

Registered number 4350565

Ultimate Finance Group plc

Directors' report and consolidated
financial statements

For the year ended 30 June 2006

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Directors and advisers

Clive Garston (non-executive chairman)

Clive Garston, aged 61 is a solicitor and is a member of Halliwells LLP specialising in corporate finance and mergers and acquisitions. He is currently the senior partner of the firm's London office. He is a non-executive director of a number of quoted and unquoted companies.

Brian Sumner (chief executive)

Brian Sumner, aged 59, is a co founder of the Ultimate Finance Group and has over 39 years' service in factoring and invoice discounting. Having become a director of Alex Lawrie in the 1970's following senior positions in sales/marketing and operations, in 1983 he founded the Boston Financial Company Limited (the foundation stone of what ultimately became Lloyds TSB Commercial Finance Limited) and later founded Causeway Invoice Discounting Limited. The latter company was subsequently sold to N M Rothschild & Sons Limited and renamed Five Arrows Commercial Finance Limited. Brian was a founder director of the Factors and Discounters Association (FDA)

Richard Pepler (managing director)

Richard Pepler, aged 46, has 28 years' experience in commercial banking, leasing, trade finance, factoring and invoice discounting and has held a number of senior management and director positions, particularly in sales. Prior to forming the Ultimate Finance Group, he was sales director and a principal underwriter of all new business for Bibby Factors (Bristol) Limited. He also led group marketing for over two years for The Bibby Group of Factors Limited

Jeremy Coombes (operations director)

The third founding member of the Ultimate Finance Group, Jeremy Coombes, aged 41, has 20 years experience in factoring in various operational and underwriting roles. Before forming the Ultimate Finance Group, Jeremy was the operations director for Bibby Factors (Bristol) Limited where his duties included the development and planning of operation strategy, financial planning and risk control.

Shane Horsell (finance director)

Shane Horsell, aged 40, joined Ultimate in March 2006. Shane has 19 years experience in various finance roles, latterly as finance director of Blick UK Ltd the major subsidiary of Blick Plc (the formerly FTSE listed company) and as group finance director for Advent Publishing Systems Ltd.

Derek Ashford (non-executive director)

Derek Ashford, aged 50, is a chartered accountant and the finance director of W.H. Ireland Group plc. Derek has wide experience in senior finance roles in both private practice and the financial services sector including a spell in Jersey as Head of Financial Planning and Management Information for the Abbey National Offshore Group.

Richard Lee (non-executive director)

Richard Lee, aged 61, is a director of W.H. Ireland Group plc. He has been a director of various public companies in a variety of industries. Richard is a non-executive director of Freedom Finance Holdings PLC.

Chairman's statement

Results

I am pleased to be able to report, following last year's first period of profitability Ultimate achieved a significant growth in profit before tax, for the year ended 30 June 2006, as a result of considerable growth in client sales financed and trading income in the period. It has also significantly expanded its client base with the client portfolio at the year end numbering 230 as against 171 at 30 June 2005.

Client sales financed in the year increased by 49 per cent to £123million from the previous year (2005: £82.5 million). This increase has come not only from the increased number of clients but also as a consequence of the growth experienced by existing clients and the increase in size of transactions with new clients.

Turnover for the period increased by 52 per cent to £3,500,594 (2005: £2,309,728) with profit on ordinary activities before taxation being £290,494 compared to £20,581 in 2005. Profit on ordinary activities after taxation for the year amounted to £395,544. Of the total turnover for the year, 80% corresponds to factoring clients with the balance being attributable to confidential invoice discounting arrangements.

Basic earnings per share for the year to 30 June 2006 amounted to 1.98p compared to 0.46p for 2005. The after tax profit incorporates the recognition of a deferred tax asset of £105,050 (2005: £71,743) relating to taxable losses accumulated since the formation of the company. In order to more accurately measure the earnings per share on the trading performance of the group, an additional adjusted figure has been included in note 22, to reflect the earnings before the impact of the deferred tax asset. On this basis, the earnings per share amounted to 1.45p compared to 0.10p in 2005.

Taxation

A deferred tax asset has been recognised fully this year as the group has been trading profitably since January 2005 and is expected to continue to generate sufficient taxable profits to utilise the tax benefit derived from timing differences and cumulative losses incurred to date.

Funding

The back to back receivables financing arrangement with Lloyds TSB Commercial Finance has continued to prove to be a catalyst to drive the business forward in terms of growth and increase in shareholder value. At the year end the group had utilised £9.2 million of the £18 million facility, a gearing ratio of 4:1 (net of cash balances).

Management and employees

Since its inception an integral element of the success of Ultimate has been the commitment and hard work of my colleagues on the board and employees of Ultimate. It is they who have achieved these results. I would like to acknowledge and thank them for their efforts.

Outlook

I am confident that the current year will be one of continued progress. Our primary aim is to maximise the return to shareholders and the board is committed to delivering growth in shareholder value. We are planning for the future and look forward to it with confidence.

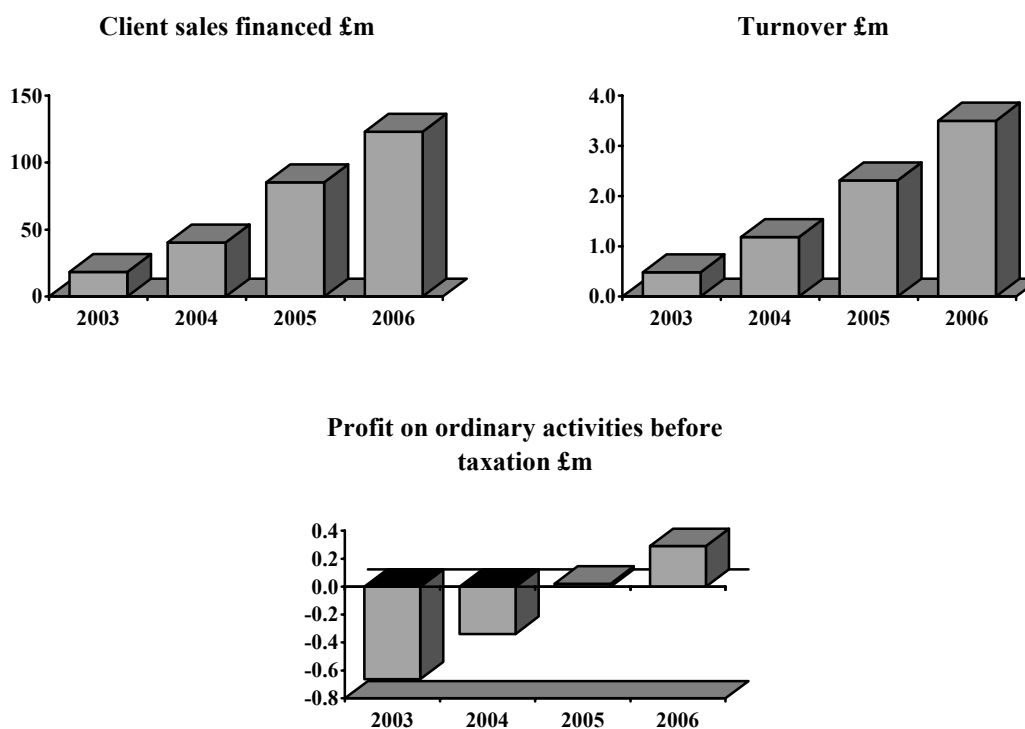
Clive R Garston
Chairman

Chief Executive's review

After another year of strong growth, it is with great pleasure that I am able to announce significant growth in both activity and profit; with profit on ordinary activities rising to £290,494 (2005: £20,581). It is most gratifying to see the strategic ambition of the group deliver returns in line with expectations.

Those ambitions have been forged on the four cornerstones of our strategy; a strong service ethic, a wealth of experience applied to risk management and underwriting criteria, a recognition that only the best staff developed to the full through training and guidance can deliver on the 'ultimate' promise and a sound and secure product range capable of being tailored to meet the practical needs of the client throughout the business cycle.

Over the last four years since inception, the performance of the group has improved markedly year on year. From a standing start in June 2002, a healthy portfolio of 230 clients has been created generating over £123 million in sales financed in the year to 30 June 2006. Through factoring and invoice discounting products and our debtor protection product, our revenues have risen 52% year on year and with this growth we have experienced strong progress on profitability.



As the portfolio matures so we have naturally experienced a degree of client losses, mostly smaller clients, often start up businesses that have failed within their first two years of trading. Whilst unfortunate, client churn is somewhat inevitable at the smaller end of our market. I am pleased to report, however, that bad debts have been almost completely avoided in these collect-out and recovery situations. Once again this is testimony to our risk management procedures and the quality of our operations staff.

Market and products

We have recently opened a client service centre in Manchester and a new sales office in Leeds covering Yorkshire and the North-East, both of which are performing well. We now have sales offices in the Midlands based in Birmingham, the North based in Manchester and Leeds, the South and Southwest based in Bristol and the Southeast based in St Albans, all of which provides us with national coverage of England and Wales.

Chief Executive's review *(continued)*

The market for our products has continued to grow at about 12 per cent per annum according to industry statistics. Clearly we are growing at a rate considerably above this level, taking market share largely from the bank factors and discounters and this will continue to be our strategy whatever market conditions emerge over the next few years.

2006 saw a considerable growth in the take-up of our debtor protection scheme offered in conjunction with and fully backed by our insurer AIG. No risk accrues to Ultimate with this product. Thus far the product has been very well received and take up both by new clients and existing clients has been very positive. Clients are now able to offset customer insolvency risk through Ultimate in conjunction with AIG.

The debtor protection scheme gives rise to improved margins and new marketing opportunities.

People and systems

We have continued to strengthen all departments of the business to keep in step with a growing business. Investments in offices, systems, equipment and staff made over the last four years are now delivering profit growth which we confidently expect to continue. Resource growth in the operations department is anticipated to continue growing in line with the size of the portfolio.

2005/06 saw the bedding down of our new software system designed to provide improvements in risk management, the efficiency of data processing and client reporting leading to many productivity gains. The system is working well and already delivering benefits to all stakeholders of the group.

Prospects

After four years in business I can confidently state that we have, thus far, fulfilled all of the management team's expectations for the business in what is still an exciting market full of opportunities.

With a well-trained and competent operations team safeguarding the funds invested in the portfolio and an established and very experienced sales team based across the country able and willing to provide appropriate, competitive and speedy solutions to company cash flow problems, I am confident of continued growth.

It remains for me to thank all the staff at Ultimate who have once again demonstrated beyond expectations their commitment and passion for our business by delivering exceptional growth with utmost attention to risk and service.

Brian Sumner
Chief Executive

Corporate governance

The board has given consideration to the Combined Code of Corporate Governance issued by the London Stock Exchange. Although companies traded on AIM are not required to provide Corporate Governance disclosure, the directors have chosen to provide certain information on how the company has adopted various principles of the Code.

The board and its committees

The group board is currently made up of four executive and three non-executive directors. The board is responsible for the overall direction and strategy of the group and meets regularly throughout the year. Under the company's Articles of Association, one third of the directors are required to retire by rotation each year.

The board has formally established a number of committees and agreed their terms of reference, these committees being:

Remuneration committee

The principal function of this Committee is to determine the policy on Executive appointments and remuneration. The Committee consists of three non-executive directors, Richard Lee, who chairs the Committee, Clive Garston and Derek Ashford. It is the aim of the Committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for an executive normally comprises of basic salary, bonus, benefits in kind and options. Details of the current directors' remuneration and the executive share option scheme are given in the Remuneration report, the Directors' report and the notes to the financial statements.

The Chief Executive may be invited to attend certain discussions of the Committee.

Audit committee

The Committee is made up of Derek Ashford as Chairman of the Committee and two non-executive directors, Richard Lee and Clive Garston. Its principal terms of reference are to review compliance with all relevant financial services legislation and regulation, adherence to and effectiveness of the group's own internal procedures and the identification of operational, credit and other financial risks. The Audit Committee is also responsible for reviewing the interim and annual financial statements and for the appointment of external auditors.

Internal control

The directors acknowledge that they are responsible for the system of internal control established by the group and place considerable importance on maintaining a strong control environment. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss.

Detailed internal control procedures exist throughout the group's operations and compliance is monitored by management.

Remuneration report

Companies traded on AIM are not required to provide a formal remuneration report. Therefore this report is provided for information purposes only to give a greater transparency to the way executive directors are remunerated.

Composition and role of the remuneration committee

The board of directors has established a remuneration committee, which consists of three non-executive directors, Richard Lee who chairs the committee, Clive Garston and Derek Ashford.

The committee determines and agrees with the board the framework and policy of executive directors' remuneration and the associated costs to the group and is responsible for the implementation of that policy. The committee determines the specific remuneration packages for each of the executive directors and no director is involved in any decision as to his own remuneration. The committee has access to information and advice provided by the Chief Executive and has access to independent advice where it considers it appropriate.

This report explains how the group has applied its policy on remuneration paid to executive directors.

Framework and policy on executive directors' remuneration

The group's remuneration policy is designed to provide competitive rewards for its executive directors taking into account the performance of the group and the individual executives together with comparisons to pay conditions throughout the market in which the group operates. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore remuneration packages for executive directors normally include salary, discretionary bonuses, benefits in kind and options. In agreeing the level of basic salaries and annual bonuses the committee takes into consideration the total remuneration that executives could receive.

Basic salary

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The committee seeks to establish a basic salary for each executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size in the same market.

Incentive arrangements

1. Annual discretionary bonus

These are designed to reflect the group's performance, taking into account the performance of its peers, the market in which the group operates and the executive's contribution to that performance. These bonuses are added to normal salary and subjected to normal PAYE taxation.

2. Share options

Under the terms of the company's Share Option Schemes, options over the company's shares may be issued on a discretionary basis to the executives within the group at not less than the prevailing market price. Under the Company Share Ownership Plan, the maximum aggregate subscription price of all options issued to an executive in any ten year period may not exceed £30,000. In addition, options may not be granted in total in excess of 10% of the issued ordinary share capital of the company.

Under the Unapproved Employee Share Option Scheme, the number of shares in which options may be granted must not exceed 5% of the issued ordinary share capital of the company.

Remuneration report *(continued)*

At the discretion of the board, exercise of options granted under both schemes can be subject to performance criteria. Options granted to the executives under the Unapproved Employee Share Option Scheme on 7 June 2002 are subject to the company achieving pre tax profits of not less than £1,000,000, as shown by the group's audited consolidated financial statements. No conditions apply to the exercise of any other options currently held.

During the year to 30 June 2006, 172,500 options were granted over the company's shares under the Company Share Ownership Plan to employees of the company including the executive directors.

Other employee benefits

Executive directors are entitled to a range of benefits, including a company car (or car allowance), contributions to personal pension plans, private medical insurance and life assurance.

Service contracts and notice periods

Brian Sumner, Richard Pepler and Jeremy Coombes are employed on rolling contracts subject to twelve months' notice from the company or six months notice from the executive. Shane Horsell is employed on a service contract subject to six months' notice given by either party. The service contracts of the current executive directors are available for inspection by any person at the company's registered office during normal working hours on any day except weekends and bank holidays and at the Annual General Meeting from 10.00am on the day of the Meeting until the conclusion of the Meeting.

Service contracts do not provide explicitly for termination payments or damages but the company may make payments in lieu of notice. For this purpose pay in lieu of notice would consist of basic salary and other relevant emoluments for the notice period excluding any bonus.

Non-executive directors

All non-executive directors are appointed on a rolling basis subject to six months' notice by either the non-executive director or the company, given at any time. In the event of termination of their appointment they are not entitled to any compensation. The terms and conditions of appointment of non-executive directors are available for inspection by any person at the company's registered office during normal working hours on any day except weekends or bank holidays and at the Annual General Meeting from 10.00am on the day of the Meeting until the conclusion of the Meeting.

Non-executive directors are not eligible for pensions and do not participate in the company's bonus or share schemes.

Remuneration report (continued)

Directors' emoluments

The remuneration of each director, excluding share options and awards, during the year ended 30 June 2006 is detailed in the table below:

	Salaries/Fees £	Benefits £	Total for year ended 30 June 2006 £	Total for year ended 30 June 2005 £	Pension contributions for year ended 30 June 2006 £	Pension contributions for year ended 30 June 2005 £
Executives						
Brian Sumner	97,060	2,828	99,888	84,038	12,150	11,025
Darren Newman ¹	22,514	4,433	26,948	34,664	2,083	2,995
Jeremy Coombes	79,395	1,259	80,654	71,372	6,900	6,300
Richard Pepler	78,358	10,201	88,559	71,350	7,100	6,300
Shane Horsell ²	22,491	293	22,784	-	1,992	-
Non-executives						
Clive Garston	17,500	-	17,500	15,000	-	-
Derek Ashford	12,500	-	12,500	10,000	-	-
Mark Harris ³	-	-	-	3,623	-	-
Richard Lee	12,500	-	12,500	10,000	-	-
	342,318	19,014	361,333	300,047	30,225	26,620

¹ Darren Newman was appointed to the board on 11 November 2004. He subsequently resigned on 30 November 2005.

² Shane Horsell was appointed to the board on 10 March 2006.

³ Mark Harris resigned from the board on 11 November 2004.

The emoluments of the executive directors are incurred by Ultimate Finance Limited.

Remuneration report *(continued)*

Directors' interests in share options

	Number of ordinary shares	Date of grant of share option	Exercise price per ordinary share	Exercise period
Brian Sumner	*100,000	07/06/2002	24.0p	07/12/03 to 06/06/09
	25,000	28/11/2003	23.0p	28/11/06 to 27/11/10
	50,000	29/09/2004	17.5p	29/09/07 to 28/09/11
	25,000	13/04/2005	21.0p	13/04/08 to 12/04/12
Richard Pepler	*100,000	07/06/2002	24.0p	07/12/03 to 06/06/09
	25,000	28/11/2003	23.0p	28/11/06 to 27/11/10
	50,000	29/09/2004	17.5p	29/09/07 to 28/09/11
	25,000	13/04/2005	21.0p	13/04/08 to 12/04/12
Jeremy Coombes	*100,000	07/06/2002	24.0p	07/12/03 to 06/06/09
	25,000	28/11/2003	23.0p	28/11/06 to 27/11/10
	50,000	29/09/2004	17.5p	29/09/07 to 28/09/11
	25,000	13/04/2005	21.0p	13/04/08 to 12/04/12
Shane Horsell	75,000	15/03/2006	23.75p	15/03/09 to 14/03/13

* Options granted under the Unapproved Employee Share Option Scheme

Directors' report

The directors present their annual report and the audited financial statements for the year to 30 June 2006.

Principal activities

The company has one trading subsidiary, Ultimate Finance Limited and three dormant subsidiaries, Ultimate Factors Limited, Ultimate Asset Finance Limited and Ultimate Cash Flow Limited.

The principal activities of the group throughout the period were the provision of factoring, invoice discounting and trade finance services.

Business review

A review of the business can be found in the Chairman's statement on page 2 and the Chief Executive Officer's review on pages 3 and 4.

In addition the directors have considered the guidance on company narrative reporting issued by the DTI and the requirements of CA85 s234ZZB. The directors consider the major risks to the business to be:

Credit Risk – the risk of financial loss as a result of a client's failure to settle financial obligations as they fall due. This risk is mitigated by extremely stringent underwriting procedures before the client is accepted and by constant monitoring of the client's credit situation. With particular attention concentrated on the clients' debtors with regard to debtor concentration ratios, debtor validation checks (in case of fraudulent activities) on significant exposures, also poor credit risk debtors are not financed or only partially financed. All operational staff are extensively trained in these procedures.

General economic risk – clearly an economic downturn would potentially reduce the amount of client sales financed. However any economic downturn also increases the amount of businesses looking for factoring and invoice discounting solutions. At such times credit risk can increase and our credit risk procedures discussed above are tightened further.

Proposed dividend

The directors do not recommend the payment of a dividend (2005: nil)

Policy and practice on payment of creditors

The company subscribes and adheres to the 'Prompt Payer Partnership' code of practice for settlement of supplier accounts. Furthermore, it is the group's payment policy with all suppliers to settle due and outstanding accounts in accordance with the terms and conditions agreed when placing orders. At the year end, there were 11 days purchases in trade creditors for the group (2005: 14 days). There were no trade creditors for the company as at 30 June 2006 (2005: nil).

Directors and directors' interests

The directors who held office during the period were as follows:

Clive Garston
Brian Sumner
Richard Pepler
Jeremy Coombes
Shane Horsell
Darren Newman
Derek Ashford
Richard Lee

Darren Newman resigned from the board on 30 November 2005. Shane Horsell was appointed to the board 10 March 2006.

The directors retiring by rotation are Clive Garston and Jeremy Coombes who, being eligible, offer themselves for re-election.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial year, or their immediate families, had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Ordinary shares of 5p each	
	Interest at beginning of year	Interest at end of year
Clive Garston	236,000	236,000
Brian Sumner	1,376,845	1,401,845
Richard Pepler	945,925	945,925
Jeremy Coombes	811,010	811,010
Shane Horsell	-	40,000
Derek Ashford	111,000	111,000
Richard Lee	86,000	86,000

There have been no changes in the interests of the directors or their immediate families in the ordinary shares of the company according to the register of directors' interests between the year end and 8 September 2006, the last practicable date prior to the publication of this report.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company (or any other group company) were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

	Date of grant	Options granted	Exercise price	Exercise dates
Shane Horsell	15/03/06	75,000	23.75p	15 March 2009 to 14 March 2013

No rights to subscribe for shares in or debentures of the company (or any other group company) were granted to any of the directors or their immediate families between the year end and 8 September 2006.

Major shareholdings

At 8 September 2006, the last practicable date prior to the publication of this report, the company had been notified of the following shareholdings (other than directors) of 3% or more of the ordinary share capital:

	Ordinary Shares	%
W.H. Ireland Group plc	4,633,122	23.2
David Laurence Harvey Esq.	625,000	3.1

Directors' report *(continued)*

Political and charitable contributions

The group made charitable donations amounting to £603 during the period (2005: £130). The group made no political contributions during the period (2005: nil)

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 steps that 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 that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Notice of the Annual General Meeting of the company to be held at Bradley Pavilions, Pear Tree Road, Bradley Stoke, Bristol, BS32 0BQ at 11am on 26th October 2006 is enclosed with this report, together with a form of proxy.

By order of the Board

Brian Sumner
Director

Bradley Stoke
Bristol
BS32 0BQ
11 September 2006

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 group and 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 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.

Independent auditors' report to the members of Ultimate Finance Group plc

We have audited the group and parent company financial statements (the "financial statements") of Ultimate Finance Group plc for the year ended 30 June 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group 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 13.

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. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Chief Executive's review that is cross referenced from the Business Review section of the Directors' Report.

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 other transactions is not disclosed.

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

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 30 June 2006 and of the group's profit for the year 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.

11 September 2006

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Consolidated profit and loss account
for the year to 30 June 2006

	<i>Note</i>	2006 £	2005 £
Turnover	2	3,500,594	2,309,728
Administrative expenses		(2,635,325)	(1,947,615)
Operating profit		865,269	362,113
Other interest receivable and similar income		4,391	5,339
Interest payable and similar charges	6	(579,166)	(346,871)
Profit on ordinary activities before taxation	3	290,494	20,581
Tax on profit on ordinary activities	7	105,050	71,743
Profit on ordinary activities after taxation		395,544	92,324
Earnings per share	22		
Basic		1.98p	0.46p
Diluted		1.97p	0.46p

All amounts relate to continuing activities.

There are no recognised gains or losses in the current and previous periods except those reported above.

Consolidated balance sheet

At 30 June 2006

	<i>Note</i>	2006 £	2005 £
Fixed assets			
Tangible assets	9	116,695	104,963
Current assets			
Debtors	11	12,170,505	10,208,569
Cash at bank and in hand	12	844	600,022
		<hr/>	<hr/>
		12,171,349	10,808,591
Creditors: amounts falling due within one year	13	(9,852,627)	(8,873,681)
		<hr/>	<hr/>
Net current assets		2,318,722	1,934,910
		<hr/>	<hr/>
Net assets		2,435,417	2,039,873
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	999,851	999,851
Share premium account	15	1,949,390	1,949,390
Profit and loss account	15	(513,824)	(909,368)
		<hr/>	<hr/>
Shareholders' funds (all equity)		2,435,417	2,039,873
		<hr/>	<hr/>

Company balance sheet
At 30 June 2006

	<i>Note</i>	2006 £	2005 £
Fixed assets			
Investments	<i>10</i>	8	8
Current assets			
Debtors	<i>11</i>	2,932,389	2,785,630
Cash at bank and in hand	<i>12</i>	844	855
		<hr/>	<hr/>
		2,933,233	2,786,485
Creditors: amounts falling due within one year	<i>13</i>	(20,625)	(1,667)
		<hr/>	<hr/>
Net current assets		2,912,608	2,784,818
		<hr/>	<hr/>
Net assets		2,912,616	2,784,826
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	<i>14</i>	999,851	999,851
Share premium account	<i>15</i>	1,949,390	1,949,390
Profit and loss account	<i>15</i>	(36,625)	(164,415)
		<hr/>	<hr/>
Shareholders' funds (all equity)		2,912,616	2,784,826
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 11 September 2006 and were signed on its behalf by:

Brian Sumner
Director

Shane Horsell
Director

Consolidated cash flow statement
for the year to 30 June 2006

	<i>Note</i>	2006 £	2005 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		865,269	362,113
Depreciation charges		45,545	31,065
Increase in debtors		(1,856,886)	(4,916,798)
Increase in creditors		290,574	148,656
		<hr/>	<hr/>
Net cash outflow from operating activities		(655,498)	(4,374,964)
		<hr/> <hr/>	<hr/> <hr/>
Cash flow statement			
Cash flow from operating activities		(655,498)	(4,374,964)
Returns on investments and servicing of finance	<i>19</i>	(574,775)	(341,532)
Capital expenditure	<i>19</i>	(57,277)	(93,236)
		<hr/>	<hr/>
Cash outflow before financing		(1,287,550)	(4,809,732)
Financing	<i>19</i>	688,372	5,166,399
		<hr/>	<hr/>
(Decrease)/Increase in cash in the period		(599,178)	356,667
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in the period		(599,178)	356,667
Cash inflow from debt in the period	<i>20</i>	(688,372)	(5,166,399)
		<hr/>	<hr/>
Movement in net debt in the period	<i>20</i>	(1,287,550)	(4,809,732)
Net debt at the start of the period		(7,953,001)	(3,143,269)
		<hr/>	<hr/>
Net debt at the end of the period	<i>20</i>	(9,240,551)	(7,953,001)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of movements in shareholders' funds
for the year to 30 June 2006

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Profit for the period	395,544	127,790	92,324	228,965
Net addition to shareholders' funds	395,544	127,790	92,324	228,965
Opening shareholders' funds	2,039,873	2,784,826	1,947,549	2,555,861
Closing shareholders' funds	2,435,417	2,912,616	2,039,873	2,784,826

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 group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The directors have confirmed the company will provide financial support to Ultimate Finance Limited in order to meet liabilities as they fall due.

The board is required to report as to whether it is appropriate for the financial statements to be prepared on a going concern basis. The executive directors have prepared a budget which demonstrates a good future for the company and that the finances are sound. The board therefore continues to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Ultimate Finance Group plc and all of its subsidiary companies made up to 30 June 2006. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for Ultimate Finance Group plc as provided by Section 230 (3) of the Companies Act 1985.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment including network equipment	-	2-5 years
Computer equipment excluding network equipment	-	3 years

Foreign currencies

Payments received in settlement of assigned debts are received in foreign currency bank accounts. The amounts received are translated using the rate of exchange prevailing at the transaction date. Monetary assets denominated in foreign currencies are translated using the rate of exchange prevailing at the balance sheet date and any gains or losses on translation are reflected in client commitments.

Leases

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

Pension benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account includes the contributions payable to the scheme in respect of the accounting period.

Taxation

Deferred tax liabilities are recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax assets are recognised only when it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Turnover

Turnover represents fees (excluding value added tax) and discount income. Fees are recognised when service is provided and discount income is recognised on funds advanced to clients as it becomes due.

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.

Introducer commissions

Commissions payable to the introducers of business are charged to the profit and loss account over the minimum period of the service contract. In the event of early termination of a client's factoring arrangement, any commission not already charged to the profit and loss account is written off in full.

Client commitments

Amounts due to clients under recourse factoring agreements are offset against the related trade debtors. The resulting balance represents net client commitments and is included in debtors.

Client provisions

Provision is made specifically in relation to clients with outstanding advances where recoverability is doubtful.

2 Turnover

Turnover arises wholly from the principal activities of the group. It comprises service fees, discount charges and other income net of VAT. Turnover, profits or losses and net assets arise wholly within the United Kingdom.

Total client's sales financed during the year amounted to £123,044,105 (2005; £82,536,607).

3 Profit on ordinary activities before taxation

	2006 £	2005 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	27,000	18,500
Other services – fees payable to the auditor and its associates	3,500	3,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	45,545	31,065
Hire of other assets - operating leases	165,723	99,221

Notes (continued)

4 Remuneration of directors

	2006 £	2005 £
Directors' emoluments	361,333	300,047
Company contributions to money purchase pension schemes	30,225	26,620
	<u>391,558</u>	<u>326,667</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £99,888 (2005: £84,038), and company pension contributions of £12,150 (2005: £11,025) were made to a money purchase scheme on his behalf.

Full details of remuneration paid to directors during the year can be found in the remuneration report above. Retirement benefits are accruing to two directors under money purchase schemes.

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was 37 (2005: 25). The aggregate payroll costs of these persons were as follows:

	2006 £	2005 £
Wages and salaries	1,052,236	750,108
Social security costs	115,125	80,518
Other pension costs	63,488	51,966
	<u>1,230,849</u>	<u>882,592</u>

6 Interest payable and similar charges

	2006 £	2005 £
On bank loans and overdrafts	579,166	346,871

Notes (continued)

7 Taxation

	2006 £	2005 £
UK Corporation Tax at 30% (2005: 30%)	-	-
Total current tax charge	-	-
Deferred tax - origination and reversal of timing differences	105,050	71,743
Total taxation on profit on ordinary activities	105,050	71,743

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	290,494	20,581
Current tax at 30%	87,148	6,174
<i>Effects of:</i>		
Expenses not deductible for tax purposes	12,624	11,039
Capital allowances for period in excess of depreciation	2,494	(2,003)
Provisions not deductible for tax purposes	(4,683)	7,908
Utilisation of tax losses	(97,583)	(23,118)
Total current tax charge (see above)	Nil	Nil

A further deferred tax asset of £105,050 has been recognised in the year (2005: £71,743), as the directors believe it is more probable than not that it will be recovered in the future.

8 Result of the parent company

The parent company's profit for the period to 30 June 2006 amounted to £127,790 (2005: £228,965).

Notes (continued)

9 Tangible fixed assets

Group	Office equipment including network equipment £	Computer equipment excluding network equipment £	Total £
Cost			
At 30 June 2005	79,534	78,552	158,086
Additions	26,018	31,259	57,277
	<hr/>	<hr/>	<hr/>
At 30 June 2006	105,552	109,811	215,363
	<hr/>	<hr/>	<hr/>
Depreciation			
At 30 June 2005	20,419	32,704	53,123
Charge for the year	22,358	23,187	45,545
	<hr/>	<hr/>	<hr/>
At 30 June 2006	42,777	55,891	98,668
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2006	62,775	53,920	116,695
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2005	59,115	45,848	104,963
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10 Fixed asset investments

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

Name of company	Principal activity	Class of shares held	Proportion held	Capital and reserves held at 30 June 2006
Ultimate Finance Limited	Invoice discounting and debt factoring	2 ordinary shares of £1 each	100%	£(477,199)
Ultimate Cash Flow Limited	Dormant	2 ordinary shares of £1 each	100%	£2
Ultimate Factors Limited	Dormant	2 ordinary shares of £1 each	100%	£2
Ultimate Asset Finance Limited	Dormant	2 ordinary shares of £1 each	100%	£2

All subsidiary companies are incorporated in the United Kingdom.

Notes (continued)

11 Debtors

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Gross factored debts receivable	22,640,689	-	18,589,303	-
Due to clients on collection	(10,815,958)	-	(8,634,165)	-
Client commitments	11,824,731	-	9,955,138	-
Amounts owed by group undertakings	-	2,907,515	-	2,702,539
Deferred tax	176,793	16,986	71,743	71,743
Other debtors	28,685	7,888	38,438	11,348
Prepayments and accrued income	140,296	-	143,250	-
	12,170,505	2,932,389	10,208,569	2,785,630

Of the deferred tax asset, an amount which we cannot quantify will be recoverable after more than one year.

12 Cash

The company, together with its subsidiary undertakings, is party to a back to back receivables financing agreement with one of its bankers. This agreement permits the bankers to set off and/or combine all bank accounts included therein. The accounting disclosure of cash, loans and overdrafts adopted this year reflects the substance of this agreement.

13 Creditors: amounts falling due within one year

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Bank loans and overdrafts	9,241,395	-	8,553,023	-
Trade creditors	35,158	-	42,207	-
Taxation and social security	138,515	-	84,854	-
Other creditors	270,503	-	158,273	-
Accruals and deferred income	167,056	20,625	35,324	1,667
	9,852,627	20,625	8,873,681	1,667

The group has a loan facility with Lloyds TSB Commercial Finance Ltd for a £18 million back-to-back receivables financing agreement the minimum period for which expires on 30 June 2007.

The facility is secured against an all assets debenture given by Ultimate Finance Limited and a deed of guarantee and indemnity has been given by Ultimate Finance Group plc.

At the end of the year, the group utilised £9,213,516 of the facility (2005: £8,310,341).

Notes (continued)

14 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Equity: 40,000,000 (2005: 40,000,000) ordinary shares of 5p each	2,000,000	2,000,000
	=====	=====
<i>Allotted, called up and fully paid</i>		
Equity: 19,997,018 ordinary shares of 5p each	999,851	999,851
	=====	=====

Details of director's interests in the company are given in the directors' report on page 11.

15 Share premium and reserves

	Group share premium account 2006 £	Group profit and loss account 2006 £	Company share premium account 2006 £	Company profit and loss account 2006 £
At beginning of year	1,949,390	(909,368)	1,949,390	(164,415)
Retained profit for the period	-	395,544	-	127,790
	-----	-----	-----	-----
At end of year	1,949,390	(513,824)	1,949,390	(36,625)
	=====	=====	=====	=====

Notes *(continued)*

16 Provisions for liabilities and charges

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Deferred tax asset at beginning of year	71,743	71,743	-	-
Deferred tax asset recognised/(released) in the year	105,050	(54,757)	71,743	71,743
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset at end of year	176,793	16,986	71,743	71,743
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There is no unrecognised deferred tax asset in the company at 30 June 2006 (2005: £nil), as calculated under Financial Reporting Standard 19. The group unrecognised deferred tax asset under FRS 19 is shown below:

Group	Unprovided 2006 £	Unprovided 2005 £
Difference between accumulated depreciation and capital allowances	-	(14,304)
Other timing differences	-	219,125
	<hr/>	<hr/>
	-	204,821
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

17 Commitments

- (a) There were no capital commitments at the end of the financial period.
- (b) Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2006 £	Other 2006 £	Land and buildings 2005 £	Other 2005 £
Operating leases which expire:				
Within one year	6,280	2,987	6,840	3,096
In the second to fifth years inclusive	53,284	135,617	53,284	98,534
	<hr/> 59,564 <hr/>	<hr/> 138,604 <hr/>	<hr/> 60,124 <hr/>	<hr/> 101,630 <hr/>

18 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period includes contributions payable by the group to the scheme and amounted to £43,549 (2005: £35,786).

Contributions amounting to £4,371 were unpaid at the year end and are included in creditors (2005: £3,537)

The group also pays into schemes outside of the group's defined contribution scheme for two directors and one employee.

Notes (continued)

19 Analysis of cash flows

	2006 £	2005 £
Returns on investment and servicing of finance		
Interest received	4,391	5,339
Interest paid	(579,166)	(346,871)
	<u>(574,775)</u>	<u>(341,532)</u>
Capital expenditure		
Purchase of tangible fixed assets	(57,277)	(93,236)
	<u>(57,277)</u>	<u>(93,236)</u>
Financing		
Utilisation of credit facility/bank overdraft	688,372	5,166,399
	<u>688,372</u>	<u>5,166,399</u>

20 Analysis of net debt

	At 30 June 2005 £	Cash flow £	At 30 June 2006 £
Cash in hand, at bank (see note 12)	600,022	(599,178)	844
Utilisation of credit facility/bank overdraft	(8,553,023)	(688,372)	(9,241,395)
Total	<u>(7,953,001)</u>	<u>(1,287,550)</u>	<u>(9,240,551)</u>

Notes (continued)

21 Financial instruments

The group's financial instruments comprise, bank borrowings and facilities, cash and short and medium term deposits. The fair value of financial assets and financial liabilities are not materially different from their net book value. The group has various other financial instruments, including factored debt receivable, client advances, trade debtors and trade creditors, that arise directly from its operations which have not been included in the following disclosures.

The main risk arising from the group's financial instruments are interest rate risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the board. It is and has been throughout the period under review the group's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The group debt represents bank borrowings at a rate based on Bank of England base rate. Discount fee income from client funding is similarly based on the Bank of England base rate.

Liquidity risk

It is the group's policy to finance its business by means of internally generated funds, equity and facilities from its bankers. The facilities are regularly reviewed by the board.

22 Earnings per share

The basic profit per share for the period to 30 June 2006 has been calculated from the profit on ordinary activities after taxation of £395,544 (2005: £92,324) and on the weighted average number of ordinary shares in issue during the year (19,997,018) (2005: 19,997,018).

The company has dilutive potential ordinary shares in respect of the 'Company Share Option Plan' (see remuneration report above). The diluted earnings per share amounts to 1.97p (2005: 0.46p) and is based on profit on ordinary activities after taxation of £395,544 (2005: £92,324) and 20,054,325 ordinary shares being the weighted average of the shares in issue during the year adjusted to assume conversion of all dilutive potential ordinary shares (2005: 20,027,787).

Adjusted earnings per share figures have been calculated in addition to the basic and diluted figures since, in the opinion of the directors, these provide further information on the understanding of the group's performance. A reconciliation of the different earnings per share figures is shown below.

	2006	2005
	Pence	pence
Basic earnings per share	1.98	0.46
Adjustment for recognition of deferred tax asset	(0.53)	(0.36)
	<hr/>	<hr/>
Earnings per share before recognition of deferred tax asset	1.45	0.10
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

23 Related party disclosures

At the year end W. H. Ireland Group plc, of whom Derek Ashford and Richard Lee are executive directors, owned 23.2% of the company's issued share capital.

At the year end there were outstanding balances in respect of directors fees payable to Derek Ashford of £7,292 (2005: £834) and Richard Lee £2,448 (2005: £833).

During the period under review W. H. Ireland Limited, a subsidiary of W. H. Ireland Group plc, acted as broker to the company. The total amount payable by the group for these services during the year to 30 June 2006 was £10,000.

During the period under review Halliwells LLP, of whom Clive Garston is a senior partner, acted as solicitors to the company. The total amount payable by the group for these services during the year to 30 June 2006 was £500.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Ultimate Finance Group plc (“the Company”) will be held at Bradley Pavilions, Pear Tree Road, Bradley Stoke, Bristol BS32 0BQ at 11am on 26th October 2006, for the following purposes:

Ordinary Business

1. To receive and adopt the report of the directors and the audited financial statements for the period ended 30 June 2006.
2. To re-elect C R Garston as a director who retires in accordance with the Company's articles of association.
3. To re-elect J H Coombes as a director who retires in accordance with the Company's articles of association.
4. To elect S Horsell as a director of the Company.
5. To re-appoint KPMG Audit Plc as auditors of the Company in accordance with section 385 of the Companies Act 1985 (the “Act”) until the conclusion of the next annual general meeting and to authorise the directors of the Company to determine their remuneration for the ensuing year.

Special Business

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution;
“That, in substitution for all existing and unexercised authorities, the directors of the Company be and they are hereby generally and unconditionally authorised and empowered pursuant to and for the purposes of section 80 of the Act to exercise all and any powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount equal to £199,970 to such persons and at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company). This authority and power expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company next following the passing of this resolution or 15 months from the date of passing of this resolution (whichever is the earlier). The directors of the Company may, at any time prior to the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after expiry of such period and the directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if this authority and power had not expired.”
7. To consider and, if thought fit, to pass the following resolution as a special resolution;
“That, subject to the resolution numbered 6 in the notice of the meeting at which this resolution is proposed being passed, in substitution for all existing and unexercised authorities and powers, the directors of the Company be authorised and empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the general authority and power conferred by the resolution numbered 6 in the notice of the meeting at which this resolution is proposed as if section 89(1) of the Act did not apply to any such allotment save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred on them by the resolution had not expired and save that this authority and power is limited to:
 - (i) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are in proportion (as nearly as may be) to their respective existing holdings of ordinary shares of 5 pence each in the capital of the Company, but subject to such exclusions or other arrangements as the directors of the Company deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of a regulatory body or stock exchange; and

Notice of Annual General Meeting *(continued)*

- (ii) the allotment (other than pursuant to (i) above) of equity securities up to an aggregate nominal value of £199,970 representing 20% of the nominal value of the current issued ordinary share capital of the Company,

provided that this authority and power shall, unless previously renewed, varied or revoked, expire at the conclusion of the annual general meeting of the Company next following the passing of this resolution or 15 months from the date of passing of this resolution (whichever is the earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if this authority and power had not expired."

BY ORDER OF THE BOARD

Shane Horsell
Company Secretary

Registered office:
Bradley Pavilions
Pear Tree Road
Bradley Stoke
Bristol
BS32 0BQ

11 September 2006

Notice of Annual General Meeting *(continued)*

Notes

1 In accordance with the articles of association of the Company, a member entitled to attend and vote at this meeting is entitled to appoint one or more other persons (whether members or not) as his proxy to attend and vote instead of him. The instrument appointing a proxy (and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority) must be deposited at the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not less than 48 hours before the time appointed for the meeting. A form of proxy accompanies this notice for use by members. Completion of the form of proxy will not preclude a member from attending and voting in person.

2 Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.

3 The register of directors' interests in the shares of the Company and copies of the directors' service contracts, other than those expiring or determinable without payments of compensation within one year, are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice until the annual general meeting.

4 In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, in order to have the right to attend or vote at the meeting and for the purpose of determining how many votes he may cast, a holder of ordinary shares must be entered on the Company's register of members in respect of such ordinary shares by 6.00pm on 24 October 2006. Changes to entries on the register after 6.00pm on 24 October 2006 shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Explanatory notes

Resolution 6 – Directors' power to allot securities

Under section 80 of the Act, relevant shares may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the directors to issue shares without further reference to shareholders. This resolution authorises the issue of shares up to an aggregate nominal value of £199,970, which is equal to 20% of the nominal value of the current issued ordinary share capital of the Company, for the period commencing with the passing of the resolution until the conclusion of the annual general meeting in 2007 or 15 months from the date of passing of the resolution (whichever is the earlier).

Resolution 7 – Disapplication of pre-emption rights on equity issues for cash

Section 89 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure, which in the case of a rights issue may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the directors to allot shares up to an aggregate nominal value of £199,970, which is equal to 20% of the nominal value of the current issued ordinary share capital of the Company, subject to resolution 6 being passed.

The directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution (whichever is the earlier).

Proxy Form

BLOCK CAPITALS PLEASE

I/We, the undersigned,.....

being a member/members of Ultimate Finance Group plc (“the Company”), hereby appoint the Chairman of the Meeting/or

..... (Note 1)

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 11am at Bradley Pavilions, Pear Tree Road, Bradley Stoke, Bristol, BS32 0BQ on 26 October 2006 and at any adjournment thereof.

Signature (Note 2)

Joint holders (if any) (Note 4)

Name Name.....

Name Name.....

Dated

Please indicate with an X in the spaces below how you wish your votes to be cast. (Note 3)

		<i>For</i>	<i>Against</i>	<i>Abstain</i>
Resolution 1	To adopt the directors' report and annual accounts for the year ended 30 June 2006			
Resolution 2	To re-elect C R Garston as a director of the Company			
Resolution 3	To re-elect J H Coombes as a director of the Company			
Resolution 4	To elect S Horsell as a Director of the Company			
Resolution 5	To re-appoint KPMG Audit Plc as auditors of the Company			
Resolution 6	To authorise the directors of the Company to allot securities pursuant to section 80 of the Companies Act 1985 (the “Act”) to an aggregate nominal value of £199,970.			
Resolution 7	To empower the directors of the Company, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution 6 as if section 89(1) of the Act did not apply to any such allotment, subject to the terms and limitations set out in the resolution.			

Proxy Form *(continued)*

Notes

1 If you wish to appoint some other person as your proxy please insert his/her name and address, initial and strike out the words “the Chairman of the Meeting/or”. A proxy need not be a member of the Company. This Form of Proxy (and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority) must be deposited at the Company’s registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not less than 48 hours before the time appointed for the meeting. Appointing a proxy will not preclude you from personally attending and voting at the meeting (in substitution for your proxy vote) if you subsequently decide to do so. If no name is entered, the return of this form, duly signed, will authorise the Chairman of the meeting to act as your proxy.

2 This Form of Proxy must, in the case of an individual, be signed by the appointer or his/her attorney or, in the case of a corporation, be given under its common seal or signed on its behalf by an attorney or a duly authorised officer or, if it is subject to the Companies Act 1985 (as amended), in accordance with section 36A thereof. Any alteration in this Form of Proxy must be initialled by the person in whose hand it is signed or executed.

3 Please indicate with an X in the appropriate box how you wish your vote to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as whether, and if so, how he/she will vote. Unless instructed otherwise, the Proxy may also vote or abstain from voting as he or she thinks fit on any other business which may properly come before the meeting (including amendments to resolutions).

4 In the case of joint holders of a share, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the statutory register of members in respect of the relevant share.

Company information and advisers

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Principal Bankers

Lloyds TSB Bank plc
PO Box 112
Canons House
Canons Way
Bristol
BS99 7LB

Brokers

W.H. Ireland Limited
11 St James's Square
Manchester
M2 6WH

Nominated Adviser

Dawnay, Day Corporate Finance Limited
8-10 Grosvenor Gardens
London
SW1W 0DH

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Solicitors

Halliwells LLP
St James's Court
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M2 2JF

Paul Davidson Taylor
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Registered Office

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