Latium Holdings Limited

Directors' report and financial statements

Registered number 05816134

31 October 2008

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Directors' report

The directors present their directors' report and financial statements for the period ended 31 October 2008.

Principal activities and review of the business

The principal activity of the business is that of a holding company.

Results and dividends

The business made a loss during the period of £16,281,000 *(2007: 921,000)*. No final dividend is proposed *(2007: nil)*.

Directors

The directors who served during the period were:

Stuart Lees

Daren Wallis (resigned 30 April 2008)

I Thomson (appointed 30 April 2008)

Political and charitable contributions

The Company made no political or charitable donations during the period.

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 that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be re-appointed and KPMG LLP will therefore continue in office.

By order of the board

I Thomson
Director

Enterprise Works
Slathill Road
Clitheroe
Lancashire
BB7 1PE

2009

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

In preparing 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KPMG

KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Latium Holdings Limited

We have audited the financial statements of Latium Holdings Limited for the period ended 31 October 2008 which comprise the Profit and loss account, the Balance sheet 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 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 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgments 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.

Independent auditors' report to the members of Latium Holdings Limited *(continued)*

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 company's affairs as at 31 October 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. This is dependent upon the directors of the Company's intermediate parent undertaking successfully agreeing with the Group and Company's lenders a renewal of their current working capital facilities and a resetting of covenants in relation to loans to the Group which the Company has jointly guaranteed. These matters are more fully explained in note 1 and indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 December 2009

Profit and Loss Account
for the period ended 31 October 2008

	Note	2008 £000	2007 £000
Turnover		-	1,211
Gross profit		-	1,211
Administrative expenses		(6)	-
Operating (loss)/profit		(6)	1,211
Amounts written off fixed asset investments	2	(16,275)	-
Other interest receivable and similar income	3	-	32
Interest payable and similar charges	4	-	(2,164)
Loss on ordinary activities before taxation		(16,281)	(921)
Tax on loss on ordinary activities	5	-	-
Loss for the financial period		(16,281)	(921)

All amounts relate to continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

The loss on ordinary activities before taxation and the retained loss have been calculated on the historical cost basis.

Balance sheet
as at 31 October 2008

	Note	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Investments	6		14,437		30,712
Current assets					
Debtors	7	690		1,370	
		690		1,370	
Creditors: amounts falling due within one year	8	(506)		(29,763)	
Net current assets/(liabilities)			184		(28,393)
Total assets less current liabilities			14,621		2,319
Creditors: amounts falling due in more than one year	9		(3,240)		(3,240)
Net liabilities			11,381		(921)
Capital and reserves					
Called up share capital	10		9,580		-
Capital contribution reserve	11		19,003		-
Profit and loss reserve	11		(17,202)		(921)
Shareholders' deficit			11,381		(921)

These financial statements were approved by the board of directors on December 2009 and were signed on its behalf by :

I Thomson
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 1985.

The Company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The directors have taken advantage of the exemption contained in Financial Reporting Standard 8, paragraph 3c and have not disclosed related party transactions with group companies as it is a wholly owned subsidiary of Building Plastics Holdings Limited. The consolidated financial statements of this company can be obtained from the address given in note 13.

The financial statements have been prepared on the going concern basis. The directors believe this to be appropriate for the following reasons.

At 31 October 2008 the Company had cross guaranteed, in favour of Bank of Scotland ('BOS'), the consolidated net bank indebtedness of its intermediate parent undertaking Latium Roofing Systems ('LRS'). As at the date of these financial statements the cross guarantee covered a group overdraft facility of £5,500,000 and the following indebtedness:

Term Loan A - £1,106,668 (matures 31 October 2010)
Term Loan B - £8,000,000 (matures 31 October 2011)
Term Loan C - £458,333 (matures 1 April 2019)

The overdraft facility agreement expired in December 2008. Although BOS have continued to provide an overdraft facility, the formal agreement has not been renewed and therefore the LRS Group, including the Company, has been operating without formal facilities in place.

The overdraft and loan facilities were made available to the LRS Group, for use by its subsidiaries, on the basis of certain financial covenants. These covenants were complied with in the year to 31 October 2008 and have subsequently been complied with throughout the period to 31 October 2009. However, based on the profit and cash flow forecasts referred to below, the directors are forecasting to breach certain of the financial covenants in the year to 31 October 2010.

The directors are currently in discussion with BOS in relation to formal renewal of the LRS group overdraft facility and re-setting of covenants in relation to the LRS term loans from 1 November 2009.

To support this process the directors have prepared detailed profit and cash flow forecasts for the LRS group, including the company, for the period to October 2014. As noted above, these forecasts indicate that certain of the current financial covenants will be breached in the forthcoming year. However based upon these forecasts the directors are satisfied that, for the foreseeable future, each company within the LRS Group can meet its working capital requirements and satisfy its funding liabilities within the facilities currently available to it as long as the bank overdraft is renewed at its current level, and covenants in relation to the LRS Term loans are reset in-line with forecast performance. The directors currently anticipate a favourable response from BOS but await approval of the banks' credit committees.

Notes *(continued)*

1 Accounting policies *(continued)*

The directors have further considered a sensitised forecast showing a pessimistic view reflecting the inherent uncertainty in the current economic climate. Current trading is performing above this level. In this sensitised forecast the directors expect that breaches of certain of the financial covenants will occur during the next 12 months. However the directors are satisfied that there is sufficient flexibility in the cost base and working capital cycle to enable the LRS group, including the company, to continue to meet its liabilities as they fall due throughout the forecast period to 31 October 2014, as long as the bank overdraft is renewed at its current level and covenants in relation to the LRS Term loans are reset in-line with forecast performance.

The directors have prepared the financial statements on the basis that the ongoing negotiations with their lenders are successful. However, since there can be no assurance about these matters, the directors consider these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any permanent diminution in value.

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Turnover

Turnover comprises management fees, net of VAT, received from related parties. All turnover arises in the United Kingdom

2 Loss on ordinary activities before taxation

	2008 £000	2007 £000
Loss on ordinary activities before taxation is stated after charging		
Impairment of fixed asset investments	**20,844**	-
Audit of these financial statements	-	6

The audit fee for the company is borne by another subsidiary in the Building Plastics Holdings Limited Group.:

3 Other interest receivable and similar income

	2008 £000	2007 £000
Bank interest	-	32

4 Interest payable and similar charges

	2008 £000	2007 £000
Interest on subordinated loan stock	-	240
Bank interest	-	1,244
Amortised finance charge	-	680
	-	2,164

Notes *(continued)*

5 Taxation

	2008 £000	2007 £000
UK corporation tax		
UK corporation tax	-	-
Adjustments for prior years	-	-
Total current tax charge	-	-
Deferred tax		
Origination/reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current period:

The current tax charge for the period is higher than the blended rate of corporation tax in the UK (29%). The differences are explained below.

	2008 £000	2007 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(16,281)	(921)
Current tax at 29% *(2007: 30%)*	(4,721)	(276)
Effects of:		
Unrelieved trading losses	-	261
Group relief	-	15
Expenses not deductible for tax purposes	4,721	-
Total current tax charge (see above)	-	-

Deferred tax assets have not been recognised in respect of timing differences relating to non-trade financial losses as there is insufficient evidence that the assets will be recovered. The amount of the asset not recognised is £261,000 (2007: *£261,000)*. The asset would be recovered if the company were to make suitable taxable income in the future.

Notes *(continued)*

6 Investments

	Total £000
Cost	
At beginning and end of year	30,712
Provisions	
At beginning of year	-
Impairment provision	(16,275)
At end of year	(16,275)
Net book value	
At 31 October 2008	**14,437**
At 31 October 2007	30,712

The Company has tested the carrying value of investments in accordance with the requirements of FRS11. The recoverable amounts for investments have been calculated with reference to the net asset position of the relevant subsidiaries.

The principal companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares**
Ultraframe Limited	England	Holding Company	100%

7 Debtors

	2008 £000	2007 £000
Amounts owed by subsidiary undertakings	**-**	680
Other debtors	**690**	690
	690	1,370

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	**506**	29,763
	506	29,763

In October 2008 £9,580,000 owed to the Company's parent undertaking was satisfied by the issue of ordinary shares (note 10) and £19,003,000 owed to subsidiary companies was formally waived (note 11).

9 Creditors: amounts falling due in more than one year

	2008 £000	2007 £000
Subordinated loan stock	**3,000**	3,000
Accrued interest	**240**	240
	3,240	3,240

Interest accrues at 8% per annum on the subordinated loan stock and is repayable after HBOS term loans have been settled.

10 Share capital

	2008	2007
Authorised		
Ordinary shares of £1 each	**10,000,000**	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	**9,580,100**	100

During the year the Company increased the authorised share capital to 10,000,000 £1 ordinary shares and issued 9,580,000 £1 ordinary shares to its immediate parent company as repayment of an intra group balance.

11 Reserves

	Capital Contribution Reserve £000	Profit and loss Reserve £000	Total £000
At beginning of period	-	(921)	(921)
Loss for the financial period	-	(16,281)	(16,281)
Waiver of amounts due to subsidiary undertakings (note 8)	19,003	-	19,003
At 31 October 2008	**19,003**	**(17,202)**	**1,801**

Notes *(continued)*

12 Reconciliation of movement in shareholders' funds

	2008	2007
	£000	£000
Shareholders' funds at beginning of period	(921)	-
Loss for the year	(16,281)	(921)
Share capital issued (note 8)	9,580	-
Waiver of amounts owed to subsidiary undertakings (note 8)	19,003	-
Closing shareholders' funds	11,381	(921)

13 Ultimate parent company

The company is a subsidiary undertaking of Building Plastics Holdings Limited which is the ultimate parent company incorporated in England. The largest and smallest group in which the results of the company are consolidated is that headed by Building Plastics Holdings Limited. No other group financial statements include the results of the Company.

The consolidated financial statements of Building Plastics Holdings Limited are available to the public and may be obtained from the Company Secretary, Pinewood Court, Tytherington Business Park, Macclesfield SK10 2XR.