

AL-KO KOBER HOLDINGS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2006

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AL-KO KOBER HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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AL-KO KOBER HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

K Kober
W Kober
R Kober
B Sharratt

Company secretary

R Kober

Registered office

12 York Gate
Regent's Park
London
NW1 4QS

Auditors

Blick Rothenberg
Chartered Accountants and
Registered Auditors
12 York Gate
Regent's Park
London
NW1 4QS

AL-KO KOBER HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

The directors present their report and the audited financial statements of the group for the year ended 31 December 2006

Principal activity

The principal activity of the group continued to be that of the manufacture and distribution of vehicle components

Review of the business and future developments

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect growth in the ongoing activities in the foreseeable future

Results and dividends

The results for the year and the group's financial position at the end of the year are shown in the attached financial statements

The directors have recommended the following dividends

	2006 £	2005 £
Final dividends on ordinary shares	<u>1,500,000</u>	<u>-</u>

It is proposed to transfer the profit for the year of £241,336 to reserves

Management control policy, business risks, principles and the use of key performance indicators

The UK group is managed on a basis which is in accordance with the principles of the AL-KO Kober Group. This is clearly identified within the company mission statement, and the group objective to be market leaders in every market sector in which it operates. It also strives, through a rigorous management review of its key performance indicators, to increase and improve its capability and competence through constant innovation and continuous improvement.

The direction and management of the company is data driven through ongoing analysis of our key performance indicators. Review procedures, including but not restricted to, are as follows:

- Customer satisfaction – quality, delivery and competitive performance
- Health and safety
- Environmental improvement
- Sales growth and profitability
- Growth and improvement in people capability through continuous education and communication guided and approved by the principles of the Investors in People standard
- Strong financial and commercial management through sound contractual agreement review, and working in partnership with our customers and in the industries that we support
- Strict conformance to the AL-KO brand promise of "Quality Safety and performance"

In the light of the foregoing it is pleasing to note that turnover in value terms has increased in the current year by 5.1% and gross profits and net profits have increased accordingly, as shown on page 7 of the financial statements

AL-KO KOBER HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

Health and safety

AL-KO Kober is enthusiastic in seeking to provide a safe and healthy working environment in which all its employees can prosper and grow. It has an appointed senior manager with specific responsibility to work with the directors of the company, and the employees, in order to fulfil and exceed the expectations of the law, the Kober family, and our insurers. In line with the agreed company policy, the management and employees carry out risk assessments and regular reviews to ensure complete conformance with all measures designed to ensure a safe working environment.

Environmental policy

It is an AL-KO group policy that all companies must operate in such a way that maximum environmental protection is ensured. Everybody in the company can contribute towards creating an environment which increases the quality of life. Energy and other raw materials should not be wasted. Each of us will help to achieve this goal. AL-KO Kober is actively working towards approval to the Environmental Standard ISO 14001.

Customer satisfaction

AL-KO Kober is totally customer driven. It believes that we must listen to our customers, meet their requests, and even strive to surpass them. In this way we will be able to secure the profit and growth necessary to secure our future, and be able to invest in market growth and new product development. The company values and maintains its business approvals to ISO 9000, IIP, and Q100. It is also enthusiastic in its support of the National Caravan Council, the Society of Motor Manufacturers and Traders, European Standards organisations and the European Caravan Federation.

The Kober family and its directors believe that the strength of our company lies in our principles. They are standards for our way of thinking, decisions and actions.

Directors

The directors who served the company during the year were as follows:

K Kober
W Kober
R Kober
B Sharratt

The directors do not have an interest in the share capital of the company and have taken advantage of the exemption allowing directors not to disclose their interests in the share capital of the ultimate parent company as it is incorporated outside Great Britain.

AL-KO KOBER HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

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 group and of the profit or loss for the year then ended

In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

A resolution to re-appoint Blick Rothenberg as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors

X *M. Kober* X

K KOBER
Chairman

23rd MARCH 2007

AL-KO KOBER HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2006

We have audited the consolidated financial statements of Al-Ko Kober Holdings Limited for the year ended 31 December 2006 on pages 7 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 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 (United Kingdom Generally Accepted Accounting Practice).

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, and whether the information given in the directors' report is consistent with the financial statements.

We also 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 transactions is not disclosed.

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.

AL-KO KOBER HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2006

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 affairs of the company and the group as at 31 December 2006 and of the profit for the group for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

Blick Rothenberg

12 York Gate
Regent's Park
London
NW1 4QS

BLICK ROTHENBERG
Chartered Accountants and
Registered Auditors

28 March 2007

AL-KO KOBER HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Note	£	£
Turnover	2	25,799,218	24,548,867
Operating costs	3	(23,263,544)	(23,349,224)
Operating profit	5	2,535,674	1,199,643
Interest receivable	7	41,013	28,936
Interest payable and similar charges	8	(58,121)	(57,276)
Profit on ordinary activities before taxation		2,518,566	1,171,303
Tax on profit on ordinary activities	9	(777,230)	(322,300)
Profit on ordinary activities after taxation		1,741,336	849,003
Dividends	11	(1,500,000)	-
Retained profit for the financial year		241,336	849,003

All of the activities of the group are classed as continuing in 2006

AL-KO KOBER HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	£	£
Profit for the financial year	1,741,336	849,003
Actuarial loss relating to pension liability	(111,300)	(77,700)
Total recognised gains and losses relating to the year	<u>1,630,036</u>	<u>771,303</u>

AL-KO KOBER HOLDINGS LIMITED

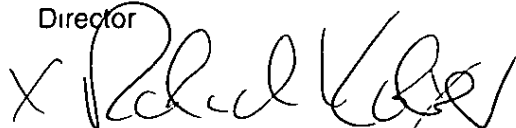
CONSOLIDATED BALANCE SHEET

31 DECEMBER 2006

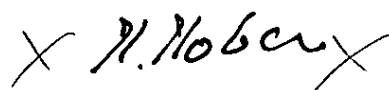
		Group 2006	2005	Company 2006	2005
	Note	£	£	£	£
Fixed assets					
Tangible assets	12	4,251,360	4,380,790	—	—
Investments	13	—	—	1,027,103	1,027,103
		<u>4,251,360</u>	<u>4,380,790</u>	<u>1,027,103</u>	<u>1,027,103</u>
Current assets					
Stocks	14	1,924,862	1,833,408	—	—
Debtors	15	6,893,711	5,895,402	—	—
Cash at bank and in hand		481,119	274,918	—	—
		<u>9,299,692</u>	<u>8,003,728</u>	—	—
Creditors: Amounts falling due within one year	16	(4,853,002)	(3,916,146)	—	—
Net current assets		<u>4,446,690</u>	<u>4,087,582</u>	—	—
Total assets less current liabilities		<u>8,698,050</u>	<u>8,468,372</u>	<u>1,027,103</u>	<u>1,027,103</u>
Provisions for liabilities and charges					
Deferred taxation	18	(186,900)	(176,500)	—	—
Other provisions	19	(231,842)	(232,200)	—	—
Net assets before pension and post-retirement liabilities		<u>8,279,308</u>	<u>8,059,672</u>	<u>1,027,103</u>	<u>1,027,103</u>
Pension and post-retirement liabilities	17	(1,166,900)	(1,077,300)	—	—
Net assets		<u>7,112,408</u>	<u>6,982,372</u>	<u>1,027,103</u>	<u>1,027,103</u>
Capital and reserves					
Called-up share capital	22	2,300,000	2,300,000	2,300,000	2,300,000
Share premium account	23	327,103	327,103	327,103	327,103
Profit and loss account	23	4,485,305	4,355,269	(1,600,000)	(1,600,000)
Shareholder's funds - equity	24	<u>7,112,408</u>	<u>6,982,372</u>	<u>1,027,103</u>	<u>1,027,103</u>

These financial statements were approved by the board of directors on 23rd MARCH 2007 and are signed on its behalf by

R KOBER
Director

X 

K KOBER
Director

X 

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. Accounting policies

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985

1.3 Turnover

Turnover represents amounts receivable for goods and services, net of VAT and trade discounts

1.4 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	2% straight line
Leasehold property	over the life of the lease
Plant and machinery	10% - 25% straight line
Motor vehicles	25% straight line

Freehold land is not depreciated

1.5 Stocks and work in progress

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less any further costs that are expected to be incurred to completion and disposal.

Work in progress comprises materials, direct labour and attributable production overheads. No element of profit is included in the valuation of work in progress.

1.6 Leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term.

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. Accounting policies (*continued*)

1.7 Pension costs

The group operates two defined benefit pension schemes. The assets of the schemes are held in separate trustee administered funds.

Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase of pensions in payment. Following the full adoption of FRS17, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to the operating profit in the year.

A credit representing the expected return on the assets of the retirement benefit schemes during the year is included within other finance income. This is based on the market value of the assets of the schemes at the start of the financial year.

A charge within other finance charges representing the expected increase in the liabilities of the retirement benefit scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions.

The group also operates a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable.

1.8 Provisions for liabilities and charges

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

1.9 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 taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. Accounting policies (*continued*)

1.11 Investments

Fixed asset investments are stated at cost, less provision for any diminution in value

1.12 Cashflow statement

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a cashflow statement on the grounds that it is included in the group financial statements of AL-KO Kober A G , a company incorporated in Germany. Copies of these group financial statements are available to the public

2. Turnover

The turnover and profit before tax are attributable to the principal activity of the group

A geographical analysis of turnover is given below

	2006	2005
	£	£
United Kingdom	25,728,124	24,492,863
Rest of Europe	36,980	40,456
Rest of world	34,114	15,548
	<u>25,799,218</u>	<u>24,548,867</u>

3. Net operating expenses

	2006	2005
	£	£
Changes in stocks of finished goods and work in progress	(91,454)	126,169
Other external charges	17,797,063	18,061,753
Staff costs (note 4)	2,910,952	2,730,946
Depreciation of fixed assets	306,347	300,423
Other operating charges	2,340,636	2,129,933
	<u>23,263,544</u>	<u>23,349,224</u>

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4. Particulars of employees

The average number of staff, including the directors, employed by the group during the financial year was

	2006	2005
	Number	Number
Production	53	55
Administration	24	24
Selling and distribution	17	18
	<u>94</u>	<u>97</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	2,370,020	2,316,659
Social security costs	233,337	226,691
Other pension costs	307,595	187,596
	<u>2,910,952</u>	<u>2,730,946</u>

5. Operating profit

Operating profit is stated after charging/(crediting)

	2006	2005
	£	£
Depreciation on tangible fixed assets	306,347	300,423
Profit on disposal of fixed assets	(12,119)	-
Auditors' remuneration		
- audit services	37,300	37,300
- for other services	14,675	7,139
Operating lease costs		
- land and buildings	125,633	117,926
- other	<u>77,252</u>	<u>69,879</u>

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments	<u>109,883</u>	<u>107,480</u>

The number of directors who were accruing benefits under group pension schemes was as follows

	2006	2005
	Number	Number
Defined benefit schemes	<u>1</u>	<u>1</u>

7. Interest receivable and similar income

	2006	2005
	£	£
Bank interest receivable	<u>41,013</u>	<u>28,936</u>

8. Interest payable and similar charges

	2006	2005
	£	£
Interest payable on bank loans and overdrafts	9,121	8,276
Net financial charges	<u>49,000</u>	<u>49,000</u>
	<u>58,121</u>	<u>57,276</u>

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

9. Tax on profit on ordinary activities

Taxation

	2006	2005
	£	£
Current tax		
In respect of the year		
UK corporation tax based on the results for the		
year at 30% (2005 30%)	<u>757,530</u>	<u>351,800</u>
Total current tax	<u>757,530</u>	<u>351,800</u>
Total deferred tax (note 18)	<u>19,700</u>	<u>(29,500)</u>
Tax on profit on ordinary activities	<u><u>777,230</u></u>	<u><u>322,300</u></u>

There is no material difference between the current tax charge on ordinary activities for the year reported in the profit and loss account and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax

10. Profit attributable to members of the parent company

The company has taken advantage of s230 of Companies Act 1985 not to present its own profit and loss account

The company made a profit of £1,500,000 (2005 £nil) during the year

11. Dividends

During the year the company paid a dividend to ordinary shareholders of £1,500,000 (2005 £nil)

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

12. Tangible fixed assets

Group	Freehold property £	Leasehold property £	Plant, machinery and equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2006	4,355,669	55,014	2,081,208	487,813	6,979,704
Additions	—	—	85,462	102,442	187,904
Disposals	—	—	(167,437)	(103,093)	(270,530)
At 31 December 2006	4,355,669	55,014	1,999,233	487,162	6,897,078
Depreciation					
At 1 January 2006	480,564	40,986	1,656,515	420,849	2,598,914
Charge for the year	66,113	14,028	158,176	68,030	306,347
On disposals	—	—	(167,437)	(92,106)	(259,543)
At 31 December 2006	546,677	55,014	1,647,254	396,773	2,645,718
Net book value					
At 31 December 2006	3,808,992	—	351,979	90,389	4,251,360
At 31 December 2005	3,875,105	14,028	424,693	66,964	4,380,790

13. Fixed asset investments

Company	Shares in group companies £
Cost	
At 1 January 2006 and 31 December 2006	1,027,103
Net book value	
At 31 December 2006	1,027,103
At 31 December 2005	1,027,103

Details of the company's subsidiary undertaking are as follows

Company name	Principal activity	Country of incorporation	Class of share	% holding
AL-KO Kober Limited	Manufacture and distribution of vehicle components	England and Wales	Ordinary	100

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

14 Stocks

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Raw materials	527,997	663,856	—	—
Work in progress	64,095	86,719	—	—
Finished goods and goods for resale	1,332,770	1,082,833	—	—
	<u>1,924,862</u>	<u>1,833,408</u>	<u>—</u>	<u>—</u>

15. Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	5,715,539	5,157,029	—	—
Amounts owed by group undertakings	1,078,234	658,119	—	—
Other debtors	9,196	135	—	—
Prepayments and accrued income	90,742	80,119	—	—
	<u>6,893,711</u>	<u>5,895,402</u>	<u>—</u>	<u>—</u>

16. Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	85	7,818	—	—
Trade creditors	661,996	958,283	—	—
Amounts owed to group undertakings	2,789,350	1,468,340	—	—
Corporation tax	526,103	316,205	—	—
Other taxation and social security	654,733	640,577	—	—
Accruals and deferred income	220,735	524,923	—	—
	<u>4,853,002</u>	<u>3,916,146</u>	<u>—</u>	<u>—</u>

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

17. Pensions

The company operates two defined benefit pension schemes, the contributions payable to which are determined by a qualified actuary using the attained age method

Al-Ko Kober Limited Pension and Assurance Scheme

The most recent actuarial valuation of the Al-Ko Kober Limited Pension and Assurance Scheme was at 1st July 2005. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. Assumptions made were as follows

Investment return (pre-retirement)	7.00%
Investment return (post-retirement)	5.00%
Earnings growth	4.20%
Price inflation	2.70%
LPI pension increases	2.60%
Post-88 GMP pension increases	2.30%

The actuarial valuation indicated that the market value of the schemes' assets were £2,006,000 and that the actuarial value of these assets represent 61% of the benefits that have accrued to members, after allowing for expected future increases in earnings. The company and its employees contribute to the scheme at the rates recommended by the actuary.

The contributions made to the scheme over the year were £260,000 (2005: £132,000) equivalent to 24.1% of pensionable salary. Contribution rates over the period to the next triennial actuarial valuation (as at 30 June 2008) are as follows:

Employer contributions - 15.8% of pensionable salaries plus £210,000 per annum
Contributions from employees - 7% of current pensionable earnings

In accordance with the requirements of FRS 17, the 1 July 2005 actuarial valuation of this scheme has been updated to 31 December 2006 by a qualified actuary.

The assets of the scheme are taken at market value as estimated by the actuary and the liabilities are calculated in accordance with the requirements of FRS 17 using the following principal actuarial assumptions: Inflation at 3.0% (2005: 2.90%, 2004: 2.80%), salary increases at 4.50% (2005: 4.40%, 2004: 4.30%), a rate of discount of 5.20% (2005: 4.80%, 2004: 5.30%) and pensions payment increases of 2.80% (2005: 2.70%, 2004: 2.50%).

The principal asset of the scheme is an insurance policy, the investments are analysed between equities, bonds and cash. The expected long term rate of return over the following year for each asset is: equities 7.2% (2005: 6.8%), bonds 4.6% (2005: 4.3%) and cash 5%.

At 31 December 2006 the total market value of assets is £2,380,000 (2005: £2,393,000). The present value of liabilities is £3,921,000 (2005: £3,825,000). The resultant deficit in the scheme is £1,541,000 (2005: £1,432,000).

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

17. Pensions *(continued)*

The amount charged to operating profit comprises a current service cost of £181,000 (2005 £91,000)

The amount credited to net finance income is an expected return on pension scheme assets of £139,000 (2005 £125,000) less charges comprised of interest on pension scheme liabilities of £181,000 (2005 £172,000) giving a net charge of £42,000 (2005 £47,000)

The amount recognised in the statement of total recognised gains and losses comprises the actual return less expected return on pension scheme assets, being a gain of £57,000 (2005 £264,000), the experience loss arising on scheme liabilities of £385,000 (2005 gain of £98,000) and the changes in assumptions underlying the present value of scheme liabilities, being a gain of £182,000 (loss of £409,000). The net actuarial loss recognised in the statement of recognised gains and losses is £146,000 (2005 £47,000)

The movement in pension scheme deficit during 2006 is as follows. The deficit in the scheme at the beginning of the year was £1,432,000 (2005 £1,379,000). The current service cost was £181,000 (2005 £91,000). Contributions total £260,000 (2005 £132,000). Net finance costs total £42,000 (2005 £47,000). The actuarial loss for the year is £146,000 (2005 £47,000). The deficit in the scheme at the end of the year is £1,541,000 (2005 £1,432,000), which after the related deferred tax asset of £462,300 (2005 £429,600) gives a net deficit for the scheme of £1,078,700 (2005 £1,002,400)

The history of experience gains and losses is as follows. The difference between the expected and actual return on scheme assets is a gain of £57,000 (2005 £264,000, 2004 loss of £123,000, 2003 loss of £98,000, 2002 loss of £101,000). As a percentage of scheme assets this represents a gain of 6% (2005 gain of 11%, 2004 loss of 7%, 2003 loss of 5%, 2002 loss of 5%). Experience losses on scheme liabilities are £385,000 (2005 gain of £98,000, 2004 loss of £90,000, 2003 loss of £437,000, 2002 £nil). As a percentage of scheme assets this represents a loss of 16% (2005 gain of 3%, 2004 loss of 3%, 2003 loss of 15%, 2002 loss of 0%). The total amount recognised in the statement of total recognised gains and losses is a loss of £146,000 (2005 £47,000, 2004 £259,000, 2003 £905,000, 2002 £256,000). As a percentage of the present value of scheme liabilities this represents a loss of 4% (2005 1%, 2004 8%, 2003 31%, 2002 11%)

Al-Ko Kober Limited Retirement and Death Benefit Plan For Hourly Paid Employees

The most recent actuarial valuation of the Al-Ko Kober Limited Retirement and Death Benefit Plan For Hourly Paid Employees was at 1st July 2003. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increases in salaries. It is assumed that the investment returns will exceed salary increases by 1.5% per annum. Other assumptions made are as follows: valuation rate of interest 5.00%, salary increases 4.0%

The actuarial valuation indicated that the market value of the schemes' assets were £505,400 and that the actuarial value of these assets represents 95.7% of the benefits that have accrued to members, after allowing for expected future increases in earnings.

The contributions made to the scheme over the year have been £27,000 (2005 £29,000) equivalent to 3.5% of pensionable salary. This contribution rate is to continue until reviewed following the triennial valuation of the scheme due as at 1 July 2006.

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

17 Pensions *(continued)*

In accordance with the requirements of FRS 17, the 1 July 2003 actuarial valuation of this scheme has been updated to 31 December 2006 by a qualified actuary

The assets of the scheme are taken at market value and the liabilities have been calculated in accordance with the requirements of FRS 17 using the following principal actuarial assumptions: Inflation at 3.0% (2005 2.90%, 2004 2.80%), salary increases at 4.5% (2005 4.40%, 2004 4.30%) and a rate of discount of 5.2% (2005 4.80%, 2004 5.30%)

The principal asset of the scheme is cash. The expected long term rate of return over the following year is 5% per annum.

At 31 December the total market value of assets is £469,000 (2005 £493,000). The present value of liabilities is £595,000 (2005 £600,000). The resultant deficit in the scheme is £126,000 (2005 £107,000).

The amount charged to operating profit comprises a current service cost of £27,000 (2005 £27,000).

The amount credited to other finance income is an expected return on pension scheme assets of £23,000 (2005 £26,000) less charges comprising interest on pension scheme liabilities of £29,000 (2005 £28,000) giving a net charge of £6,000 (2005 £2,000).

The amount recognised in the statement of the total recognised gains and losses comprises the actual return less expected return on pension scheme assets, being a loss of £35,000 (2005 £24,000), the experience gains arising on scheme liabilities of £nil (2005 £nil) and the changes in assumptions underlying the present value of scheme liabilities, being a gain of £22,000 (2005 loss of £40,000). The net actuarial loss recognised in the statement of recognised gains and losses is £13,000 (2005 £64,000).

The movement in pension scheme deficit during 2006 is as follows. The deficit in the scheme at the beginning of the year was £107,000 (2005 £43,000). The current service cost was £27,000 (2005 £27,000). Contributions total £27,000 (2005 £29,000). Other finance costs totals £6,000 (2005 £2,000). The actuarial loss for the year is £13,000 (2005 £64,000). The deficit in the scheme at the end of the year is £126,000 (2005 £107,000), which after the related deferred tax asset of £37,800 (2005 £32,100) gives a net deficit for the scheme of £88,200 (2005 £74,900).

The history of experience gains and losses is as follows. The difference between the expected and actual return on scheme assets is a loss of £35,000 (2005 £24,000, 2004 £23,000, 2003 £29,000, 2002 £28,000). As a percentage of scheme assets this represents a loss of 7% (2005 5%, 2004 5%, 2003 5%, 2002 5%). Experience gains on scheme liabilities are £nil (2005 £nil, 2004 £33,000, 2003 £nil, 2002 £nil). As a percentage of the scheme assets this represents a gain of nil% (2005 nil%, 2004 6%, 2003 nil%, 2002 nil%). The total amount recognised in the statement of total recognised gains and losses is a loss of £13,000 (2005 a loss of £64,000, 2004 a gain of £4,000, 2003 a loss of £75,000, 2002 a loss of £41,000). As a percentage of the present value of the scheme liabilities this represents a loss of 2% (2005 a loss of 11%, 2004 a gain of 1%, 2003 a loss of 13%, 2002 a loss of 8%).

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

18. Deferred taxation

	Group 2005 £	Company 2005 £
Provision brought forward	176,500	—
Movement in provision	19,700	—
FRS 17 movement	(9,300)	—
Provision carried forward	<u>186,900</u>	<u>—</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	220,400	199,500	—	—
Short term timing differences	(33,500)	(23,000)	—	—
	<u>186,900</u>	<u>176,500</u>	<u>—</u>	<u>—</u>

19. Other provisions

	Group 2006 £	2005 £	Company 2006 £	2005 £
Warranty provision:				
Balance brought forward	232,200	268,410	—	—
Movement for year	(358)	(36,210)	—	—
	<u>231,842</u>	<u>232,200</u>	<u>—</u>	<u>—</u>

A provision has been recognised for expected claims against product guarantees. It is expected that most of this expenditure will be incurred in the next two financial years. The provision has not been discounted since the effect of discounting is not material.

AL-KO KOBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

20. Commitments under operating leases

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as set out below

Group	2006		2005	
	Land & buildings	Other items	Land & buildings	Other items
	£	£	£	£
Operating leases which expire				
Within one year	91,875	3,273	111,000	4,784
Within two to five years	–	21,358	–	21,847
	<u>91,875</u>	<u>24,631</u>	<u>111,000</u>	<u>26,631</u>

21. Related party transactions and controlling party

The directors regard the Kober family as the ultimate controlling party. The directors regard Alois Kober GmbH as being the immediate controlling party.

The company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" from disclosing transactions with entities which are part of the group, since 90% or more of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available, as disclosed in note 25.

22. Share capital

	2006		2005	
	Number	£	Number	£
Authorised share capital.				
Ordinary shares of £1 each	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,300,000</u>
Called up, allotted and fully paid:				
Ordinary shares of £1 each	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,300,000</u>

23. Reserves

Group	Share premium account £	Profit and loss account £
Balance brought forward	327,103	4,355,269
Profit for the year	–	1,741,336
Other direct charges	–	(111,300)
Dividends	–	(1,500,000)
Balance carried forward	<u>327,103</u>	<u>4,485,305</u>

AL-KO KOBER HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

23. Reserves (continued)

Company	Share premium account £	Profit and loss account £
Balance brought forward and carried forward	<u>327,103</u>	<u>(1,600,000)</u>

24. Reconciliation of movements in group shareholders' funds

	2006	2005
	£	£
Profit for the financial year	1,741,336	849,003
Dividends	(1,500,000)	—
	<u>241,336</u>	<u>849,003</u>
Other direct charges	(111,300)	(77,700)
	<u>130,036</u>	<u>771,303</u>
Opening shareholders' funds	6,982,372	6,211,069
Closing shareholders' funds	<u>7,112,408</u>	<u>6,982,372</u>

Reconciliation of movements in company shareholders' funds

	2006	2005
	£	£
Profit for the financial year	1,500,000	—
Dividends payable	(1,500,000)	—
	<u>—</u>	<u>—</u>
Opening shareholders' funds	1,027,103	1,027,103
Closing shareholders' funds	<u>1,027,103</u>	<u>1,027,103</u>

25. Ultimate parent company

The immediate parent undertaking is Alois Kober GmbH, a company incorporated in Germany

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is AL-KO Kober A G , a company incorporated in Germany. The directors regard this company as being the ultimate holding company. Copies of these group financial statements are available to the public from Handelsgericht Ref B19438940 Memmingen, Germany