The Laybond Group Limited

Directors' report and financial statements

For the period ended 31 December 2005

Registered number 4026996

Directors' report

The directors present their annual report together with the audited financial statements for the period ended 31 December 2005. Following acquisition by Bostik Ltd on 9th December 2005 the accounting reference period for the Laybond Group Limited was changed to 31 December.

Principal activity & Business Review

The principal activity of the Group continues to be the manufacture of adhesives, smoothing compounds and bituminous products.

The principal activity of the company is a holding company.

The Directors considered the results for the period ended 31 December 2005 to be satisfactory. On 9 December 2005 Bostik Limited acquired the entire share capital of The Laybond Group Limited.

Results and dividends

The loss after tax for nine months ended 31 December 2005 is £570,000 (£92,000 profit for year ended March 2005). The directors do not recommend payment of a dividend (£5,000,000 – paid in March 2005)

The loss after tax is after charging restructuring costs of £610,000 which included a provision of £400,000 towards Environmental cost.

Research and development

During the period the group invested £129,000 (£499,000 – 31 March 2005) in research and development of new and improved products and processes and in industry specific applications and solutions.

Future developments and post balance sheet events

The group will continue its policy to develop new products and processes to maintain and improve its competitiveness in the market place.

Directors and their interests

The directors who served during the year and subsequently were as follows:

R Ewin	–	resigned 9 December 2005
P Thomson	–	resigned 9 December 2005
H Murray	–	appointed 9 December 2005
K J Charlesworth	–	appointed 9 December 2005

No director has any interests in shares of the company which require disclosure in accordance with Schedule 7 of the Companies Act 1985.

Disabled employees

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

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' report *(continued)*

Charitable donations

No Charitable Donations were made during the period ended 31 December 2005.

Disclosure of information to Auditors

The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of all information.

Auditors

KPMG LLP were appointed as auditors of the Laybond Group Limited on 9 December 2005.

In accordance with section 384 of the Companies Act 1985 a resolution for the appointment of KPMG LLP as auditors of the group is to be proposed at the Annual General Meeting

By order of the board

K J Charlesworth
Secretary

The Laybond Group Limited
Riverside, Saltney
Chester

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of The Laybond Group Limited.

We have audited the group and parent company financial statements (the "financial statements") of The Laybond Group Limited for the period ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

27 October 2006

Profit and loss account
for the year ended 31 December 2005

	Note	*Period ended 31 December 2005 £000*	*Year ended 31 March 2005 £000*
Turnover	2	**16,819**	21,187
Cost of sales		**(11,216)**	(14,721)
Gross profit		**5,603**	6,466
Distribution Costs		**(2,903)**	(3,502)
Administration Expenses (including exceptional costs of £610,000)	3	**(2,520)**	(2,066)
Operating profit	3	**180**	898
Profit on disposal of fixed assets	5	**-**	387
Profit on ordinary activities before taxation		**180**	1,285
Interest payable & similar charges	6	**(591)**	(911)
(Loss)/profit on ordinary activities before taxation		**(411)**	374
Tax on loss/(profit) on ordinary activities	7	**(159)**	(282)
Retained (loss)/profit for the financial period	19	**(570)**	92

There are no recognised gains or losses other than those included above.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Group balance sheet
At 31 December 2005

	Note	31 December 2005 £000	31 March 2005 £000
Fixed assets			
Intangible assets	9	7,653	8,042
Tangible assets	10	3,522	3,716
		11,175	11,758
Current assets			
Stocks	12	1,796	1,574
Debtors	13	2,950	2,189
Cash at bank and in hand		-	791
		4,746	4,554
Creditors: amounts falling due within one year	14	(4,023)	(5,550)
Net current liabilities		723	(996)
Total assets less current liabilities		11,898	10,762
Creditors: amounts falling due after more than one year	15	(11,649)	(10,187)
Deferred Income			
Investment grants	16	(182)	(188)
Provisions for liabilities and charges	17	(814)	(564)
Net liabilities		(747)	(177)
Capital and reserves			
Called up share capital	18,19	14	14
Share premium account	19	241	241
Revaluation reserve	19	435	435
Capital Redemption Reserve	19	1	1
Profit and loss account	19	(1,438)	(868)
Shareholders' funds – all equity	19	(747)	(177)

These financial statements were approved by the board of directors on 26 October 2006 and were signed on its behalf by:

K J Charlesworth
Finance Director & Company Secretary

Company balance sheet
At 31 December 2005

	Note	31 December 2005 £000	31 March 2005 £000
Fixed assets			
Investments	11	**19,257**	19,257
Current assets			
Cash at bank and in hand		**-**	1
		-	1
Creditors: amounts falling due within one year	14	**(8,681)**	(9,135)
Net current liabilities		**(8,681)**	(9134)
Total assets less current liabilities		**10,576**	10,123
Creditors: amounts falling due after more than one year		**(11,649)**	(10,187)
Net liabilities		**(1,073)**	(64)
Capital and reserves			
Called up share capital	18,19	**14**	14
Share Premium Account	19	**241**	241
Capital Redemption Reserve	19	**1**	1
Profit and loss account	19	**(1,329)**	(320)
Shareholders' funds – all equity		**(1,073)**	(64)

Approved by the board of directors on 26 October 2006 and signed on its behalf by:

K J Charlesworth
Finance Director & Company Secretary

Group statement of cash flows
At 31 December 2005

	Note	***Period ended 31 December 2005 £000***	*Year ended 31 March 2005 £000*
Net cash (outflow)/inflow from operating activities	*26a)*	**(1,515)**	2,526
Returns on investments and servicing of Finance			
Interest paid		**(590)**	(922)
Tax paid		**(159)**	(271)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(107)**	(170)
Costs incurred on disposal of fixed assets		**-**	(2)
Proceeds on disposal of intangible fixed assets		**-**	197
		(107)	25
Net cash (outflow)/inflow before financing		**(2,371)**	1,358
Financing			
Long term bank loan repayments		**(10,187)**	(1,166)
New long term loan		**11,649**	-
Net cash inflow/(outflow) from financing		**1,462**	(1,166)
(Decrease)/increase in cash for the period	*26b)*	**(909)**	19

Notes
(Forming part of the financial statements)

Accounting policies

Accounting Convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain freehold land and buildings.

Basis of consolidation

The group accounts consolidate the accounts of Laybond Group Limited and its subsidiary undertakings. The accounting reference date of all the companies in the Group is 31 December 2005 (previously 31 March 2005). Results for the period ended 31 December are included in the group results in full, except where subsidiaries are acquired during the period when results are included from the date of the acquisition.

Goodwill

In accordance with FRS 10, goodwill arising on acquisition is capitalised and written off over 20 years.

Know How

Know how is capitalised on acquisition and reviewed for impairment on an annual basis.

Depreciation

All fixed assets are initially recorded at cost.

Freehold Land and buildings are periodically revalued with the revaluation surplus being taken to the revaluation reserve.

An amount equal to the excess of the annual depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Depreciation is provided on all tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land or assets in the course of construction. The principal annual rates used for other assets are:

Freehold buildings	-	2.5% per annum
Plant and machinery and motor vehicles	-	10-25% per annum
Fixtures and fittings	-	20% per annum
Tools & equipment	-	20% per annum

The carrying values of assets are revalued for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment Grants

Investment grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and Loss account over the expected useful lives of the relevant assets by equal annual instalments.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials and goods for resale	Purchase cost on first-in, first-out basis, including transport
Finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred Taxation

Deferred tax 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 that date that will result in an obligation to pay more, or a right to pay less 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 date, 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 replacements 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.

Research & Development

Expenditure on research and development is charged to the profit and loss account as incurred.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Operating Leases

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

Pension Cost

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Turnover

Turnover represents the invoice value, exclusive of VAT. The Group's entire turnover arises from continuing operations. Its geographical distribution is as follows:

2 Turnover

Geographical analysis of turnover is as follows:

	Period ended 31 December 2005 £000	*Year ended 31 March 2005 £000*
United Kingdom	**15,623**	19,627
Rest of Europe	**965**	1,124
Other	**231**	436
Total	**16,819**	21,187

Notes *(continued)*

3 Operating profit

	Period ended 31 December 2005 £000	Year ended 31 March 2005 £000
Operating profit is stated after charging/(crediting)		
Auditors' remuneration: Audit	**24**	18
Other	**10**	5
Depreciation – owned assets	**301**	428
Amortisation of Goodwill	**389**	518
Impairment of intangible fixed asset	**-**	25
Operating lease rentals – in respect of plant & machinery	**210**	323
Research and development	**129**	499
Loss on foreign exchange transactions	**3**	7
Investment grants	**(6)**	(8)
Exceptional costs	**610**	-

The exceptional costs included with administration expenses relate to a provision of £400,000 for Geo-Environmental site investigation and ground contamination assessment at Laybond Products Limited in Chester together with £210,000 in respect of restructuring costs.

4 Directors and employees

Director's remuneration

Directors' emoluments during the period were as follows:

	Period ended 31 December 2005 £000	Year ended 31 March 2005 £000
Emoluments	**367**	285
Pension fund contributions	**21**	27
Fees	**14**	20
	402	332

The number of directors to whom net retirement benefits are accruing under defined contribution pension schemes are 4 (2004: 4)

The emoluments of the highest paid director were as follows:

	Period ended 31 December 2005 £000	Year ended 31 March 2005 £000
Remuneration including benefits in kind	**116**	78
Company Contributions to defined contribution pension schemes	**7**	9
	123	87

Notes *(continued)*

4 Directors and employees *(continued)*

Employees

Total employee costs were:

	Period ended 31 December 2005 £000	*Year ended 31 March 2005 £000*
Salaries and wages	**2,352**	3,000
Social security costs	**241**	302
Pension costs	**136**	256
	2,729	3,558

The average number of persons employed by the group (including directors) during the period were:

	Number of employees	
	31 December 2005	*31 March 2005*
Administration	**25**	25
Other	**91**	98
	116	123

5 Profit on disposal of fixed assets

	Period ended 31 December 2005	*Year ended 31 March 2005*
Loss on disposal of land and buildings	**-**	-
Profit on disposal of plant & machinery	**-**	190
Profit on disposal of trademark	**-**	197
	-	387

Notes *(continued)*

6 Interest payable and similar charges

	Period ended 31 December 2005 £'000	*Year ended 31 March 2005 £'000*
Bank overdraft	**8**	11
Bank loans	**211**	376
Other loans	**335**	490
Amortisation of loan issue costs	**37**	34
	591	911

7 Tax on profit on ordinary activities

(a) Current year tax charge

	Period ended 31 December 2005 £'000	*Year ended 31 March 2005 £000*
Corporation tax – current year charge	**309**	287
Corporate tax – prior year	**-**	(51)
Total current tax	**309**	236
Deferred Tax (note 17)	**(150)**	46
Tax on profit on ordinary activities	**159**	282

(b) Factors affecting the tax charge for the year

	Period ended 31 December 2005 £'000	*Year ended 31 March 2005 £'000*
(Loss)/profit before tax	**(411)**	374
Expected tax at 30%	**(123)**	112
Explained by:		
Permanent differences	**241**	187
Depreciation on assets not qualifying for capital allowances	**6**	-
Capital allowances in advance of depreciation	**28**	(13)
Adjustments in respect of previous periods	**-**	(51)
Other short term timing differences	**157**	1
	309	236

(c) Factors affecting taxation in future years

No deferred tax asset has been recognised in respect of the unrealised surplus on remaining property revaluations in Laybond Products Limited, a subsidiary of the Laybond Group Limited, as there was no binding commitment to sell the remaining property at the balance sheet date.

Notes *(continued)*

8 Profit attributable to shareholders

In accordance with Section 230 (1) Companies Act 1985, the company is not required to publish its own profit and loss account. The consolidated profit and loss account reflects the trading activities of the company and its wholly owned subsidiaries. The loss for the year dealt with in the accounts of the parent company was £1,009,000 (2005: profit - £3,999,000).

9. Intangible fixed assets

	Goodwill *£000*	*Know how* *£000*	*Total* *£000*
Group			
Cost:			
At 1 April 2005 and 31 December 2005	10,354	16	10,370
Amortisation:			
At 1 April 2005	(2,328)	-	(2,328)
Provided during the year	(389)	-	(389)
At 31 December 2005	(2,717)	-	(2,717)
Net book value:			
At 31 December 2005	**7,637**	**16**	**7,653**
At 31 March 2005	8,026	16	8,042

Goodwill is being written of in equal annual instalments, over its estimated economic life of 20 years.

Notes *(continued)*

10. Tangible fixed assets

Group	*Freehold land and buildings £'000*	*Assets under construction £'000*	*Plant, machinery and motor vehicles £'000*	*Fixtures fittings tools and equipment £'000*	*Total £'000*
Cost or valuation:					
At 1 April 2005	2,200	14	9,511	1,010	12,735
Additions	1	-	76	30	107
Reclassification	14	(14)	-	-	-
At 31 December 2005	2,215	-	9,587	1,040	12,842
Depreciation:					
At 1 April 2005	29	-	8,109	881	9,019
Charge for the year	21	-	220	60	301
At 31 December 2005	50	-	8,329	941	9,320
Net book value:					
At 31 December 2005	**2,165**	**-**	**1,258**	**99**	**3,522**
At 31 March 2005	2,171	14	1,402	129	3,716

Freehold land and buildings were externally revalued to £2,200,000 at 31 March 2005 on an existing use basis. Edward Symons & Partners, Consultant Surveyors and Valuers carried out the valuation.

On the historical cost basis, freehold land and buildings would have been included as follows:

	31 December 2005 £'000	*31 March 2005 £'000*
Cost	**1,818**	1,818
Accumulated depreciation	**(1,517)**	(1,414)
	301	404

Notes *(continued)*

11. Fixed asset investments

Company	*Shares in subsidiary undertakings £'000*
Cost	
At 1 April 2005 and 31 December 2005	19,257

The Company's subsidiaries and the class and proportion of Shares held are as follows:

	Principal activities	*Country of registration*	*Class of shares held*	*Proportion*
Laybond Products Limited	Building Ind. Produts	England	Ordinary and deferred	100%
Vapotherm (UK) Limited	Dormant	England	Ordinary and deferred	100%
Plycol Limited (formerly Laybond Products Ltd)	Dormant	England	Ordinary	100%

Vapotherm (UK) Limited and Plycol Limited are held indirectly through Laybond Products Limited.

12. Stocks

	Group 31 December 2005	***Company 31 December 2005***	*Group 31 March 2005*	*Company 31 March 2005*
Raw materials and consumables	**737**	**-**	737	-
Finished goods and goods for resale	**1,059**	**-**	837	-
	1,796	**-**	1,574	-

13. Debtors

	Group 31 December 2005	***Company 31 December 2005***	*Group 31 March 2005*	*Company 31 March 2005*
Trade debtors	**2,817**	**-**	2,048	-
Other debtors	**2**	**-**	4	-
Prepayments and accrued income	**131**	**-**	137	-
	2,950	**-**	2,189	

Notes *(continued)*

14. Creditors: amounts falling due within one year

	Group 31 December 2005	***Company 31 December 2005***	*Group 31 March 2005*	*Company 31 March 2005*
Bank overdraft	**118**	**-**	1,475	1,475
Trade creditors	**2,621**	**-**	2,908	-
Amounts owned to group undertakings	**-**	**8,679**	-	7,413
Corporation tax	**300**	**-**	13	-
Other taxation and social	**-**	**-**	-	-
Security costs	**425**	**-**	429	-
Accruals and deferred income	**487**	**2**	698	247
Other creditors	**72**	**-**	27	-
	4,023	**8,681**	5,550	9,135

15. Creditors: amounts falling due after more than one year

	Group 31 December 2005	***Company 31 December 2005***	*Group 31 March 2005*	*Company 31 March 2005*
Bank loans	**-**	**-**	3,187	3,187
Inter company loan	**11,649**	**11,649**	-	-
Other loans	**-**	**-**	7,000	7,000
	11,649	**11,649**	10,187	10,187

The maturity of these amounts is as follows:

	Group 31 December 2005	***Company 31 December 2005***	*Group 31 March 2005*	*Company 31 March 2005*
Amounts payable:				
Within 1 year bank loans	**-**	**-**	1,475	1,475
Within 1 – 2 years bank loans	**-**	**-**	3,187	3,187
Within 2 – 5 years bank loans	**-**	**-**	-	-
Inter company loan	**11,649**	**11,649**	-	-
Other loans	**-**	**-**	7,000	7,000
	11,649	**11,649**	11,662	11,662
Less: included in creditors:				
Amounts falling due within one year	**-**	**-**	(1,475)	(1,475)
	11,649	**11,649**	10,187	10,187

The bank loans and the senior loan together with the loan payable to Close Brothers Private Equity Ltd were fully paid by Bostik Ltd (The parent Company) and replaced with an Inter Company Loan of £11,649,000 which is open ended and payable as funds are generated. There is no interest charge attached to this loan.

Notes *(continued)*

16. Deferred income

	31 December 2005 £'000	*31 March 2005 £'000*
Investment grants		
At 1 April 2005	188	196
Transferred to profit and loss account	(6)	(8)
At 31 December 2005	182	188

17. Provisions for liabilities and charges

	Operating provision £000	*Deferred taxation £000*	*Total £000*
Group			
At 1 April 2005	-	564	564
Movement in provision	-	(150)	(150)
Environmental provision	400	-	400
At 31 December 2005	400	414	814

The operating provision relates to costs of a Geo-environmental site investigation and contaminated ground assessment.

Deferred taxation provided in the accounts is as follows:

	31 December 2005 £'000	*31 March 2005 £'000*
Accelerated capital allowances	**564**	569
Movement in provision	**(150)**	-
Other short-term timing differences	-	(5)
	414	564

Notes *(continued)*

18. Called up share capital

	Authorised	
	31 December 2005 No	*31 March 2005 No*
Ordinary shares of 1p each	**236,968**	236,968
A shares of 1p each	**1,342,824**	1,342,824
	1,579,824	1,579,792

	Allocated, called up and fully paid			
	No 31 December 2005	***£'000 31 December 2005***	*No 31 March 2005*	*£'000 31 March 2005*
Ordinary shares of 1p each	**236,968**	**2**	236,968	2
A shares of 1p each	**1,216,441**	**12**	1,216,441	12
	1,453,409	**14**	1,453,409	14

Subject to rights attaching to the holders of deferred shares, profits or capital and assets on a winding up or other return of capital shall be distributed to equity shareholders pro rata as if they constituted one class of share.

Equity shares attract one vote per share. In other circumstances, the A1 shares and the A2 shares shall constitute one class of shares and the A shares and the ordinary shares shall constitute one class of share.

On 15 December 2004 126,383 class A shares were bought back from Streamline (UK) Limited for a consideration of £200,000. The revised issued share capital of the Company at the date of these financial statements is 1,453,409 ordinary shares.

Notes *(continued)*

19. Reconciliation of shareholders' funds and movements on reserves

Group	*Share Capital*	*Share Premium*	*Revaluation Reserve*	*Profit & Loss account*	*Capital Redemption Reserve*	*Total Shareholders Fund*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 1 April 2004	15	241	435	(760)	-	(69)
Profit for year	-	-	-	92	-	92
Purchase of own shares	-	-	-	(200)	-	(200)
Reduction Share Capital	(1)	-	-	-	1	-
At 31 March 2005	14	241	435	(868)	1	(177)
Loss for period	-	-	-	(570)	-	(570)
At 31 December 2005	14	241	435	(1,438)	1	(747)

Company	*Share Capital*	*Share Premium*	*Profit & Loss account*	*Capital Redemption Reserve*	*Total Shareholder s Fund*
£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 1 April 2004	15	241	(4,119)	-	(3,863)
Profit for year	-	-	3,999		3,999
Purchase of own shares	-	-	(200)		(200)
Reduction in share capital	(1)			1	-
At 31 March 2005	14	241	(320)	1	(64)
Loss for period	-	-	(1,009)	-	(1,009)
At 31 Dec 2005	14	241	(1,329)	1	(1,073)

20. Capital commitments

At 31 December 2005 the Board had authorised capital commitments of £4,911 (2004: £15,200).

21. Contingent liabilities

The Company has cross guarantees in respect of bank arrangements with subsidiary undertakings, which arise in the normal course of business.

Notes *(continued)*

22. Financial commitments

At 31 December 2005 the Group had annual commitments under non-cancellable operating leases as follows, none of which relate to land and buildings.

	31 December 2005 £'000	*31 March 2005 £'000*
Expiring within one year	**19**	27
Expiring between two and five years inclusive	**190**	241
	209	268

23. Pension costs

The Company operates a defined contribution pension scheme, The Laybond Group personal pension scheme, for its Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at the year-end, included in other creditors are £23,574 (March 2005: £25,136).

24. Related party transactions

The Company has taken exemption under Financial Reporting Standard No. 8 from disclosure of certain intra group transactions and balances as these are eliminated on consolidation in the financial statements.

25. Controlling party

The Directors consider Bostik Ltd to be the ultimate controlling party at 31 December 2005. Close Brothers Private Equity was the controlling party up to 9 December 2005.

26. Notes to the Group cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities.

	31 December 2005 £'000	*31 March 2005 £'000*
Operating profit	**180**	898
Depreciation and amortisation charges	**690**	946
Impairment of intangible fixed asset	**-**	25
Decrease/(increase) in stocks	**(222)**	398
Decrease/(increase) in debtors	**(761)**	758
Decrease in creditors	**(1,646)**	(476)
Increase in deferred income and other provisions	**244**	(23)
Net cash inflow from operating activities	**(1,515)**	2,526

Notes *(continued)*

b) Analysis of changes in net debt

	At 1 April 2005 £'000	*Cash flow £'000*	*At 31 December 2005 £'000*
Cash at bank and in hand	791	(909)	(118)
	791	(909)	(118)
Bank loan and other loans due within one year *	(1,475)	1,475	-
Bank loan and other loans due after more than one year *	(10,187)	10,187	-
Inter company loan from Bostik Limited	-	(11,649)	(11,649)
Total	**(10,871)**	**(896)**	**(11,767)**

* Financed by loan from Bostik Limited – £11,649,000.

c) Reconciliation of net cash flow to movement in net debt

	31 December 2005 £'000	*31 March 2005 £'000*
(Decrease)/increase in cash in the year	**(909)**	192
Cash outflow from decrease in debt	**11,662**	1,166
Cash inflow from new long term debt	**(11,649)**	-
Changes in debt resulting from cash flows	**(896)**	1,358
Net debt at 1 April 2005	**(10,871)**	(12,230)
Net debt at 31 December 2005	**(11,767)**	(10,872)