

Ring Limited

Directors' report and financial statements

For the year ended 30 September 2006

Registered number 29796



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Company information

Directors

A C Meyer
B W H Davidson
G Woelcke
A E Morris

Company Secretary

B W H Davidson

Registered Office

Gelderd Road
Leeds
LS12 6NB

Auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Report of the directors

The directors present their report and the audited financial statements for the year ended 30 September 2006

Principal activity and business review

The principal activity of the Company is that of a holding company

The principal activity of the Group during the year was in distribution, comprising the supply of products to the lighting and automotive markets

The Group is a long established lighting group with over 25 years industry experience. Part of the Catalina Lighting group based in Miami, Florida, we are a key supplier to a number of major retail and wholesale channels including DIY, Grocery and High Street stores and various independent and commercial retailers across the world. It is through our innovative approach, quality of product and standard of service that our business has continued to thrive, becoming a key player in the lighting industry.

During the year the priority has been to refocus the Group and continue the development of the ongoing lighting business through new product innovation. The Group also undertook a review of its business activities and underwent a period of restructuring. The Group is working hard to support its existing customers through promotional activity and added value service through its warehousing operation whilst exploring new and profitable routes to market.

The result for the year is set out in the consolidated profit and loss account on page 7

Group operating performance

	2006 £'000	2005 £'000
Turnover from continuing operations	32,985	42,062
EBITDA from continuing operations	1,561	3,577
EBITDA as a % of turnover	4.7%	8.5%

Following the completion of the divestiture of non-core UK businesses in 2005 and the closure by the Group's immediate holding company of the group's manufacturing facility in China, the Group has reviewed the recoverability of certain loans made to group undertakings. As a result the Group has made a provision of £12,300,000 against these loans. This is disclosed as an exceptional operating expense in note 3 to the accounts. In addition, the Company has reviewed the carrying value of investments in subsidiary undertakings and has provided an additional £3,281,000 against these investments.

Change in accounting policy

The Group has adopted FRS 25 'Financial instruments: disclosure and presentation' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparatives have been restated accordingly.

The effect of the change in accounting policy to adopt the presentation requirements of FRS 25 was to reclassify preference shares of £12,500 (2005: £12,500) from equity to liabilities and the related dividends of £6,349 (2005: £6,349) are recognised as an interest cost. £6,000 (2005: £6,000) of this amount relates to dividends payable to minority interests of subsidiary undertakings.

Financial risk management objectives and policies

The Group uses various financial instruments which include loans, cash, preference shares and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to interest rate risk and currency risk, the Group enters into a number of derivative transactions including, but not limited to, forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Market risk

Market risk encompasses two types of risk, being currency risk and fair value interest rate risk. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Report of the directors (continued)

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the Group does not adopt an accounting policy of hedge accounting for these financial statements.

About 50% of the Group's purchases are invoiced in US dollars and about 5% are invoiced in Euros. The Group policy is to try to minimise, as far as possible, currency exposures. Where there is a material residual exposure the Group uses forward currency contracts to minimise the risk associated with that exposure.

The table below shows the extent to which the Group has residual financial assets and liabilities, after taking account of forward currency contracts, in currencies other than sterling. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the Group.

Functional currency of operation	Net foreign currency monetary (liability)/asset		
	Euro £'000	US Dollar £'000	Total £'000
2006			
Sterling	-	(11)	(11)
2005			
Sterling	-	9	9

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. At 30 September 2006 the Group had access to undrawn borrowing facilities of an additional £2,154,000. Access to these facilities is expected to expire on 31 August 2007 and on 23 December 2007 but negotiations are currently underway to extend access to these facilities.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings and preference shares. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The interest rate exposure of the financial assets and liabilities of the Group as at 30 September 2006 is shown in the table below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Interest rate		Total £'000
	Floating £'000	Zero £'000	
Financial assets			
Cash	207	-	207
Trade debtors	-	8,036	8,036
	207	8,036	8,243
Financial liabilities			
Trade creditors	-	4,238	4,238
3 5% cumulative preference shares	-	13	13
	-	4,251	4,251

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. To minimise the Group's credit risk the principal trading subsidiary, Ring Lamp Company Limited, credit insures, where possible, its trade debtors. At 30 September 2006, the Group had £404,000 of uninsured trade debtors.

Dividends

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

Report of the directors *(continued)*

Directors and directors' interests

The directors who served during the year were

B W H Davidson	
A E Morris	
R Varakian	(resigned 30 November 2006)
A D Borzillo	(appointed 2 May 2006, resigned 29 August 2006)
S G Marble	(resigned 2 May 2006)
N G Lax	(resigned 29 September 2006)

Subsequent to the year end the following directors were appointed

A C Meyer	(appointed 30 November 2006)
G Woelcke	(appointed 2 January 2007)

At the beginning and end of the year none of the directors or their families had any interest in, or option or other right to subscribe for, the share capital of the Company or in any other group undertaking incorporated in the United Kingdom

Employees

The Group recognises the need for good communication and is committed to involving all employees in its development. Employees are kept informed of, consulted and encouraged to express their views on matters which are likely to affect their interest in and contribution to their company, its profitability and performance.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to continue their employment or provide training for any other suitable position. Disabled persons are eligible to participate in all career development opportunities available to staff. All employees are given opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers.

Charitable donations and political donations

Charitable donations made during the year amounted to £562 (2005: £2,289). There were no political donations.

Supplier payment policy

The Company does not follow an external code or standard on payment practice but it is the Group's policy to pay its suppliers in accordance with the agreed terms, provided that the supplier also complies with all relevant terms and conditions.

At 30 September 2006 and 30 September 2005 the Company had no trade creditors.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company and Group and of the profit or loss for that financial year. In preparing those financial statements, the directors are required to

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

The directors are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy, at any time the financial position of the Company and enable them to ensure that the 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.

In so far as the directors are aware

- a there is no relevant audit information of which the company's auditors are unaware, and
- b 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.

Report of the directors *(continued)*

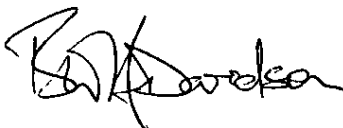
Related party disclosures

The Company has taken advantage of the dispensation within FRS8 not to disclose transactions with other group companies (other than turnover) and investees of the group qualifying as related parties on the grounds that more than 90% of the voting rights are controlled by Catalina International Limited which includes the Company in its own published consolidated financial statements

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385(2) of the Companies Act 1985

By order of the Board

A handwritten signature in black ink, appearing to read 'B W H Davidson', written over a horizontal line.

B W H Davidson
Secretary

27 July 2007

Grant Thornton UK LLP

No 1 Whitehall Riverside
Leeds
LS1 4BN

Report of the Independent Auditors to the members of Ring Limited

We have audited the Group and Parent Company financial statements (the "financial statements") of Ring Limited for the year ended 30 September 2006 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement, consolidated statement of recognised gains and losses and notes 1 to 22. 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 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 members as a body, for our audit work, for this report, or 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 United Kingdom law and accounting standards (United Kingdom generally accepted accounting practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

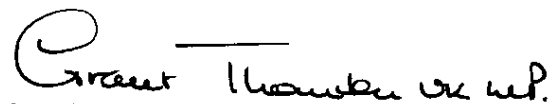
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group 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:

- a the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 30 September 2006 and of the Group's loss for the year then ended,
- b the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- c the information given in the Directors' Report is consistent with the financial statements.



Grant Thornton UK LLP

Registered Auditors
Chartered Accountants
Leeds

27 July 2007

Consolidated profit and loss account
for the year ended 30 September 2006

	Note	2006 £'000	2005 £'000 *restated
Turnover		32,985	42,062
- continuing operations		-	18,947
- discontinued operations	2	<u>32,985</u>	<u>61,009</u>
Cost of sales	3	(21,235)	(39,070)
Gross profit		11,750	21,939
Operating costs	3	(22,910)	(16,995)
Operating (loss)/profit		(11,160)	3,333
- continuing operations		-	1,611
- discontinued operations		<u>(11,160)</u>	<u>4,944</u>
Loss on sale of discontinued activities including goodwill reinstated of £nil (2005 £12,866,000)		-	(12,232)
Loss on ordinary activities before interest		(11,160)	(7,288)
Interest receivable	6	1,520	904
Interest payable and similar charges	6	(25)	(25)
Loss on ordinary activities before taxation		(9,665)	(6,409)
Tax on loss on ordinary activities	7	(656)	(1,629)
Absorbed loss for the financial year transferred from reserves	16	(10,321)	(8,038)

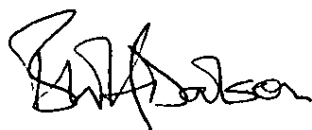
The notes on pages 11 to 22 form an integral part of these financial statements

Balance sheets
at 30 September 2006

	Note	Group		Company	
		30 September 2006 £'000	30 September 2005 £'000 *restated	30 September 2006 £'000	30 September 2005 £'000 *restated
Fixed assets					
Tangible assets	8	338	469	-	-
Investments	9	-	-	18,862	22,143
		<u>338</u>	<u>469</u>	<u>18,862</u>	<u>22,143</u>
Current assets					
Stocks	10	6,608	7,887	-	-
Debtors amounts falling due within one year	11	20,609	28,839	10,570	19,144
Cash at bank and in hand		207	113	-	1,950
		<u>27,424</u>	<u>36,839</u>	<u>10,570</u>	<u>21,094</u>
Creditors amounts falling due within one year	12	(6,897)	(5,988)	(13,902)	(12,931)
Net current assets/(liabilities)		<u>20,527</u>	<u>30,851</u>	<u>(3,332)</u>	<u>8,163</u>
Total assets less current liabilities		20,865	31,320	15,530	30,306
Creditors amounts falling due after more than one year	13	(49)	(109)	(13)	(13)
Net assets excluding pension liability		20,816	31,211	15,517	30,293
Pension liability	21	(4,713)	(4,329)	(4,713)	(4,329)
Net assets including pension liability		16,103	26,882	10,804	25,964
Minority interest		(99)	(99)	-	-
Net assets		16,004	26,783	10,804	25,964
Capital and reserves					
Called-up share capital	15	21,721	21,721	21,721	21,721
Capital redemption reserve	16	475	475	475	475
Other reserves	16	1,050	1,050	2,333	2,333
Profit and loss account	16	(7,242)	3,537	(13,725)	1,435
Total shareholders' funds		16,004	26,783	10,804	25,964

The notes on pages 11 to 22 form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 27 July 2007 and signed on its behalf by



B W H Davidson
Director

Statement of recognised gains and losses
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Loss attributable to shareholders of the Company	(10,321)	(8,038)
Actuarial loss arising on pension schemes	(654)	(317)
Tax attributable to actuarial loss	196	95
Total recognised gains and losses relating to the year	<u>(10,779)</u>	<u>(8,260)</u>

Reconciliation of movements in shareholders' funds
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Loss for the financial year	(10,321)	(8,038)
Goodwill reinstated on disposals	-	12,856
Actuarial revaluation of pension funds	(458)	(222)
Net (decrease)/increase in shareholders' funds	<u>(10,779)</u>	<u>4,596</u>
Opening shareholders' funds	26,796	22,200
Closing shareholders' funds	<u>16,017</u>	<u>26,796</u>

The notes on pages 11 to 22 form an integral part of these financial statements

Consolidated cash flow statement
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Cash flow from operating activities (note 17)	(263)	(10,856)
Returns on investments and servicing of finance (note 18)	1,484	879
Taxation	(847)	(2,285)
Capital expenditure and financial investment (note 18)	(31)	(264)
Acquisitions and disposals (note 18)	-	11,268
Cash flow before financing	343	(1,258)
Financing (note 18)	(67)	136
Increase/(decrease) in cash in the year	276	(1,122)

Reconciliation of net cash flow to movement in net funds/(debt)
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Increase/(decrease) in cash in the year	276	(1,122)
Cash flow from movement in debt and lease financing	67	(136)
Movement in net funds/(debt) in the year	343	(1,258)
Net (debt)/funds at beginning of year	(216)	1,042
Net funds/(debt) at end of year	127	(216)
	2006 £'000	2005 £'000

Net funds/(debt) is comprised of

Bank overdraft and short term loans net of cash at bank	207	(69)
Obligations under finance leases	(80)	(147)
Net funds/(debt)	127	(216)

The notes on pages 11 to 22 form an integral part of these financial statements

Notes to the financial statements

1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the financial statements, except for the adoption of new financial reporting standards introduced during the year. The effect of these are disclosed where relevant.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and each of its subsidiary undertakings for the year ended 30 September. The results of subsidiary undertakings acquired or disposed of during the year, and requiring to be acquisition accounted, are included in the consolidated profit and loss account from or up to the effective date of acquisition or disposal.

Change in accounting policy

The Group has adopted FRS 25 'Financial instruments: disclosure and presentation' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparatives have been restated accordingly.

The effect of the change in accounting policy to adopt the presentation requirements of FRS 25 was to reclassify preference shares of £12,500 (2005: £12,500) from equity to liabilities and the related dividends of £6,349 (2005: £6,349) are recognised as an interest cost. £6,000 (2005: £6,000) of this amount relates to dividends payable to minority interests of subsidiary undertakings.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Group, net of VAT and intra-group transactions.

Leased assets

Assets held under leasing arrangements that give rights approximating to ownership are capitalised as finance leases. The amount capitalised is the present value of the minimum payments payable during the term of each lease. The corresponding leasing commitments are included in creditors. The interest element of the rental obligations is charged to the profit and loss account using the annuity method.

Rentals in respect of all other leases are charged to the profit and loss account on a straight line basis over the lease term.

Depreciation

Freehold and long leasehold land is not depreciated. Depreciation on other assets is calculated to write off the cost on a straight line basis over the estimated useful lives, at the following rates:

Long leasehold property	- 40 years
Leasehold improvements	- over period of lease
Plant and equipment	- 3 - 15 years
Motor vehicles	- 4 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Stocks

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of production overheads.

Deferred taxation

In accordance with FRS 19 "Deferred Tax", 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 income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. 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.

Notes to the financial statements

1 Accounting policies (continued)

Goodwill

In accordance with FRS 10 "Goodwill and Intangible Assets", goodwill, being the excess of the fair value of the purchase consideration over the fair value of the net assets at the time of the purchase of the business, is capitalised and amortised over a maximum estimated useful life of 20 years on a straight line basis. Goodwill written off in periods prior to the implementation of FRS 10 will not be reinstated except in the event of a business being sold, where the goodwill is written back in calculating the profit or loss on disposal. In the event of a business being sold when the goodwill has been capitalised the associated goodwill is written off in the profit and loss account. The directors consider annually whether a provision against the value of goodwill on an individual investment basis is required.

Pension benefits

The Group operates a defined benefit pension scheme as well as several defined contribution pension schemes. The assets of these schemes are held separately from those of the Company and the Group in independently administered funds.

Contributions to the defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. Contributions to certain personal pension policies are charged to the profit and loss account as incurred.

In accordance with FRS 17 "Retirement Benefits", defined benefit scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Foreign currency translation

Transactions denominated in a foreign currency are translated into sterling at either the rate of exchange ruling on the date of the transaction or at the exchange rate of a forward foreign currency contract taken out to cover that transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date, unless they are covered by a related forward foreign currency contract, in which case the exchange rate applicable to the contract is used. Gains or losses on translation are included in the profit and loss account.

2 Segmental analysis

An analysis of turnover and operating profit (which all originated in the United Kingdom) is

	Turnover 2006 £'000	Operating loss 2006 £'000	Turnover 2005 £'000	Operating profit 2005 £'000
Continuing operations	32,985	(11,160)	42,062	3,333
Discontinued operations	-	-	18,947	1,611
Total	32,985	(11,160)	61,009	4,944
	2006 £'000		2005 £'000	
Turnover by destination				
United Kingdom	32,451		59,002	
Europe	494		1,715	
Far and Middle East	-		44	
North America	39		155	
Rest of World	1		93	
	32,985		61,009	

In the opinion of the directors there was only one segment of trade at both 30 September 2006 and 30 September 2005 and that all the net assets were utilised in that trade.

Notes to the financial statements

3 Cost of sales and operating costs

	2006 Continuing operations £'000	Continuing operations £'000	2005 Discontinued operations £'000	Total £'000
Cost of sales	21,235	26,984	12,086	39,070
<i>Operating costs</i>				
Distribution costs	3,826	4,798	1,710	6,508
Selling & marketing costs	3,925	4,307	1,842	6,149
Administrative costs	2,859	2,573	1,697	4,270
Amortisation of goodwill	-	68	-	68
	10,610	11,746	5,249	16,995
Net exceptional operating costs (see below)	12,300	-	-	-
	22,910	11,746	5,249	16,995

Net exceptional operating costs comprise

	2006 £'000	2005 £'000
Provision against amounts owed by group undertakings	12,300	-
<i>Operating (loss)/profit is stated after charging/(crediting)</i>		
	2006 £'000	2005 £'000
Auditors' remuneration - audit services	49	44
- other	14	45
Hire of plant, equipment and vehicles under operating leases	314	425
Leasehold property rents (net of rents received)	890	1,189
Depreciation of tangible fixed assets	178	236
Profit on disposal of tangible fixed assets (excluding land and buildings)	(17)	(16)
Amortisation of intangible fixed assets	-	68

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows

	2006 Number	2005 Number
Distribution & production	71	153
Selling & marketing	73	120
Administration	25	51
	169	324

The aggregate payroll costs of these persons (including directors emoluments) was

	2006 £'000	2005 £'000
Wages & salaries	3,390	6,170
Social security costs	331	602
Other employment costs (including pensions)	84	195
	3,805	6,967

Notes to the financial statements

5 Emoluments of directors

	2006 £'000	2005 £'000
Emoluments	214	382
Contributions to defined contribution schemes	16	27
Compensation for loss of office	45	-
	<u>275</u>	<u>409</u>

Three of the directors who served during the year (2005 three) were remunerated by fellow group undertakings located outside the United Kingdom. One of the directors who served during the year (2005 one) was remunerated by a fellow group undertaking located within the United Kingdom. No charge for their services is included in these financial statements for either the current or previous year.

Two directors (2005 four) are accruing retirement benefits under defined contribution schemes that are charged in these financial statements.

Highest paid director

Details of the highest paid director whose costs were charged in these financial statements are

	2006 £'000	2005 £'000
Emoluments	133	182
Pension contributions	12	6
	<u>145</u>	<u>188</u>

6 Interest receivable, payable and similar charges

	2006 £'000	2005 £'000
<i>Interest receivable</i>		*restated
Group loans	1,461	883
On tax refund	59	21
	<u>1,520</u>	<u>904</u>
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts and other loans repayable within 5 years	12	19
Finance lease charges	7	-
Preference dividends payable to minority interests including those of subsidiary undertakings	6	6
	<u>25</u>	<u>25</u>

7 Taxation

	2006 £'000	2005 £'000
<i>Current taxation</i>		
Corporation tax on (loss)/profit for the year at 30% (2005 30%)	698	1,574
Adjustments in respect of prior years	(81)	(14)
	<u>617</u>	<u>1,560</u>
<i>Deferred taxation</i>		
Relating to pension liability	32	22
Origination and reversal of timing differences	7	47
	<u>656</u>	<u>1,629</u>
Tax credit included above attributable to exceptional item	-	(160)

Notes to the financial statements

7 Taxation (continued)

The actual current tax charge for the year differs to the standard rate of tax for the reasons set out in the following reconciliation

	2006 £'000	2005 £'000 *restated
Loss on ordinary activities before tax	(9,665)	(6,409)
Tax on loss on ordinary activities at standard rate	(2,900)	(1,923)
<i>Factors affecting charge for the year</i>		
Non-deductible loss on sale of ancillary businesses	-	3,510
Non-deductible provision against amounts owed by group undertakings	3,690	-
Adjustments in respect of prior years	(81)	(14)
Preference dividends not deductible for tax purposes	2	2
Excess capital allowances over depreciation	(12)	(15)
Goodwill not deductible for tax purposes	-	20
Expenses not deductible for tax purposes	6	33
Other timing differences	(89)	(53)
Current taxation charge for the year	617	1,560

8 Tangible fixed assets

	Plant, equipment & vehicles £'000
Group	
<i>Cost</i>	
At 1 October 2005	3,456
Additions	52
Disposals	(194)
At 30 September 2006	3,314
<i>Depreciation</i>	
At 1 October 2005	2,987
Charge for the year	178
Disposals	(189)
At 30 September 2006	2,976
<i>Net book amounts</i>	
At 30 September 2006	338
At 30 September 2005	469

Included in tangible fixed assets at 30 September 2006 are assets held under finance leases and hire purchase with a net book value of £100,000 (2005 £152,000)

Notes to the financial statements

9 Fixed asset investments

	Company	
	30 September 2006 £'000	30 September 2005 £'000
<i>Investment in subsidiary undertakings</i>		
<i>Cost</i>		
At 1 October	41,550	49,028
Disposals	-	(7,478)
At 30 September	41,550	41,550
<i>Provisions</i>		
At 1 October	19,407	22,330
Charge for the year	3,281	1,180
Disposals	-	(4,103)
At 30 September	22,688	19,407
<i>Net book amounts</i>	18,862	22,143

Investment in subsidiary undertakings

The principal subsidiary undertakings, all of which are registered in England and Wales and based in the United Kingdom, at 30 September 2006 that have traded during the year were

<i>Principal subsidiary undertaking</i>	<i>Principal activity</i>
<i>Distribution</i>	
Ring Lamp Company Ltd	Lighting distributor
Lancer Products Ltd *	Automotive parts distributor
<i>Head Office</i>	
British Syphon Industries Ltd *	Distribution holding company
Marshall's Universal Ltd	Distribution holding company
Newton Mill Ltd	Distribution holding company
Graystone Ring Ltd *	Distribution holding company
Ring Group Ltd	Distribution holding company

* Direct subsidiaries of the parent undertaking, Ring Limited

The parent undertaking or its subsidiary undertakings own 100% of the ordinary and preference issued share capitals of the above undertakings, with the exception of Newton Mill Ltd in which 49.4% of the preference shares are held by external parties

Dormant subsidiary undertakings are not included in the note since their inclusion would result in a statement of excessive length. A complete list of dormant subsidiaries is available from the Company's registered office at Gelderd Road, Leeds, LS12 6NB

During the year the Company has reviewed the carrying value of investments in subsidiary undertakings. As a result, the provision against investments has been increased by £3,281,000.

10 Stocks

	Group	
	30 September 2006 £'000	30 September 2005 £'000
Raw materials and consumables	105	148
Finished goods and goods for resale	6,503	7,739
	6,608	7,887

Notes to the financial statements

11 Debtors

	Group		Company	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Trade debtors	8,036	6,221	-	-
Amounts owed by group undertakings	11,695	20,928	10,373	18,447
Other debtors	413	1,328	-	15
Prepayments	344	234	-	5
Corporation tax recoverable	-	-	175	652
Deferred taxation (note 14)	121	128	22	25
	20,609	28,839	10,570	19,144

12 Creditors: amounts falling due within one year

	Group		Company	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
		*restated		*restated
Bank overdraft	-	182	809	-
Obligations under finance leases	44	51	-	-
Trade creditors	4,238	3,588	-	-
Amounts owed to group undertakings	50	453	-	-
Amounts owed to subsidiary undertakings	-	-	12,928	12,708
Corporation tax payable	313	543	-	-
Other taxation and social security costs	388	265	17	-
Other creditors and accruals	1,859	901	148	223
Dividends payable to minority interests of subsidiary undertakings	5	5	-	-
	6,897	5,988	13,902	12,931

The Company's bank overdraft is secured by a cross-Group bank guarantee

13 Creditors: amounts falling due after more than one year

	Group		Company	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
		*restated		*restated
Obligations under finance leases	36	96	-	-
Cumulative preference shares	13	13	13	13
	49	109	13	13
<i>Authorised, allotted, called up and fully paid</i>				
20,000 3 5% cumulative preference shares of 62 5p each	13	13	13	13

The holders of the cumulative preference shares of 62 5p each are entitled to receive a fixed dividend of 3 5% per annum. The holders of the cumulative preference shares are not entitled to vote at general meetings so long as dividends are not greater than six months in arrears. On a winding up, the assets available for distribution shall be applied to repaying the preference shareholders, in priority to the equity shareholders, at a rate of £1 per fully paid share and arrears of dividends due.

The total borrowings (including finance leases) of the Group are repayable as follows

	Bank overdrafts		Finance lease and other borrowings	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Within one year	-	182	44	51
Between one and two years	-	-	36	48
Between two and five years	-	-	-	48
	-	182	80	147

Notes to the financial statements

14 Deferred taxation

Movements in deferred taxation assets, calculated at the rate of 30% (2005 30%), during the year are as follows

	Group		Company	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
At 1 October	128	193	25	26
Charged to profit and loss account during the year	(7)	(47)	(3)	(1)
Transferred on disposal of discontinued activities	-	(18)	-	-
At 30 September	121	128	22	25

Deferred taxation assets recognised in the Group financial statements and the amounts not recognised, calculated at the rate of 30% (2005 30%), are as follows

	Recognised		Not recognised	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Capital allowances	58	71	-	-
Other timing differences	63	57	-	-
Trading losses carried forward	-	-	39	39
Capital losses carried forward (see below)	-	-	5,139	5,139
	121	128	5,178	5,178

The capital losses are based on the submitted tax computations extant at 30 September 2005. No deferred tax asset has been recognised on these losses as in the opinion of the directors it is unlikely that they will be realised in the foreseeable future.

15 Called-up share capital

The authorised and allotted share capital at 30 September 2006 and 30 September 2005 was

	Authorised		Allotted, called-up and fully paid	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
		*restated		*restated
<i>Equity shares</i>				
Ordinary shares of 50p each	28,250	28,250	21,721	21,721

The cumulative 3.5% preference shares have been reclassified as financial liabilities in accordance with the disclosure requirements of FRS 25 and are shown in note 13.

Notes to the financial statements

16 Reserves

	Capital redemption reserves	Other non-distributable reserves £'000	Profit and loss account £'000
Group			
At 1 October 2005	475	1,050	3,537
Absorbed loss for the financial year	-	-	(10,321)
Actuarial revaluation of pension funds (net of deferred taxation)	-	-	(458)
At 30 September 2006	475	1,050	(7,242)
Company			
At 1 October 2005	475	2,333	1,435
Absorbed loss for the financial year	-	-	(14,702)
Actuarial revaluation of pension funds (net of deferred taxation)	-	-	(458)
At 30 September 2006	475	2,333	(13,725)

In accordance with the exemption allowed by section 230 (1) of the Companies Act 1985 the Company has not presented its own profit and loss account. The loss for the year before dividends paid and proposed was £14,702,000 (2005: loss £220,000).

The cumulative amount of goodwill written off directly against reserves in relation to acquisitions, net of goodwill relating to businesses disposed of, is £12,650,000 (2005: £12,650,000).

17 Reconciliation of operating profit to operating cash flows

	30 September 2006 £'000	30 September 2005 £'000
Operating (loss)/profit	(11,160)	4,944
Actuarial loss arising on pension schemes	(654)	(317)
Depreciation charge	178	236
Amortisation of goodwill	-	68
Profit on disposal of fixed assets (excluding land and buildings)	(17)	(16)
Decrease in stocks	1,280	1,171
Decrease/(increase) in debtors	8,223	(12,778)
Increase/(decrease) in creditors	1,887	(4,164)
Net cash outflow from operating activities	(263)	(10,856)

Notes to the financial statements

18 Analysis of cash flows for headings netted in the cash flow statement

	30 September 2006 £'000	30 September 2005 £'000
<i>Returns on investments and servicing of finance</i>		
Interest received	1,520	904
Interest paid	(23)	(19)
Preference dividends payable to minority interests including those of subsidiary undertakings	(6)	(6)
Interest element of finance lease rental payments	(7)	-
Net cash inflow from returns on investments and servicing of finance	<u>1,484</u>	<u>879</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(52)	(283)
Disposal of tangible fixed assets	21	19
Net cash outflow from capital expenditure and financial investment	<u>(31)</u>	<u>(264)</u>
<i>Acquisitions and disposals</i>		
Deferred consideration from prior year disposals of subsidiary undertaking	-	11
Net cash balances transferred on sale of subsidiary undertakings	-	(10)
Disposal of subsidiary undertakings	-	11,267
Net cash inflow from acquisitions and disposals	<u>-</u>	<u>11,268</u>
<i>Financing</i>		
New finance leases	-	144
Capital element of finance lease payments	(67)	(8)
Net cash (outflow)/inflow from financing	<u>(67)</u>	<u>136</u>

19 Financial commitments

Authorised future capital expenditure amounted to

	Group		Company	
	30 September 2006 £'000	30 September 2005 £'000	30 September 2006 £'000	30 September 2005 £'000
Contracted	<u>2</u>	-	-	-

At 30 September 2006 the Group and Company were committed to making the following payments during the next year in respect of operating leases

	Group		Company	
	Land and buildings £'000	Plant, equipment and vehicles £'000	Land and buildings £'000	Plant, equipment and vehicles £'000
Leases expiring				
Within one year	-	81	-	-
Within one to five years	57	146	-	-
In more than five years	640	-	-	-
	<u>697</u>	<u>227</u>	<u>-</u>	<u>-</u>

20 Contingent liabilities

	30 September 2006 £'000	30 September 2005 £'000
Overdrafts and loans guaranteed in respect of group undertakings	<u>7,595</u>	<u>8,109</u>

In addition, the Company, as part of the overall cross-group banking facility arrangements, guarantees letters of credit raised by fellow group undertakings

At 30 September 2006 the guarantee was secured by a floating charge over the assets of the United Kingdom sub-group, of which the Company is a member, headed by Catalina International Limited

Notes to the financial statements

21 Pension schemes

The Company operates a contracted out defined benefit scheme covering certain subsidiary undertakings. The scheme is administered externally and the assets are held separately by professional investment fund managers. There are no active members in the scheme and, to date, responsibility for the ongoing funding of the scheme in respect of accrued benefits has been assumed by the Company.

Costs and liabilities of the scheme are based on actuarial valuations compiled under the requirements of FRS 17. A triennial valuation of the scheme was carried out by a qualified independent actuary at 5 April 2006 which showed the scheme was underfunded. As a result, the Company continues to make contributions of £30,000 per month. The total costs charged in the year to this scheme, excluding the provision for the underfunding, were £nil (2005: £nil).

The Group provided an additional amount of £254,000 in the year. At 30 September 2006 there is a provision of £6,774,000 for pension costs, including expenses.

The assets in the scheme and expected rate of return at 30 September were:

Asset	Long term rate of return expected 2006	Estimated value 2006 £'000	Long term rate of return expected 2005	Estimated value 2005 £'000	Long term rate of return expected 2004	Estimated value 2004 £'000
Equities	6.10%	6,224	6.25%	5,867	6.75%	4,913
Gilts	4.10%	4,446	4.25%	4,124	4.75%	3,639
Corporate Bonds (AAA)	5.00%	2,518	5.00%	2,391	5.50%	2,108
		<u>13,188</u>		<u>12,382</u>		<u>10,660</u>

The liabilities of the scheme at 30 September were calculated on the following basis as required under FRS 17:

Assumptions	2006	2005	2004
Discount rate	5.01%	4.98%	5.52%
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.00%	2.75%	3.00%
Rate of increase in pensions in deferment	3.00%	2.75%	3.00%
Inflation assumption	3.00%	2.75%	3.00%

The balance sheet position for the Group's defined contribution scheme as calculated under FRS 17 at 30 September was as follows:

	2006 £'000	2005 £'000	2004 £'000
Fair value of assets	13,188	12,382	10,660
Present value of scheme liabilities	(19,921)	(18,567)	(16,602)
Deficit in the scheme	(6,733)	(6,185)	(5,942)
Related deferred tax asset at 30%	2,020	1,856	1,783
Net pension liability	<u>(4,713)</u>	<u>(4,329)</u>	<u>(4,159)</u>

Analysis of the movement in the scheme deficit during the year:

	2006 £'000	2005 £'000
Opening deficit at 1 October	(6,185)	(5,942)
Current service cost	-	-
Contributions	360	360
Gain arising on curtailment	-	-
Other finance charge	(254)	(286)
Actuarial losses	(654)	(317)
Closing deficit at 30 September	<u>(6,733)</u>	<u>(6,185)</u>

Notes to the financial statements

21 Pension schemes (continued)

Amounts included within the financial statements for the year ended 30 September 2006 are as follows

Amounts charged as other finance costs

	2006 £'000	2005 £'000
Expected return on scheme assets	659	622
Interest cost on scheme liabilities	(913)	(908)
Net finance charge	<u>(254)</u>	<u>(286)</u>

Amounts included within the Statement of Total Recognised Gains and Losses

Amounts included within the Statement of Total Recognised Gains and Losses in the year to 30 September 2006 are shown below, expressed in monetary amounts and as a percentage of

- (i) scheme assets at the balance sheet date, and
(ii) present value of the scheme liabilities at the balance sheet date

	2006 £'000	2006 %	2005 £'000	2005 %
Difference between actual and expected return on scheme assets (i)	245	2%	1,054	9%
Experience loss arising on scheme liabilities (ii)	563	3%	-	0%
Effects of changes in assumptions underlying the present value of scheme liabilities (ii)	<u>(1,462)</u>	<u>(7%)</u>	<u>(1,371)</u>	<u>(7%)</u>
Total actuarial losses recognised in the STRGL (ii)	<u>(654)</u>	<u>(3%)</u>	<u>(317)</u>	<u>(2%)</u>

The Group also operates a defined contribution scheme covering subsidiary undertakings in the Group. The total pension cost for the year in respect of this scheme was £51,000 (2005: £128,000).

22 Ultimate parent company

Sun Capital Partners, LLC, a limited liability company incorporated in the State of Delaware, USA, is the Company's ultimate holding company.

Catalina International Limited is the ultimate parent company based in the United Kingdom.

Catalina International Limited is the parent undertaking of the largest United Kingdom based group of which the Company is a member and for which group financial statements are prepared. Copies of its financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ on the payment of a small fee.