

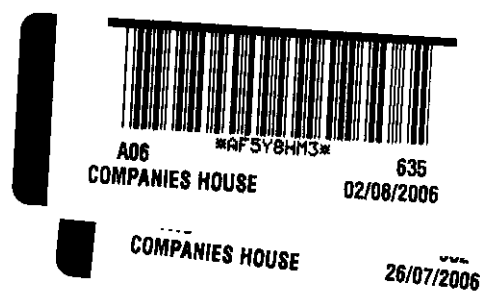
Registration number 2955213

**Warmup PLC
and Related Undertaking**

Consolidated Financial Statements

for the year ended 31 December 2005

**Davis Grant LLP
Chartered Certified Accountants
and Registered Auditors
Treviot House
186 - 192 High Road
Ilford
Essex IG1 1LR**



Warmup PLC

Directors, officers and advisors

Directors	A.D. Stimpson (Chairman) J.W. Glendinning C.F.W. Mathias D. Stimpson J.B. Stokes	(Resigned 26 July 2005)
Secretary	C.F.W. Mathias	
Company Number	2955213	
Registered Office	702 Tudor Estate Abbey Road London NW10 7UW	
Auditors	Davis Grant LLP Treviot House 186 - 192 High Road Ilford Essex IG1 1LR	
Business Address	702 Tudor Estate Abbey Road London NW10 7UW	
Bankers	National Westminster Bank Plc North Farnborough Branch 1 Queensmead Farnborough Hants GU14 7RQ	
	Standard Life Bank 30 Lothian Road Edinburgh EH1 2DH	

Warmup PLC

Annual Report for the year ended 31 December 2005

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3 - 4
Group Profit and Loss Account	5
Statement of Total Recognised Gains and Losses	6
Group Balance Sheet	7
Company Balance Sheet	8
Group Cash Flow Statement	9
Notes to the Financial Statements	10 - 25

Warmup PLC

Directors' Report for the year ended 31 December 2005

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 December 2005.

Principal Activity

The principal activity of the group is the design, manufacture and sale of underfloor heating products.

Results and Dividends

The results for the year are set out on page 5. The profit for the year after taxation was £8,864. The results show satisfactory growth in turnover, which is a trend that the directors expect to continue for the foreseeable future.

The directors do not recommend payment of a final dividend.

Research and Development

The company is not involved in any research and development activities.

Purchase of Company's Own Shares

Warmup PLC repurchased 42,366 of its ordinary £1 shares on 16 August 2005, representing a total of 10.63% of the total called-up share capital. The aggregate consideration paid was £423,660. The shares were acquired from the retiring director Mr J W Glendinning.

Payments of Creditors

Creditors are paid according to the terms that are agreed in the ordinary course of business. Trade creditors of the company at 31 December 2005 were equivalent to 77 days purchases based on an average daily amount invoiced by suppliers during the period (2004 : 29 days).

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary £1 shares	
	2005	2004
A.D. Stimpson	260,613	260,613
J.W. Glendinning (Resigned 26 July 2005)	14,000	32,500
C.F.W. Mathias	-	-
D. Stimpson	1,667	1,667
J.B. Stokes	77,834	77,834

Mr A D Stimpson holds 153,723 Warmup PLC shares in his own name. He also beneficially holds 47,778 shares through certain trusts. Mr A D Stimpson is also the beneficial owner of 59,112 shares held by Mr J B Stokes, which are included in both of these directors' interests.

Warmup PLC

Directors' Report for the year ended 31 December 2005

At the balance sheet date the following directors were entitled to share options in Warmup PLC as detailed below:

	Ordinary share	Exercise price £	Exercise dates
A.D. Stimpson	30,000	4.19	14 April 2004 - 13 April 2011
C.F.W. Mathias	17,500	6.00	1 April 2006 - 31 March 2013

During the period Mr J W Glendinning exercised 23,866 share options at an exercise price of £4.19 for a total consideration of £99,999. The director also sold shares back to the company as detailed above.

Charitable and Political Contributions

During the year the company contributed £2,888 to various charities. The company's donations are predominantly directed towards assisting charities working in the area of healthcare.

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 group and of the profit or loss of the company and of the group for that year. In preparing these the directors are required to:

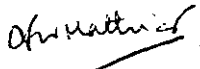
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Davis Grant LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 24th July 2006 and signed on its behalf by


C.F.W. Mathias
Secretary

Warmup PLC

Independent auditors' report to the shareholders of Warmup PLC

We have audited the financial statements of Warmup PLC for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, . Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 law and United Kingdom Accounting Standards.

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 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

Warmup PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and group's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Davis Grant LLP.

Davis Grant LLP
Chartered Certified Accountants
and Registered Auditors
Treviot House
186 - 192 High Road
Ilford
Essex IG1 1LR

Dated: 24 JUL 2006

Warmup PLC

Group Profit and Loss Account for the year ended 31 December 2005

		Continuing operations	
		2005	2004
	Notes	£	£
Turnover	2	7,243,395	6,468,992
Cost of sales		(3,720,265)	(3,270,062)
Gross profit		3,523,130	3,198,930
Distribution costs		(1,116,162)	(978,647)
Administrative expenses		(2,340,064)	(1,765,027)
Other operating income		-	1,625
Group operating profit	3	66,904	456,881
Investment income	4	-	269,829
Interest receivable and similar income	5	33,354	43,654
Interest payable and similar charges	6	(1,922)	(3,342)
Profit on ordinary activities before taxation		98,336	767,022
Tax on profit on ordinary activities	9	(89,472)	(270,494)
Retained profit for the group		8,864	496,528

None of the group's activities was acquired or discontinued during the above two financial years.

The notes on pages 10 to 25 form an integral part of these financial statements.

Warmup PLC

**Group Statement of total recognised gains and losses and
note of historical cost profits and losses for the year ended 31 December 2005**

	2005	2004
Statement of total recognised gains and losses	£	£
Profit on ordinary activities after taxation	8,864	496,528
Foreign exchange movement on net investment	<u>(21,477)</u>	<u>5,944</u>
Total recognised (losses)/gains relating to the year	<u><u>(12,613)</u></u>	<u><u>502,472</u></u>

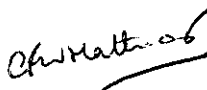
The notes on pages 10 to 25 form an integral part of these financial statements.

Warmup PLC

Group Balance Sheet as at 31 December 2005

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	11		263,627		206,913
Current Assets					
Stocks	13	943,698		450,969	
Debtors	14	1,892,811		1,570,659	
Cash at bank and in hand		282,415		779,435	
		<u>3,118,924</u>		<u>2,801,063</u>	
Creditors: amounts falling due within one year	15	<u>(1,495,633)</u>		<u>(776,804)</u>	
Net Current Assets			<u>1,623,291</u>		<u>2,024,259</u>
Total Assets Less Current Liabilities			1,886,918		2,231,172
Creditors: amounts falling due after more than one year	16		-		<u>(7,979)</u>
Net Assets			<u>1,886,918</u>		<u>2,223,193</u>
Capital and Reserves					
Called up share capital	17		356,351		374,851
Share premium account	18		590,513		514,380
Other reserves	18		42,366		-
Profit and loss account	18		<u>897,688</u>		<u>1,333,962</u>
Equity Shareholders' Funds	19		<u>1,886,918</u>		<u>2,223,193</u>

The financial statements were approved by the Board on 24 July 2006 and signed on its behalf by


C.F.W. Mathias
Director

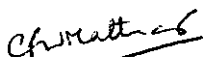
The notes on pages 10 to 25 form an integral part of these financial statements.

Warmup PLC

Company Balance Sheet as at 31 December 2005

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	11		240,047		174,704
Investments	12		2,118		6
			<u>242,165</u>		<u>174,710</u>
Current Assets					
Stocks	13	914,803		412,304	
Debtors	14	2,414,476		1,897,581	
Cash at bank and in hand		267,792		748,954	
		<u>3,597,071</u>		<u>3,058,839</u>	
Creditors: amounts falling due within one year	15	(1,474,251)		(772,582)	
Net Current Assets			<u>2,122,820</u>		<u>2,286,257</u>
Total Assets Less Current Liabilities			2,364,985		2,460,967
Creditors: amounts falling due after more than one year	16		-		(7,979)
Net Assets			<u>2,364,985</u>		<u>2,452,988</u>
Capital and Reserves					
Called up share capital	17		356,351		374,851
Share premium account	18		590,513		514,380
Other reserves	18		42,366		-
Profit and loss account	18		1,375,755		1,563,757
Equity Shareholders' Funds	19		<u>2,364,985</u>		<u>2,452,988</u>

The financial statements were approved by the Board on 24 July 2006 and signed on its behalf by


C.F.W. Mathias
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

Warmup PLC

Group Cash Flow Statement for the year ended 31 December 2005

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		66,904	456,881
Depreciation and profit/loss on disposal of assets		97,053	64,680
(Increase) in stocks		(492,729)	(80,116)
(Increase) in debtors		(331,466)	(517,308)
Increase in creditors		819,933	99,469
(Losses)/Gains on brought forward foreign reserves		(21,477)	5,944
Net cash inflow from operating activities		<u>138,218</u>	<u>29,550</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		138,218	29,550
Returns on investments and servicing of finance	23	31,432	40,312
Taxation	23	(185,714)	(396,472)
Capital expenditure and financial investment	23	(153,766)	818,782
		(169,830)	492,172
Financing	23	(338,829)	4,037
(Decrease)/increase in cash in the year		<u>(508,659)</u>	<u>496,209</u>
Reconciliation of net cash flow to movement in net debt (Note 24)			
(Decrease)/increase in cash in the year		(508,659)	496,209
Cash inflow from decrease in debts and lease financing		15,168	27,807
Change in net debt resulting from cash flows		(493,491)	524,016
Net funds at 1 January 2005		<u>756,268</u>	<u>232,252</u>
Net funds at 31 December 2005		<u>262,777</u>	<u>756,268</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Warmup PLC and all its subsidiary undertakings made up to 31 December 2005 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Improvements to premises	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	33% Straight line
Motor vehicles	-	25% Straight line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7. Pensions

The group operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account in the year in which they arise.

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

1.8. Foreign currencies

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the re-translation of opening net assets is taken directly to reserves.

Company

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss Account.

2. Geographical analysis of profit and loss account and net assets

	2005 £	2004 £
Turnover		
UK	6,971,583	6,319,099
Europe	39,802	-
USA	232,010	149,893
	<u>7,243,395</u>	<u>6,468,992</u>
 Profit / (Loss) before taxation		
UK and Europe	328,868	914,088
USA	(230,532)	(147,066)
	<u>98,336</u>	<u>767,022</u>

It is not practical to analyse profit before tax between those profits arising in Europe and those within the UK.

Net assets / (liabilities)		
UK	2,344,706	2,430,876
Europe	1,903	-
USA	(459,691)	(207,683)
	<u>1,886,918</u>	<u>2,223,193</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

3. Operating profit	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	98,007	62,327
Operating lease rentals		
- Plant and machinery	70,222	27,634
- Land and buildings	122,285	19,715
Auditors' remuneration	11,000	9,500
Auditors' remuneration from non-audit work	10,108	5,500
	<u> </u>	<u> </u>
and after crediting:		
Profit / (loss) on disposal of tangible fixed assets	954	(2,353)
Profit / (loss) on foreign currencies	39,122	(31,643)
	<u> </u>	<u> </u>
4. Income from investments	2005	2004
	£	£
Profit on disposal of investments	-	269,829
	<u> </u>	<u> </u>
5. Interest receivable and similar income	2005	2004
	£	£
Bank interest	30,200	43,654
Other interest	3,154	-
	<u> </u>	<u> </u>
	33,354	43,654
	<u> </u>	<u> </u>
6. Interest payable and similar charges	2005	2004
	£	£
On bank loans and overdrafts	93	137
Hire purchase interest	1,829	2,853
On overdue tax	-	352
	<u> </u>	<u> </u>
	1,922	3,342
	<u> </u>	<u> </u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2005 Number	2004 Number
Manufacturing	18	15
Sales and administration	40	34
	<u>58</u>	<u>49</u>

Employment costs

	2005 £	2004 £
Wages and salaries	1,434,425	1,144,094
Social security costs	137,709	108,419
Other pension costs	12,000	6,000
	<u>1,584,134</u>	<u>1,258,513</u>

7.1. Directors' emoluments

	2005 £	2004 £
Remuneration and other emoluments	266,597	286,711
Pension contributions	12,000	6,000
	<u>278,597</u>	<u>292,711</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1
Number of directors who exercised share options	1	-

Highest Paid Director

Amounts included above:

	£	£
Emoluments and other benefits	99,533	94,000
Pension contributions	12,000	6,000
	<u>111,533</u>	<u>100,000</u>

Details of directors' share options can be found in the report of the directors.

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £12,000 (2004 - £6,000).

9. Tax on profit on ordinary activities

Analysis of charge in period

	2005 £	2004 £
Current tax		
UK corporation tax	91,438	270,494
Total current tax charge	91,438	270,494
Deferred tax		
Timing differences, origination and reversal	(1,966)	-
Total deferred tax	(1,966)	-
Tax on profit on ordinary activities	89,472	270,494

Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK (30 %). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	98,336	767,022
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2004 : 30%)	29,501	230,107
Effects of:		
Disallowed expenses and non-taxable income	7,086	7,244
Difference between depreciation in period and capital allowances	(1,973)	(415)
Overseas losses not offset	68,039	50,414
Capital losses brought forward now relieved	-	(12,691)
Indexation allowance on capital disposals	-	(4,165)
Marginal relief	(11,215)	-
Current tax charge for period	91,438	270,494

Warmup PLC

**Notes to Financial Statements
for the year ended 31 December 2005**

..... continued

10. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Warmup PLC has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 31 December 2005 showed a profit of £235,659 (31 December 2004 - £654,575).

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

11. Tangible fixed assets

	Fixtures, fittings & equipment	Motor vehicles	Improvements to premises	Total
	£	£	£	£
Group				
Cost				
At 1 January 2005	165,908	145,612	77,428	388,948
Additions	133,204	8,500	14,931	156,635
Translation revaluation	-	4,484	-	4,484
Disposals	-	(37,900)	-	(37,900)
At 31 December 2005	299,112	120,696	92,359	512,167
Depreciation				
At 1 January 2005	103,278	72,429	6,328	182,035
Translation revaluation	-	1,152	-	1,152
On disposals	-	(32,654)	-	(32,654)
Charge for the year	58,407	31,220	8,380	98,007
At 31 December 2005	161,685	72,147	14,708	248,540
Net book values				
At 31 December 2005	137,427	48,549	77,651	263,627
At 31 December 2004	62,630	73,183	71,100	206,913
Company				
Cost				
At 1 January 2005	165,908	102,252	77,428	345,588
Additions	133,204	8,500	14,931	156,635
Disposals	-	(37,900)	-	(37,900)
At 31 December 2005	299,112	72,852	92,359	464,323
Depreciation				
At 1 January 2005	103,278	61,278	6,328	170,884
On disposals	-	(32,654)	-	(32,654)
Charge for the year	58,407	19,259	8,380	86,046
At 31 December 2005	161,685	47,883	14,708	224,276
Net book values				
At 31 December 2005	137,427	24,969	77,651	240,047
At 31 December 2004	62,630	40,974	71,100	174,704

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2005		2004	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group				
Motor vehicles	<u>15,077</u>	<u>13,279</u>	<u>31,897</u>	<u>15,404</u>
Company				
Motor vehicles	<u>15,077</u>	<u>13,279</u>	<u>31,897</u>	<u>15,404</u>

12. Fixed Asset Investments

Company	2005 £	2004 £
Subsidiary undertakings	<u>2,118</u>	<u>6</u>

Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital of the following company:

Company	Country of incorporation or operation	Holding	Proportion Held
Subsidiary undertaking			
Warmup Inc.	USA	Ordinary	100%
Warmup SL	Spain	Ordinary	100%

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year was as follows:

	Capital and reserves - (deficit) £	(Loss) for the year £
Warmup Inc.	(459,692)	(230,532)
Warmup SL	1,903	(209)

The principal business activity the above company is the sale of underfloor heating products.

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

13. Stocks	2005 £	2004 £
Group		
Raw materials and consumables	528,536	98,827
Work in progress	9,691	88,972
	<u>538,227</u>	<u>187,799</u>
Finished goods and goods for resale	405,471	263,170
	<u>943,698</u>	<u>450,969</u>
Company		
Raw materials and consumables	528,536	98,827
Work in progress	9,691	88,972
	<u>538,227</u>	<u>187,799</u>
Finished goods and goods for resale	376,576	224,505
	<u>914,803</u>	<u>412,304</u>
 14. Debtors		
	2005 £	2004 £
Group		
Trade debtors	1,755,027	1,446,382
Deferred tax asset	1,966	-
Other debtors	15,885	27,017
Prepayments and accrued income	119,933	97,260
	<u>1,892,811</u>	<u>1,570,659</u>
Company		
Trade debtors	1,719,729	1,429,586
Amounts owed by group undertaking	559,426	345,275
Deferred tax asset	1,966	-
Other debtors	13,422	25,460
Prepayments and accrued income	119,933	97,260
	<u>2,414,476</u>	<u>1,897,581</u>
Deferred tax asset (Group and company)		
Arising on capital allowances	<u>1,966</u>	<u>-</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

Amounts falling due after more than one year and included in debtors are:

Group		
Other debtors	1,718	1,718

15. Creditors: amounts falling due within one year	2005	2004
	£	£
Group		
Bank overdraft	11,639	-
Net obligations under finance leases and hire purchase contracts (secured)	7,999	15,188
Trade creditors	1,180,769	280,315
Corporation tax	23,438	128,994
Other taxes and social security costs	134,824	195,924
Other creditors	8,044	2,946
Accruals and deferred income	128,920	153,437
	<u>1,495,633</u>	<u>776,804</u>
Company		
Bank overdraft	11,639	-
Net obligations under finance leases and hire purchase contracts (secured)	7,999	15,188
Trade creditors	1,158,666	276,650
Amounts owed to group undertaking	1,661	-
Corporation tax	23,438	128,994
Other taxes and social security costs	134,415	195,786
Other creditors	7,513	2,527
Accruals and deferred income	128,920	153,437
	<u>1,474,251</u>	<u>772,582</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

16. Creditors: amounts falling due after more than one year	2005 £	2004 £
Group		
Net obligations under finance leases and hire purchase contracts (secured)	-	7,979
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	8,910	16,602
Repayable between one and five years	-	8,645
	8,910	25,247
Finance charges and interest allocated to future accounting periods	(911)	(2,080)
	7,999	23,167
Company		
Net obligations under finance leases and hire purchase contracts	-	7,979
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	8,910	16,602
Repayable between one and five years	-	8,645
	8,910	25,247
Finance charges and interest allocated to future accounting periods	(911)	(2,080)
	7,999	23,167

All assets purchased under finance lease and hire purchase contracts are secured against the value of the assets that are purchased.

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

17. Share capital	2005 £	2004 £
Authorised equity		
1,000,000 Ordinary £1 shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid equity		
356,351 Ordinary £1 shares of £1 each	<u>356,351</u>	<u>374,851</u>

At the start of the period there were 94,750 share options outstanding. During the period employees exercised 23,866 share options at an exercise price of £4.19, which represented their fair value when granted on 14 April 2001.

6,134 share options were forfeited during the period.

As at 31 December 2005 there were 64,750 ordinary £1 share options issued and still outstanding. Of these options 45,750 have an exercise price of £4.19 and are exercisable until 13 April 2011. The remaining 19,000 shares have an exercise price of £6.00 and are exercisable between April 2006 and April 2013.

During the period the company repurchased 42,366 ordinary £1 shares at a total cost of £423,660, being £10 per share.

All share options are granted at fair value at the date of issue. Share options are granted under an HM Revenue & Customs approved Enterprise Management Incentive scheme.

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

18. Equity Reserves

	Share premium account £	Profit and loss account £	Capital redemption reserve £	Total £
Group				
At 1 January 2005	514,380	1,333,961	-	1,848,341
Premium on issue of shares	76,133	-		76,133
Foreign currency differences				
on brought forward foreign reserves	-	(21,477)		(21,477)
Retained profit for the year	-	8,864		8,864
Purchase of own shares	-	(423,660)		(423,660)
Other movements	-	-	42,366	42,366
At 31 December 2005	<u>590,513</u>	<u>897,688</u>	<u>42,366</u>	<u>1,530,567</u>
Company				
At 1 January 2005	514,380	1,563,757	-	2,078,137
Premium on issue of shares	76,133	-		76,133
Retained profit for the year	-	235,658		235,658
Purchase of own shares	-	(423,660)		(423,660)
Other movements	-	-	42,366	42,366
At 31 December 2005	<u>590,513</u>	<u>1,375,755</u>	<u>42,366</u>	<u>2,008,634</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

19. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Group		
Profit for the year	8,864	496,528
Net proceeds of equity share issue	99,999	31,844
Purchase of own shares	(423,660)	-
Other recognised gains or losses	(21,477)	5,944
Net addition to shareholders' funds	(336,274)	534,316
Opening shareholders' funds	2,223,192	1,688,876
	<u>1,886,918</u>	<u>2,223,192</u>
Company		
Profit for the year	235,657	664,575
Purchase of own shares	(423,660)	-
Net proceeds of equity share issue	99,999	31,844
Net addition to shareholders' funds	(88,004)	696,419
Opening shareholders' funds	2,452,988	1,756,569
	<u>2,364,984</u>	<u>2,452,988</u>

20. Financial commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiry date:				
Within one year	4,333	-	-	-
Between one and five years	110,309	76,809	75,491	62,116
In over five years	-	12,000	-	-
	<u>114,642</u>	<u>88,809</u>	<u>75,491</u>	<u>62,116</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

21. Related party transactions

During the year the company issued shares to and repurchased shares from its director, Mr J W Glendinning, as detailed in the report of the directors.

These transactions were at arms length.

22. Controlling interest

The company was controlled throughout the current and prior periods by its director, Mr A D Stimpson. At the balance sheet date Mr A D Stimpson had a controlling interest in 73.13% of the company's issued share capital (2004 - 69.52%).

23. Gross Cash Flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	33,354	43,654
Interest paid	(1,922)	(3,342)
	<u>31,432</u>	<u>40,312</u>
Taxation		
Corporation tax paid	<u>(185,714)</u>	<u>(396,472)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(156,635)	(165,819)
Receipts from sales of tangible assets	2,869	14,772
Receipts from sales of investments	-	969,829
	<u>(153,766)</u>	<u>818,782</u>
Financing		
Issue of ordinary share capital	99,999	31,844
Capital element of hire purchase contracts	(15,168)	(27,807)
Purchase of own shares	<u>(423,660)</u>	<u>-</u>
	<u>(338,829)</u>	<u>4,037</u>

Warmup PLC

Notes to Financial Statements for the year ended 31 December 2005

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	779,435	(497,020)	282,415
Overdrafts	-	(11,639)	(11,639)
	<u>779,435</u>	<u>(508,659)</u>	<u>270,776</u>
Finance leases	(23,167)	15,168	(7,999)
Net funds	<u><u>756,268</u></u>	<u><u>(493,491)</u></u>	<u><u>262,777</u></u>