u>	<u>41,886</u>	<u>43,409</u>
Capital and reserves					
Called up share capital	20	229	231	229	231
Share premium account	21	60	60	60	60
Capital redemption reserve	21	4,582	4,580	4,582	4,580
Profit and loss account	21	39,958	40,022	37,015	38,538
Equity shareholders' funds	22	<u>44,829</u>	<u>44,893</u>	<u>41,886</u>	<u>43,409</u>
Minority interest		<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>44,836</u>	<u>44,893</u>	<u>41,886</u>	<u>43,409</u>

The financial statements on pages 6 to 31 were approved and authorised for issue by the board of directors on 17 July 2006 and were signed on its behalf by:


E A McElhinney
 Director

SAS HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £'000	<u>2004</u> £'000
Net cash inflow/(outflow) from operating activities	23	1,558	(1,574)
Returns on investment and servicing of finance	24	1,092	976
Taxation		(616)	(523)
Capital expenditure and financial investment	24	(1,488)	1,012
Acquisitions and disposals	24	-	249
		<hr/>	<hr/>
Cash inflow before use of liquid resources and financing		546	140
Management of liquid resources	24	-	7,606
Financing	24	(522)	(7,427)
		<hr/>	<hr/>
Increase in cash in the period		24	319
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds	25		
Increase in cash in the period		24	319
Cash outflow from decrease in debt and lease financing		66	410
Cash inflow from decrease in liquid resources		-	(7,606)
		<hr/>	<hr/>
Change in net funds resulting from cash flows		90	(6,877)
Net funds at 1 January 2005		26,243	33,120
		<hr/>	<hr/>
Net funds at 31 December 2005		26,333	26,243
		<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies of the Group, which have been applied consistently with the exception of paragraph (a) below, is as follows:

(a) Change of accounting policy

As required by Financial Reporting Standards, on 1 January 2005 the Group fully adopted FRS17 'Retirement Benefits'. As a result, comparative figures have been restated. The impact on the consolidated profit for the year to 31 December 2005 was a decrease of £147,000 (2004: reduction in the reported loss by £1,352,000 to a profit of £870,000) and the impact on the consolidated and company's shareholders funds at 31 December 2004 was a reduction of £1,931,000.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries on an acquisition accounting basis. The results of subsidiaries and businesses acquired are incorporated in the consolidated financial statements from the date of their acquisition and those disposed of are excluded from their date of disposal.

(c) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied during the year and includes the sales value of long term contracts relevant to their state of completion.

(d) Tangible fixed assets

Freehold land is stated at cost and not depreciated. Other fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets. Interest costs on major fixed asset additions are capitalised during the period of construction and are depreciated as part of the total asset cost. The principal annual rates used for this purpose are:

Freehold buildings	2%
Plant and machinery	5-25%
Fixtures, fittings and equipment	5-25%
Motor vehicles	20-25%

Short-term leasehold property is depreciated over the period of the lease.

Plant under construction is depreciated from the date the plant is commissioned.

(e) Government grants

Government grants are treated as deferred income and are credited to the profit and loss account over the expected useful life of the related assets, typically ten years.

(f) Investments

Except as stated below, investments are stated at cost less amounts written off and provisions for impairment.

In the consolidated financial statements, the investment in the joint venture is accounted for using the gross equity method. The consolidated profit and loss account includes the

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES (continued)

(f) Investments (continued)

Group's share of the pre-tax profit and attributable taxation of the joint venture based on the undertakings' latest statutory financial statements.

In the consolidated balance sheet, the investment in the joint venture is included at the Group's share of the net assets of the undertaking.

(g) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

(h) Long-term contracts

Work in progress on long-term contracts is stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Profits on contracts are only taken when the results of the contract can reasonably be foreseen. Where turnover on contracts exceeds payments on account an "amount recoverable on contracts" is established and separately disclosed within debtors.

(i) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses arising on these transactions are included in the profit and loss account.

Assets and liabilities and the profit and loss accounts of overseas operations are translated at the closing exchange rates. Exchange gains and losses arising on these translations are taken directly to reserves.

(j) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(k) Goodwill

Goodwill arising on consolidation and on the acquisition of businesses represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised over its estimated useful economic life not exceeding 20 years. Capitalised goodwill is reviewed for evidence of impairment at the end of the first full financial year following the initial date of recognition and thereafter when appropriate.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES (continued)

(l) Leases

Assets held under finance lease and hire purchase contracts are capitalised and depreciated in accordance with the Group's depreciation policy. The finance charges are allocated over the period of the lease in proportion to the capital amounts outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

(m) Pension arrangements

The Group operates defined contribution and defined benefit pension schemes.

The cost of the defined contribution schemes is charged to the profit and loss account in the year to which it relates.

For the defined benefit scheme any increase in the present value of the liabilities of the scheme expected to arise from the current service of employees in the year is charged to operating profit. The expected return on the scheme's assets and the expected increase during the year in the present value of the scheme's liabilities are included as other finance income or costs as appropriate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme assets, to the extent they are recoverable, and pension scheme liabilities, are recognised in the balance sheet and represent the difference between the market value of scheme assets and the present value of scheme liabilities, net of deferred taxation. Pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

(n) Liquid resources

Liquid resources comprise term deposits at banks not repayable on demand without notice and without penalty.

2 TURNOVER AND SEGMENTAL ANALYSIS

The Group's turnover and profit before taxation is derived from one class of business being the design and manufacture of ceiling systems, partitioning and other building products and project management which originates in the United Kingdom. Group turnover includes export sales amounting to £6,320,000 (2004 - £4,138,000). The net assets of the Group reside predominantly within the United Kingdom.

3 OPERATING PROFIT/(LOSS)

	<u>2005</u> £'000	<u>2004</u> £'000
Depreciation of tangible fixed assets:		
- owned	1,488	1,473
- held under hire purchase and finance lease agreements	-	256
Amortisation of goodwill	23	23
Auditors' remuneration:		
- audit	50	54
- other services	10	10
Operating lease rentals:		
- plant and machinery	83	166
- other	777	784
Rental income	(88)	(144)
Deferred grant income released	(6)	(10)

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

3 OPERATING PROFIT/(LOSS) (continued)

Amounts paid to the auditors for other services and not expensed through the profit and loss account amounted to £3,000 (2004 - £Nil).

4 PROFIT ON DISPOSAL OF ASSOCIATED UNDERTAKING

	<u>2005</u> £'000	<u>2004</u> £'000
Profit on disposal of CCF Branigan Limited	-	98
Goodwill previously written off direct to reserves	-	(67)
	<hr/>	<hr/>
	-	31
	<hr/>	<hr/>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2005</u> £'000	<u>2004</u> £'000
Group bank interest receivable	1,110	1,284
Joint venture interest receivable	1	-
	<hr/>	<hr/>
	1,111	1,284
	<hr/>	<hr/>

6 AMOUNTS WRITTEN OFF INVESTMENTS

	<u>2005</u> £'000	<u>2004</u> £'000
Provision for impairment of listed investment	41	-
Provision for impairment of unlisted investment	247	-
	<hr/>	<hr/>
	288	-
	<hr/>	<hr/>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2005</u> £'000	<u>2004</u> £'000
Interest payable on bank loans and overdrafts	-	19
Interest payable on finance lease and hire purchase arrangements	2	18
Other interest	16	6
	<hr/>	<hr/>
Group interest payable	18	43
Interest payable by joint venture	4	-
	<hr/>	<hr/>
	22	43
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

8 OTHER FINANCE COSTS

	<u>2005</u> £'000	<u>2004</u> £'000
Interest on defined benefit pension scheme's liabilities	489	468
Expected return on the defined benefit pension scheme's assets	(339)	(320)
	<hr/> 150	<hr/> 148
	<hr/>	<hr/>

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge for the year	£'000	<u>2005</u> £'000	£'000	<u>2004</u> £'000	£'000
Current taxation					
United Kingdom corporation tax on profits for the year	813			351	
Corporation tax adjustments in respect of prior periods	6			(22)	
	<hr/>		819	<hr/>	329
UK corporation tax adjustment in respect of prior periods – joint venture			32		-
			<hr/>		<hr/>
Total UK corporation tax			851		329
Deferred tax					
Origination and reversal of timing differences			(24)		(574)
			<hr/>		<hr/>
Tax on profit on ordinary activities			827		(245)
			<hr/>		<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

9 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2004:higher) than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

The differences are explained below:

	<u>2005</u> £'000	As restated <u>2004</u> £'000
Profit on ordinary activities before tax	1,498	625
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	449	188
Effects of:		
Expenditure not deductible for tax purposes	140	68
Expenditure incurred in year deductible in future periods	234	90
Expenditure incurred in prior periods deductible in the current period	(420)	(150)
Depreciation in year in excess of capital allowances	238	227
Amounts written off investments not deductible for tax purposes	86	-
Intra-group charges not deductible overseas in current year	77	-
Profit of sale of freehold property not subject to taxation	-	(65)
Profit on disposal of associated undertaking not subject to taxation	-	(9)
Loss on sale of other fixed asset investments not allowed for taxation	-	2
Adjustment to tax charge of prior years	6	(22)
Adjustment to tax charge of prior years in the joint venture	32	-
Losses carried forward	9	-
Total UK corporation tax	851	329

There was no effect on the tax charge of the exceptional items in the previous year.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

10 DIRECTORS' REMUNERATION

	<u>2005</u> £'000	<u>2004</u> £'000
Directors:		
Aggregate emoluments	345	847
Company pension contributions to money purchase schemes	14	1,214
	<hr/> 359	<hr/> 2,061
	<hr/> <hr/>	<hr/> <hr/>

The number of directors to whom retirement benefits are accruing under money purchase pension schemes and defined benefit pension schemes were 2 (2004 - 3) and 2 (2004 - 2) respectively.

	<u>2005</u> £'000	<u>2004</u> £'000
Highest paid director:		
Aggregate emoluments and benefits	125	640
Company pension contributions to a money purchase scheme	-	1,200
	<hr/> 125	<hr/> 1,840
	<hr/> <hr/>	<hr/> <hr/>

11 EMPLOYEE INFORMATION

The average number of employees during the year, including executive directors was:

	Group		Company	
	<u>2005</u> Number	<u>2004</u> Number	<u>2005</u> Number	<u>2004</u> Number
Manufacturing	398	384	-	-
Group administration and management	3	7	3	7
	<hr/> 401	<hr/> 391	<hr/> 3	<hr/> 7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The employment costs of all employees included above were:

	Group		Company	
	<u>2005</u> £'000	As restated 2004 £'000	<u>2005</u> £'000	As restated 2004 £'000
Wages and salaries	9,212	9,567	218	-
Social security contributions	937	972	28	-
Pension and post retirement benefit contributions	313	1,506	7	1,200
	<hr/> 10,462	<hr/> 12,045	<hr/> 253	<hr/> 1,200
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

11 EMPLOYEE INFORMATION (continued)

Pension arrangements

The Group operates three pensions schemes, two defined contribution schemes and one defined benefit scheme.

Defined contribution schemes

The pension cost of the defined contribution schemes, which represents contributions payable by the Group, amounted to £313,000 (2004 - £1,506,000) in the period. Included in creditors is £38,789 (2004 - £39,683) in respect of contributions payable to the scheme.

Defined benefits scheme

On 4 September 2001 the defined benefit scheme, the SAS Pension Plan, was closed to new members and on 31 August 2002 the scheme was closed to future accrual of benefits and therefore regular contributions to the scheme ceased on that date. As a result of the closures, under the projected unit valuation method the current service cost will increase as members approach retirement.

During the year the Group made payments totaling £3,000 (2004: £1,500,000 – to reduce the scheme deficit) to the scheme in respect of enhancements to members' transfer values. Any future contributions to the scheme will be made in accordance with the advice of the Scheme's Actuary.

The most recent formal actuarial valuation of the defined benefit scheme was carried out as at 1 January 2004 by a qualified independent actuary. The actuary has updated this valuation, on an approximate basis, to 31 December 2005 using the following principal assumptions:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	%	%	%
Increase in salaries	-	-	-
Increase in inflation	2.90	2.90	2.90
Increase in pensions in payment	2.90 – 3.50	2.90 – 3.50	2.90 – 3.50
Discount rate used	4.80	5.30	5.40
Revaluation rate for deferred pensions	2.90	2.90	2.90

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

11 EMPLOYEE INFORMATION (continued)

The assets of the scheme and the expected rate of return of the assets and the deficit in the scheme at the end of the year were:

	31 December 2005		31 December 2004		31 December 2003	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	6.05%	4,851	-	-	-	-
Bonds	4.80%	1,440	-	-	-	-
Other	6.05%	934	-	-	-	-
Managed funds	-	-	6.30%	2,028	6.40%	4,935
Cash on deposit	-	97	4.75%	4,507	4.90%	42
		<hr/>		<hr/>		<hr/>
Total market value of assets		7,322		6,535		4,977
		<hr/>		<hr/>		<hr/>
Present value of scheme liabilities		(10,689)		(9,293)		(8,721)
		<hr/>		<hr/>		<hr/>
Deficit in the scheme		(3,367)		(2,758)		(3,744)
		<hr/>		<hr/>		<hr/>
Related deferred tax asset		1,010		827		1,123
		<hr/>		<hr/>		<hr/>
Net pension liability		(2,357)		(1,931)		(2,621)
		<hr/>		<hr/>		<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

11 EMPLOYEE INFORMATION (continued)

Defined benefits scheme (continued)

The following amounts have been included in the financial statements under the headings shown:

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Other finance costs		
Interest on pension scheme liabilities	489	468
Expected return on assets in the scheme	(339)	(320)
	<hr/>	<hr/>
Charge to other finance costs	150	148
	<hr/>	<hr/>
Statement of total recognised gains and losses		
Difference between the expected and actual rate of return on assets	584	(141)
Experience gains and losses arising on the scheme liabilities	(61)	(15)
Effect of changes in the financial assumptions underlying the present value of the scheme liabilities	(985)	(210)
	<hr/>	<hr/>
Actuarial loss recognised in the statements of total recognised gains and losses	(462)	(366)
	<hr/>	<hr/>
Movement in deficit during the year		
Deficit in scheme at the beginning of the year	(2,758)	(3,744)
Movement in the year:		
Contributions	3	1,500
Other finance costs	(150)	(148)
Actuarial loss	(462)	(366)
	<hr/>	<hr/>
Deficit in scheme at the end of the year	(3,367)	(2,758)
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

11 EMPLOYEE INFORMATION (continued)

Defined benefits scheme (continued)

History of amounts recognised in the statement of total recognised gains and losses

	31 December <u>2005</u>	31 December <u>2004</u>	31 December <u>2003</u>	30 September <u>2002</u>
Difference between expected and actual return on scheme assets:				
amount (£ thousand)	£584	£(141)	£70	£(1,314)
percentage of scheme assets	8%	2%	1%	24%
Experience gains and losses on scheme liabilities:				
amount (£ thousand)	£(61)	£(15)	£(446)	£470
percentage of the present value of scheme liabilities	1%	0.2%	5%	5%
Total actuarial loss recognised in statement of total recognised gains and losses:				
amount (£ thousand)	£(462)	£(366)	£(975)	£(1,248)
percentage of the present value of scheme liabilities	4%	4%	11%	12%

12 INTANGIBLE FIXED ASSETS

Goodwill

Group:	£'000
Cost	
At 1 January 2005 and 31 December 2005	116
Amortisation	
At 1 January 2005	46
Charge for the period	23
	69
At 31 December 2005	
Net book value	
At 31 December 2005	47
	70
At 31 December 2004	

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

13 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Short- term leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2005	6,944	276	15,739	1,360	616	24,935
Reclassification	-	-	(7)	7	-	-
Additions	1,817	-	188	35	-	2,040
Disposals	(530)	-	(204)	(33)	(18)	(785)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	8,231	276	15,716	1,369	598	26,190
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 January 2005	587	203	11,809	1,133	225	13,957
Reclassification	-	-	(3)	3	-	-
Charge for period	149	16	1,121	81	121	1,488
Disposals	(69)	-	(192)	(32)	(10)	(303)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	667	219	12,735	1,185	336	15,142
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 December 2005	7,564	57	2,981	184	262	11,048
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	6,357	73	3,930	227	391	10,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of plant and machinery includes £ Nil (2004 - £1,245,876) of assets held under finance leases and hire purchase contracts.

Included in additions to Freehold Land and Buildings is an amount of £1,754,003 relating to assets in the course of construction on which no depreciation has been charged.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

14 INVESTMENTS

Group	<u>Joint venture</u> £'000	<u>Other investments</u> £'000	<u>Total</u> £'000
At 31 December 2005	82	132	214
At 31 December 2004	124	420	544

The movement in the investment in the joint venture in the year was:

	<u>Joint venture</u> £'000
At 1 January 2005	124
Share of loss for the period	(42)
At 31 December 2005	82

The Group's share of the net assets of the joint venture comprises:

	£'000
Share of gross assets	119
Share of gross liabilities	(37)
Share of net assets	82

The investment in the joint venture represents an investment of 50% of the ordinary shares of £1 each of European Manufacturing Joint Venture Limited, a company registered in England. The company was formed to carry out the Hong Kong airport project which was won by the partners in 1995. The Group's share of the loss for the year and net assets of the Company are based on the Company's latest available accounts for the year ended 30 June 2005.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

14 INVESTMENTS (continued)

The movements in other investments in the year were:

	<u>Freehold land</u> £'000	<u>Listed investment</u> £'000	<u>Unlisted investment</u> £'000	<u>Total</u> £'000
At cost				
At 1 January and 31 December 2005	90	264	248	602
	<hr/>	<hr/>	<hr/>	<hr/>
Provision for impairment				
At 1 January 2005	-	182	-	182
Provision in year	-	41	247	288
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	-	223	247	470
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 2005	90	41	1	132
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2004	90	82	248	420
	<hr/>	<hr/>	<hr/>	<hr/>

The investment in freehold land represents a minority investment in 58 acres of freehold land. The chairman Mr E A McElhinney, has a controlling interest in the investment. In 1998, in the opinion of the directors, the land suffered a permanent diminution in value and was written down from its cost of £290,000 to the value shown above.

The listed investment is stated at cost less a provision for impairment to reduce the carrying value to its recoverable amount. The market value of the investment at 31 December 2005 was £41,106 (2004 - £127,885).

The unlisted investment, which is stated at cost less a provision for impairment to reduce the carrying value to its recoverable amount, represents an investment in the whole of the issued Cumulative Participating Redeemable Preference shares of £1 each and a 24% (2004 24%) interest in the Ordinary share capital of Glass Merchants Limited. In the latest management accounts of Glass Merchants Limited, at 31 December 2005, the loss for the year was £(269,540) and the aggregate capital and reserves of that company were £(34,909). SAS Holdings Limited does not exercise a significant influence over the operating and financial policies of Glass Merchants Limited and consequently, the Board do not consider that the investment is an associate undertaking.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

14 INVESTMENTS (continued)

Company	Shares in subsidiary undertakings £'000	Shares in joint venture £'000	Other investments £'000	Total £'000
At cost less amounts written off				
At 1 January 2005	14,224	50	602	14,876
Additions	2,762	-	-	2,762
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	16,986	50	602	17,638
	<hr/>	<hr/>	<hr/>	<hr/>
Provision for impairment				
At 1 January 2005	50	-	182	232
Charge for the year	-	-	288	288
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	50	-	470	520
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 2005	16,936	50	132	17,118
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 December 2004	14,174	50	420	14,644
	<hr/>	<hr/>	<hr/>	<hr/>

The analysis of other investments of the Company is included within other investments of the Group.

The additions to investments in subsidiary undertakings represents a capital contribution of £2,700,000 to a subsidiary, SAS International Limited, and the cost of £62,000 associated with forming a new subsidiary, SAS Building Factors (Ireland) Limited, during the year.

At the year end the Group owned the whole of the issued share capital of the following subsidiaries unless otherwise shown:-

SAS International Limited
SAS Building Factors (Cyprus) Limited – incorporated in the Republic of Cyprus
SAS Building Factors (Ireland) Limited – incorporated in the Republic of Ireland, 90% of the
issued ordinary share capital
Cullum Ceiling Limited
Tropicitan Limited
Special Acoustic Services Limited

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

14 INVESTMENTS (continued)

The principal activity of SAS International Limited during the year was the design and manufacture of ceiling systems, partitioning and other building products and project management. The principal activity of SAS Building Factors (Cyprus) Limited, which was formed in 2004, was that of property development. The remaining subsidiaries did not trade during the period.

15 STOCKS

	Group	
	<u>2005</u>	<u>2004</u>
	£'000	£'000
Raw materials and consumables	3,171	3,147
Work in progress	248	158
Finished goods and goods for re-sale	1,796	1,932
	<hr/>	<hr/>
	5,215	5,237
Net costs incurred on long term contract balances	3,649	2,790
	<hr/>	<hr/>
	8,864	8,027
	<hr/>	<hr/>

16 DEBTORS

	Group		Company	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	7,521	6,435	15	14
Amounts owed by subsidiary undertakings	-	-	4,619	5,559
Other debtors	312	278	-	10
Prepayments and accrued income	618	826	110	267
Deferred tax	-	-	405	420
	<hr/>	<hr/>	<hr/>	<hr/>
	8,451	7,539	5,149	6,270
	<hr/>	<hr/>	<hr/>	<hr/>
Due in more than one year				
Deferred tax	2	-	234	382
	<hr/>	<hr/>	<hr/>	<hr/>
	2	-	234	382
	<hr/>	<hr/>	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

16 DEBTORS (continued)

The movements on, and the composition of, the deferred tax balances are:

Company	Group £'000	Company £'000
At 1 January 2005	(22)	802
Credited/(charged) to profit and loss account	24	(163)
	<hr/>	<hr/>
At 31 December 2005	2	639
	<hr/>	<hr/>

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Accelerated capital allowances	(625)	(833)	22	-
Other timing differences	627	811	617	802
	<hr/>	<hr/>	<hr/>	<hr/>
	2	(22)	639	802
	<hr/>	<hr/>	<hr/>	<hr/>

The Group deferred tax provision for 2004 was included in provisions for liabilities and charges as shown in note 19.

The deferred tax assets are expected to be recovered against future taxable profits of the Group.

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade creditors	4,477	4,143	1	5
Amounts owed to subsidiary undertakings	-	-	222	160
Obligations under finance lease and hire purchase agreements	-	66	-	-
Corporation tax	555	352	-	-
Other taxation and social security	644	493	-	-
Other creditors	300	674	17	532
Accruals and deferred income	603	761	82	11
	<hr/>	<hr/>	<hr/>	<hr/>
	6,579	6,489	322	708
	<hr/>	<hr/>	<hr/>	<hr/>

Obligations under finance lease and hire purchase agreements were secured over the assets being financed.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accruals and deferred income	14	13	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14	13	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

19 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Property provisions	Deferred tax	Other	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 2005	119	22	-	141
Utilised	(17)	-	-	(17)
Charged/(credited) to the profit and loss account	290	(22)	781	1,049
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	392	-	781	1,173
	<hr/>	<hr/>	<hr/>	<hr/>

The property provisions represent £42,000 (2004: £69,000) in respect of the provision for the future costs of vacated leasehold properties which should be utilised within three years and £350,000 (2004: £50,000) in respect of dilapidations which is expected to be utilised within one year.

The other provisions represent provision for amounts that may, subject to certain performance criteria being met, become payable under a group employee incentive scheme which should be utilised within five years.

The movement on deferred tax is shown in note 16.

Company	Property provisions	Other	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 2005	69	-	69
Utilised	(17)	-	(17)
Charged to the profit and loss account	290	781	1,071
	<hr/>	<hr/>	<hr/>
At 31 December 2005	342	781	1,123
	<hr/>	<hr/>	<hr/>

The property provisions represent £42,000 (2004: £69,000) in respect of the provision for future costs of vacated leasehold properties which should be utilised within three years and £300,000 (2004: £nil) in respect of dilapidations which is expected to be utilised within one year.

The other provisions represent provision for amounts that may become payable under a group employee incentive scheme which should be utilised within five years.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

20 SHARE CAPITAL

	<u>2005</u> £'000	<u>2004</u> £'000
Authorised:		
99,980,000 Ordinary shares of £1 each	99,980	99,980
	<hr/>	<hr/>
Allotted, called up and fully paid:		
228,559 (2004 – 230,838) Ordinary shares of £1 each	229	231
	<hr/>	<hr/>

During the year the company repurchased 2,279 Ordinary shares for a consideration of £456,000.

21 RESERVES

Group	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005 as previously reported	60	4,580	41,953	46,593
Prior year adjustment (see note 1a)	-	-	(1,931)	(1,931)
	<hr/>	<hr/>	<hr/>	<hr/>
At the beginning of the year as restated	60	4,580	40,022	44,662
Profit for the year	-	-	671	671
Actuarial loss on the defined benefit pension scheme	-	-	(462)	(462)
Deferred taxation on the deficit in the defined benefit pension scheme	-	-	183	183
Repurchase of shares	-	2	(456)	(454)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	60	4,582	39,958	44,600
	<hr/>	<hr/>	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

21 RESERVES (continued)

Company	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005 as previously reported	60	4,580	40,469	45,109
Prior year adjustment (see note 1a)	-	-	(1,931)	(1,931)
At the beginning of the year as restated	60	4,580	38,538	43,178
Loss for the year	-	-	(788)	(788)
Actuarial loss on the defined benefit pension scheme	-	-	(462)	(462)
Deferred taxation on the defined benefit pension scheme	-	-	183	183
Repurchase of shares	-	2	(456)	(454)
At 31 December 2005	60	4,582	37,015	41,657

As provided by Section 230 of the Companies Act 1985, the Company does not publish a separate profit and loss account. The parent Company's loss for the year was £788,000 (2004 – profit £1,230,000 as restated).

22 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £'000	As restated 2004 £'000
Profit for the financial year	671	870
Goodwill previously written off to reserves charged to profit and loss account	-	67
Repurchase of shares	(456)	(7,017)
Other recognised gains and losses relating to the year	(279)	(662)
Net decrease in shareholders' funds	(64)	(6,742)
Opening shareholders' funds (originally £46,824,000 (2004:£54,256,000) before deducting prior year adjustment of £1,931,000 (2004: £2,621,000))	44,893	51,635
Closing shareholders' funds	44,829	44,893

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

23 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>2005</u> £'000	As restated <u>2004</u> £'000
Operating profit /(loss)	784	(706)
Depreciation	1,488	1,729
Amortisation of goodwill	23	23
Contributions paid to defined benefit pension scheme	(3)	(1,500)
Profit/(loss) on sale of tangible fixed assets	-	8
Increase in stocks	(837)	(2,541)
(Increase)/decrease in debtors	(905)	802
Increase in creditors and provisions	1,008	611
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,558	(1,574)
	<hr/>	<hr/>

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	<u>2005</u> £'000	<u>2004</u> £'000
Returns on investments and servicing of finance		
Interest received	1,110	1,019
Interest paid – Hire purchase agreements and finance leases	(2)	(18)
Bank interest	-	(19)
Other	(16)	(6)
	<hr/>	<hr/>
	1,092	976
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,040)	(219)
Sale of tangible fixed assets	552	1,213
Sale of other fixed asset investments	-	18
	<hr/>	<hr/>
	(1,488)	1,012
	<hr/>	<hr/>
Acquisitions and disposals		
Sale of associated undertaking	-	249
	<hr/>	<hr/>
Management of liquid resources		
Cash withdrawn from deposit	-	7,606
	<hr/>	<hr/>
Financing		
Capital element of finance lease and hire purchase agreements	(66)	(410)
Shares repurchased	(456)	(7,017)
	<hr/>	<hr/>
	(522)	(7,427)
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

25 ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 January 2005 £'000	Cash flow £'000	As at 31 December 2005 £'000
Cash at bank and in hand	26,309	24	26,333
Finance lease and HP agreements	(66)	66	-
	<u>26,243</u>	<u>90</u>	<u>26,333</u>

26 CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in the accounts:

	<u>2005</u> £'000	Group <u>2004</u> £'000
Contracted	4,016	4

27 OPERATING LEASE COMMITMENTS

The Group was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	<u>2005</u>		<u>2004</u>	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
On leases expiring:				
Within one year	274	11	49	34
Between two and five years	43	72	304	58
After five years	343	-	282	-
	<hr/>	<hr/>	<hr/>	<hr/>
	660	83	635	92

28 RELATED PARTY TRANSACTIONS

During the year the Group charged £23,000 (2004:£Nil) to its joint venture, European Manufacturing Joint Venture Limited, which remained outstanding at the year end.

29 CONTINGENT LIABILITIES

At 31 December 2005 the Group had contingent liabilities in the form of bank guarantees amounting to £1,321,000 (2004: £2,005,000).

30 ULTIMATE CONTROLLING PARTY

The directors regard Mr E A McElhinney as the ultimate controlling party.