

REPORT OF THE DIRECTORS

1329637

The directors present their report together with the financial statements for the year ended 31st December 1999

Principal Activity

The company is principally engaged in providing various professional services for clients, mainly in the ceramic and mineral extraction industries.

Review of the Business

There was a loss for the year after taxation of £1,499,958.

The loss was written off to reserves.

Directors

The directors in office at the end of the year are listed below, all served on the board throughout the year, unless otherwise indicated.

M.R.Young
G.B.Lawson

The directors have no beneficial interest in the shares of this company.

Year 2000

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll-over procedures that occurred at a latter date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Directors' responsibilities for 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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with S385 of the Companies Act 1985.

By order of the Board


W.J.C.Watts Company Secretary
31st March 2000

Registered in England & Wales No. 1329637



ACCOUNTING POLICIES

The Financial Statements have been prepared on an historical cost basis in accordance with applicable Accounting Standards and on a going concern basis which assumes the continuing support of the parent company.

The principal accounting policies of the company have remained unchanged from the previous year.

Depreciation

Assets have been depreciated on a straight line basis calculated on original cost, over varying periods between 3 and 15 years.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business for technical services provided excluding VAT and trade discounts.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Deferred Taxation

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements. It is provided only to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

AUDITORS REPORT

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF WBB TECHNOLOGY Ltd

We have audited the financial statements on pages 2 and 4 to 9 which have been prepared under the accounting policies set out on page 2.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

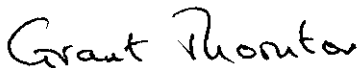
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 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 of the state of the company's affairs at 31st December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Plymouth
31st March 2000

Profit and Loss Account for the Year Ended 31st December 1999

		1999	1998
	Note	£	£
Turnover	1	<u>356,958</u>	<u>696,794</u>
Operating Loss	2	(1,501,639)	(1,048,964)
Interest		<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation		(1,501,639)	(1,048,964)
Tax on loss on ordinary activities		<u>1,681</u>	<u>-</u>
Transfer from to reserves	8	<u>(1,499,958)</u>	<u>(1,048,964)</u>

The accounting policies and notes on pages 2 and 7 to 9 form part of these financial statements.

Balance Sheet at 31st December 1999

	Note	1998		1997	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	3	484,554		0	
Investments	4	75,041	559,595	78,763	78,763
Current Assets					
Stock		21,915		0	
Debtors	5	124,584		701,646	
Cash at Bank & in Hand		0		0	
		146,499		701,646	
Creditors: amounts falling due within one year	6	(2,707,485)		(1,278,120)	
Net Current (Liabilities) / Assets			(2,560,986)		(576,474)
Total Assets less Current Liabilities			(2,001,391)		(497,711)
Creditors: amounts falling due after more than one year	7		0		0
Provisions for Liabilities and charges			0		0
			<u>(2,001,391)</u>		<u>(497,711)</u>
Capital and Reserves					
Called Up Share Capital	8		2		2
Profit and Loss Account	8		(2,001,393)		(497,713)
Shareholders' Funds			<u>(2,001,391)</u>		<u>(497,711)</u>

The Financial Statements were approved by the board of directors on the 31st March 2000



Director

The accounting policies and notes on pages 2 and 7 to 9 form part of these financial statements.

Statement of Total Recognised Gains and Losses for the year ended 31st December 1999

	1999 £	1998 £
Loss for financial year	(1,499,958)	(1,048,964)
Currency translation differences on foreign currency net investments	(3,722)	1,966
	<u>(1,503,680)</u>	<u>(1,046,998)</u>

Notes to the Financial Statements for the Year Ended 31st December 1999

1. Turnover

Turnover represents the invoiced value of services analysed over the following geographical markets.

	1999	%	1998	%
	£		£	
U.K.	186,473	52.2%	609,251	87.4%
Other E.C. countries	170,485	47.8%	87,543	12.6%
	<u>356,958</u>	100.0%	<u>696,794</u>	100.0%

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	1999	1998
	£	£
Watts Blake Bearne & Co. Plc Management charge	1,371,794	1,707,368
Other group companies Management charge	52,090	43,680
Currency Loss / (Profit)	3,426	(5,290)
	<u>1,427,310</u>	<u>1,745,758</u>

3. Tangible fixed assets

	Plant and Machinery	Furniture and Equipment	Total
	£	£	£
Cost			
As at January 1, 1999	0	0	0
Additions	0	54,020	54,020
Transfers	144,219	1,315,035	1,459,254
As at December 31, 1999	<u>144,219</u>	<u>1,369,055</u>	<u>1,513,274</u>
Depreciation			
As at January 1, 1999	0	0	0
Charge for the year	4,980	67,579	72,559
Transfers	102,762	853,399	956,161
As at December 31, 1999	<u>107,742</u>	<u>920,978</u>	<u>1,028,720</u>
Net Book Value			
As At December 31, 1998	0	0	0
As At December 31, 1999	<u>36,477</u>	<u>448,077</u>	<u>484,554</u>

4. Investments

	Shares in Fellow Subsidiary Undertaking	Loans to Fellow Subsidiary Undertaking	Total
	£	£	£
Cost			
At 1st January 1999	29,831	32,032	61,863
	16,900	0	16,900
Translation adjustments	0	(3,722)	(3,722)
At 31st December 1999	<u>46,731</u>	<u>28,310</u>	<u>75,041</u>

The investment represents 7% (1998: 7%) of the equity share capital of Cerapasta - Pastas Para Ceramica Lda, incorporated and operating in Portugal as a supplier of prepared earthenware bodies.

The additional investment in WBB Italia Srl represents 10% (10% 1998) of equity share capital of WBB Italia Srl.

5. Debtors

	1999	1998
	£	£
Trade Debtors	54,913	54,044
Amounts owed by group undertakings	69,671	647,602
	<u>124,584</u>	<u>701,646</u>

Notes to the Financial Statements for the Year Ended 31st December 1999

6. Creditors : amounts falling due within one year

	1999	1998
	£	£
Current taxation	0	1,681
Amounts owed to group undertakings	2,707,485	1,276,439
	<u>2,707,485</u>	<u>1,278,120</u>

7. Deferred Tax

There is no provision for deferred tax. The total potential liability, which represents a contingent liability at the balance sheet date, is set out below:

	1999	1998
	£	£
Accelerated capital allowances @ 30%	<u>116,638</u>	<u>0</u>

8. Shareholders' funds and Movement on Reserves

	Share Capital £	Profit and Loss Account £	Total £
At 1st January 1998	2	549,285	549,287
Profit for the year	-	(1,048,964)	(1,048,964)
Exchange Rate Movement on Foreign currency investments		1,966	1,966
At 31st December 1998	<u>2</u>	<u>(497,713)</u>	<u>(497,711)</u>
Profit for the year	-	(1,499,958)	(1,499,958)
Exchange Rate Movement on Foreign currency investments		(3,722)	(3,722)
At 31st December 1999	<u>2</u>	<u>(2,001,393)</u>	<u>(2,001,391)</u>

Share capital consists of 20,000 authorised ordinary shares of £1 each, of which 2 are allotted, called up, and fully paid.

9. Capital commitments

The Company had no capital commitments at 31st December 1999 or at 31st December 1998

10. Contingent liabilities

The Company had no contingent liabilities at 31st December 1999 or 31st December 1998 except with respect to deferred taxation which is disclosed in note 7.

Notes to the Financial Statements for the Year Ended 31st December 1999**11. Controlling Related Party**

The parent undertaking of this company is Watts Blake Bearne & Company Plc, registered in England & Wales, who is also the company's controlling party.

The Annual Report and Accounts can be obtained from the Company Secretary, Park House, Courtenay Park, Newton Abbot, Devon, TQ12 4PS.

The company's ultimate parent undertaking and controlling related party is S.C.R. Sibelco S.A. registered in Belgium.

12. Related Company Transactions

As a wholly owned subsidiary of Watts Blake Bearne & Company Plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.