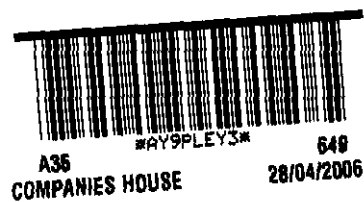


REGISTERED NUMBER: 2686337 (England and Wales)

**Report of the Directors and  
Financial Statements  
for the Year Ended 30 September 2005  
for  
The Max Quarterman Group Plc**



**The Max Quarterman Group Plc**

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for the Year Ended 30 September 2005**

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**The Max Quarterman Group Plc**  
**Company Information**  
**for the Year Ended 30 September 2005**

**DIRECTORS:**

Mr M C Hatcher  
Mrs A Hatcher  
Mr M Quarterman  
Mrs E Quarterman

**SECRETARY:**

Mrs E Quarterman

**REGISTERED OFFICE:**

Ascentia House  
Lyndhurst Road  
South Ascot  
Berkshire  
SL5 9ED

**REGISTERED NUMBER:**

2686337 (England and Wales)

**AUDITORS:**

Mehta & Company  
Chartered Certified Accountants  
Registered Auditors  
Ascentia House  
Lyndhurst Road  
South Ascot  
Berkshire SL5 9ED

**The Max Quarterman Group Plc**  
**Report of the Directors**  
**for the Year Ended 30 September 2005**

The directors present their report with the financial statements of the company for the year ended 30 September 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property development. The company has ceased trading and it is the intention of the directors to seek a dissolution under the provisions of Section 652 of the Companies Act 1985.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 September 2005.

**DIRECTORS**

The directors during the year under review were:

Mr M C Hatcher  
Mrs A Hatcher  
Mr M Quarterman  
Mrs E Quarterman

The beneficial interests of the directors holding office on 30 September 2005 in the issued share capital of the company were as follows:

|                           | 30.9.05 | 1.10.04 |
|---------------------------|---------|---------|
| <b>Ordinary £1 shares</b> |         |         |
| Mr M C Hatcher            | 15,625  | 15,625  |
| Mrs A Hatcher             | 15,625  | 15,625  |
| Mr M Quarterman           | 15,625  | 15,625  |
| Mrs E Quarterman          | 15,625  | 15,625  |

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

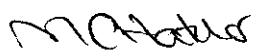
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**The Max Quarterman Group Plc**  
**Report of the Directors**  
**for the Year Ended 30 September 2005**

**AUDITORS**

The auditors, Mehta & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr M C Hatcher - Director

Date: 27.11.05 .....

**Report of the Independent Auditors to the Shareholders of  
The Max Quarterman Group Plc**

We have audited the financial statements of The Max Quarterman Group Plc for the year ended 30 September 2005 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and 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 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 for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

**Basis of audit opinion**

We conducted our audit in accordance with 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 as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mehta & Company  
Chartered Certified Accountants  
Registered Auditors  
Ascentia House  
Lyndhurst Road  
South Ascot  
Berkshire SL5 9ED

Date: 27/04/06

**The Max Quarterman Group Plc**

**Profit and Loss Account  
for the Year Ended 30 September 2005**

|   |       | Year Ended<br>30.9.05 | Period<br>1.4.03<br>to<br>30.9.04 |
|---|-------|-----------------------|-----------------------------------|
|   | Notes | £                     | £                                 |
| <b>TURNOVER</b>   |       | 537,600               | (40,000)                          |
| Cost of sales   |       | 401,088               | (2,370)                           |
| <b>GROSS PROFIT/(LOSS)</b>                                  |       | 136,512               | (37,630)                          |
| Administrative expenses                                     |       | 31,254                | 87,930                            |
|   |       | 105,258               | (125,560)                         |
| Other operating income                                      |       | 1,907                 | -                                 |
| <b>OPERATING PROFIT/(LOSS)</b>                              | 3     | 107,165               | (125,560)                         |
| Interest receivable and similar income                      |       | 5,555                 | 4,278                             |
|   |       | 112,720               | (121,282)                         |
| Interest payable and similar charges                        | 4     | 7,967                 | 5,581                             |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 104,753               | (126,863)                         |
| Tax on profit/(loss) on ordinary activities                 | 5     | (15,107)              | 67                                |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>  |       | 119,860               | (126,930)                         |
| Dividends   | 6     | -                     | 32,000                            |
|   |       | 119,860               | (158,930)                         |
| Retained profit brought forward                             |       | 671,735               | 830,665                           |
| <b>RETAINED PROFIT CARRIED FORWARD</b>                      |       | <u>£791,595</u>       | <u>£671,735</u>                   |

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous period.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous period.

**The Max Quarterman Group Plc**

**Balance Sheet  
30 September 2005**

|   |       | 30.9.05        |                 | 30.9.04        |                 |
|---|-------|----------------|-----------------|----------------|-----------------|
|   | Notes | £              | £               | £              | £               |
| <b>FIXED ASSETS:</b>                                  |       |                |                 |                |                 |
| Tangible assets                                       | 7     |                | -               |                | 2,794           |
| <b>CURRENT ASSETS:</b>                                |       |                |                 |                |                 |
| Stocks  | 8     |                |                 | 398,315        |                 |
| Debtors   | 9     | 546,023        |                 | 1,421          |                 |
|   |       | <u>546,023</u> |                 | <u>399,736</u> |                 |
| <b>CREDITORS:</b> Amounts falling due within one year | 10    | <u>131,928</u> |                 | <u>108,228</u> |                 |
| <b>NET CURRENT ASSETS:</b>                            |       |                | <u>414,095</u>  |                | <u>291,508</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>         |       |                | 414,095         |                | 294,302         |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>        | 13    |                | -               |                | 67              |
|   |       |                | <u>£414,095</u> |                | <u>£294,235</u> |
| <b>CAPITAL AND RESERVES:</b>                          |       |                |                 |                |                 |
| Called up share capital                               | 14    |                | 62,500          |                | 62,500          |
| Other reserves  | 15    |                | (440,000)       |                | (440,000)       |
| Profit and loss account                               |       |                | <u>791,595</u>  |                | <u>671,735</u>  |
| <b>SHAREHOLDERS' FUNDS:</b>                           | 17    |                | <u>£414,095</u> |                | <u>£294,235</u> |

**ON BEHALF OF THE BOARD:**

.....  
Mr M C Hatcher - Director

Approved by the Board on 27.4.06.....



**The Max Quarterman Group Plc**

**Cash Flow Statement  
for the Year Ended 30 September 2005**

|   |       | Year Ended<br>30.9.05 | Period<br>1.4.03<br>to<br>30.9.04 |
|---|-------|-----------------------|-----------------------------------|
|   | Notes | £                     | £                                 |
| Net cash (outflow)/inflow from operating activities     | 1     | (38,293)              | 481,715                           |
| Returns on investments and servicing of finance         | 2     | (2,412)               | (1,303)                           |
| Taxation  |       | 26,839                | (183,512)                         |
| Capital expenditure                                     | 2     | 1,500                 | -                                 |
| Equity dividends paid                                   |       | -                     | (32,000)                          |
|   |       | <u>(12,366)</u>       | <u>264,900</u>                    |
| Financing   | 2     | (200)                 | (437,000)                         |
| Decrease in cash in the period                          |       | <u>£(12,566)</u>      | <u>£(172,100)</u>                 |
| Reconciliation of net cash flow to movement in net debt | 3     |                       |                                   |
| Decrease in cash in the period                          |       | <u>(12,566)</u>       | <u>(172,100)</u>                  |
| Change in net debt resulting from cash flows            |       | <u>(12,566)</u>       | <u>(172,100)</u>                  |
| Movement in net debt in the period                      |       | <u>(12,566)</u>       | <u>(172,100)</u>                  |
| Net (debt)/funds at 1 October                           |       | <u>(99,184)</u>       | <u>72,916</u>                     |
| Net debt at 30 September                                |       | <u>£(111,750)</u>     | <u>£(99,184)</u>                  |

The notes form part of these financial statements

The Max Quarterman Group Plc

Notes to the Cash Flow Statement  
for the Year Ended 30 September 2005

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

|  | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|--|----------------------------|--|
| Operating profit/(loss)  | 107,165                    | (125,560)                              |
| Depreciation charges   | -                          | 931                                    |
| Loss on sale of fixed assets                                   | 1,294                      | -                                      |
| Decrease in stocks   | 398,315                    | -                                      |
| (Increase)/Decrease in debtors                                 | (544,602)                  | 683,095                                |
| Decrease in creditors  | (465)                      | (76,751)                               |
| <b>Net cash (outflow)/inflow<br/>from operating activities</b> | <b>(38,293)</b>            | <b>481,715</b>                         |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

|   | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|---|----------------------------|--|
| <b>Returns on investments and<br/>servicing of finance</b>                      |                            |  |
| Interest received   | 5,555                      | 4,278                                  |
| Interest paid   | (7,967)                    | (5,581)                                |
| <b>Net cash outflow<br/>for returns on investments and servicing of finance</b> | <b>(2,412)</b>             | <b>(1,303)</b>                         |
| <b>Capital expenditure</b>  |                            |  |
| Sale of tangible fixed assets   | 1,500                      | -                                      |
| <b>Net cash inflow<br/>for capital expenditure</b>                              | <b>1,500</b>               | <b>-</b>                               |
| <b>Financing</b>  |                            |  |
| Amount introduced by directors  | -                          | 3,000                                  |
| Amount withdrawn by directors   | (200)                      | -                                      |
| Exceptional items   | -                          | (440,000)                              |
| <b>Net cash outflow<br/>from financing</b>                                      | <b>(200)</b>               | <b>(437,000)</b>                       |

**The Max Quarterman Group Plc**

**Notes to the Cash Flow Statement  
for the Year Ended 30 September 2005**

**3. ANALYSIS OF CHANGES IN NET DEBT**

|                                  | At 1.10.04<br>£     | Cash flow<br>£      | At 30.9.05<br>£      |
|----------------------------------|---------------------|---------------------|----------------------|
| Net cash:                        |                     |                     |                      |
| Cash at bank                     | -                   | -                   | -                    |
| Bank overdraft                   | (99,184)            | (12,566)            | (111,750)            |
|                                  | <u>(99,184)</u>     | <u>(12,566)</u>     | <u>(111,750)</u>     |
| <br>Total                        | <br><u>(99,184)</u> | <br><u>(12,566)</u> | <br><u>(111,750)</u> |
| <b>Analysed in Balance Sheet</b> |                     |                     |                      |
| <br>Bank overdraft               | <br>(99,184)        |                     | <br>(111,750)        |
|                                  | <u>(99,184)</u>     |                     | <u>(111,750)</u>     |

# The Max Quarterman Group Plc

## Notes to the Financial Statements for the Year Ended 30 September 2005

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention.

#### Turnover

The turnover represents the value of developments completed and sold in the year.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Motor vehicles - 25% on reducing balance

#### Stocks

Work in progress is valued at the lower of cost and net realisable value. Cost includes the purchase value of the land plus the costs of labour, materials and direct overheads.

#### Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

### 2. STAFF COSTS

|                       | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|-----------------------|----------------------------|--|
| Wages and salaries    | 230                        | 43,987                                 |
| Social security costs | -                          | 3,524                                  |
|                       | <u>230</u>                 | <u>47,511</u>                          |

The average monthly number of employees during the year was as follows:

|           | Year Ended<br>30.9.05 | Period<br>1.4.03<br>to<br>30.9.04 |
|-----------|-----------------------|-----------------------------------|
| Directors | 4                     | 4                                 |
|           | <u>4</u>              | <u>4</u>                          |

**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 30 September 2005**

**3. OPERATING PROFIT/(LOSS)**

The operating profit (2004 - operating loss) is stated after charging:

|   | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|---|----------------------------|--|
| Depreciation - assets on hire purchase contracts<br>or finance leases | -                          | 931                                    |
| Loss on disposal of fixed assets                                      | 1,294                      | -                                      |
| Auditors' remuneration  | <u>1,500</u>               | <u>2,570</u>                           |
| Directors' emoluments   | <u>-</u>                   | <u>46,000</u>                          |

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|                      | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|----------------------|----------------------------|--|
| Bank interest        | 7,967                      | 3,320                                  |
| Interest & penalties | -                          | 2,261                                  |
|                      | <u>7,967</u>               | <u>5,581</u>                           |

**5. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

|   | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|---|----------------------------|--|
| Current tax:<br>UK corporation tax          | (15,040)                   | -                                      |
| Deferred taxation                           | (67)                       | 67                                     |
| Tax on profit/(loss) on ordinary activities | <u>(15,107)</u>            | <u>67</u>                              |

**6. DIVIDENDS**

|                                  | Year Ended<br>30.9.05<br>£ | Period<br>1.4.03<br>to<br>30.9.04<br>£ |
|----------------------------------|----------------------------|--|
| Equity shares:<br>Interim - paid | <u>-</u>                   | <u>32,000</u>                          |

**The Max Quarterman Group Plc**  
**Notes to the Financial Statements**  
**for the Year Ended 30 September 2005**

**7. TANGIBLE FIXED ASSETS**

|                         | Motor<br>vehicles |
|-------------------------|-------------------|
|                         | £                 |
| <b>COST:</b>            |                   |
| At 1 October 2004       | 8,831             |
| Disposals               | (8,831)           |
|                         | <hr/>             |
| At 30 September 2005    | -                 |
|                         | <hr/>             |
| <b>DEPRECIATION:</b>    |                   |
| At 1 October 2004       | 6,037             |
| Eliminated on disposals | (6,037)           |
|                         | <hr/>             |
| At 30 September 2005    | -                 |
|                         | <hr/>             |
| <b>NET BOOK VALUE:</b>  |                   |
| At 30 September 2005    | -                 |
|                         | <hr/> <hr/>       |
| At 30 September 2004    | 2,794             |
|                         | <hr/> <hr/>       |

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

|                         | Motor<br>vehicles |
|-------------------------|-------------------|
|                         | £                 |
| <b>COST:</b>            |                   |
| At 1 October 2004       | 8,831             |
| Disposals               | (8,831)           |
|                         | <hr/>             |
| At 30 September 2005    | -                 |
|                         | <hr/>             |
| <b>DEPRECIATION:</b>    |                   |
| At 1 October 2004       | 6,037             |
| Eliminated on disposals | (6,037)           |
|                         | <hr/>             |
| At 30 September 2005    | -                 |
|                         | <hr/>             |
| <b>NET BOOK VALUE:</b>  |                   |
| At 30 September 2005    | -                 |
|                         | <hr/> <hr/>       |
| At 30 September 2004    | 2,794             |
|                         | <hr/> <hr/>       |

**8. STOCKS**

|                  | 30.9.05     | 30.9.04     |
|------------------|-------------|-------------|
|                  | £           | £           |
| Work in progress | -           | 398,315     |
|                  | <hr/> <hr/> | <hr/> <hr/> |

**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 30 September 2005**

**9. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

|               | 30.9.05        | 30.9.04      |
|---------------|----------------|--------------|
|               | £              | £            |
| V.A.T.        | 136            | 810          |
| Trade debtors | 537,600        | -            |
| Other debtors | 8,287          | -            |
| Prepayments   | -              | 611          |
|               | <u>546,023</u> | <u>1,421</u> |

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

|  | 30.9.05        | 30.9.04        |
|--|----------------|----------------|
|  | £              | £              |
| Bank loans and overdrafts<br>(see note 11) | 111,750        | 99,184         |
| Trade creditors                            | -              | 3,544          |
| Directors current accounts                 | 2,800          | 3,000          |
| Corporation tax                            | 11,799         | -              |
| Accrued expenses                           | 5,579          | 2,500          |
|  | <u>131,928</u> | <u>108,228</u> |

**11. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

|  | 30.9.05        | 30.9.04       |
|--|----------------|---------------|
|  | £              | £             |
| <i>Amounts falling due within one year or on demand:</i> |                |               |
| Bank overdrafts  | <u>111,750</u> | <u>99,184</u> |

**12. SECURED DEBTS**

The following secured debts are included within creditors:

|                 | 30.9.05        | 30.9.04       |
|-----------------|----------------|---------------|
|                 | £              | £             |
| Bank overdrafts | <u>111,750</u> | <u>99,184</u> |

The company has a secured on demand overdraft facility of £150,000 from National Westminster Bank Plc. The bank also has a right of set off incorporated in the legal mortgages.

A first legal mortgage dated 27 November 1998 is held over the freehold property known as Limewood Gate, Poyle Lane, Burnham, Bucks.

The bank also holds a fixed and floating charge over the company's assets and undertaking.

**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 30 September 2005**

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

|                                | 30.9.05           | 30.9.04           |
|--------------------------------|-------------------|-------------------|
|                                | £                 | £                 |
| Deferred taxation              | -                 | 67                |
|                                | <u>          </u> | <u>          </u> |
|                                | Deferred          |                   |
|                                | tax               |                   |
|                                | £                 |                   |
| Balance at 1 October 2004      | 67                |                   |
| Accelerated capital allowances | (67)              |                   |
|                                | <u>          </u> |                   |
| Balance at 30 September 2005   | -                 |                   |
|                                | <u>          </u> |                   |

**14. CALLED UP SHARE CAPITAL**

|                                  |          |                |                   |                   |
|----------------------------------|----------|----------------|-------------------|-------------------|
| Authorised:                      |          |                |                   |                   |
| Number:                          | Class:   | Nominal value: | 30.9.05           | 30.9.04           |
|                                  |          |                | £                 | £                 |
| 100,000                          | Ordinary | £1             | 100,000           | 100,000           |
|                                  |          |                | <u>          </u> | <u>          </u> |
| Allotted, issued and fully paid: |          |                |                   |                   |
| Number:                          | Class:   | Nominal value: | 30.9.05           | 30.9.04           |
|                                  |          |                | £                 | £                 |
| 62,500                           | Ordinary | £1             | 62,500            | 62,500            |
|                                  |          |                | <u>          </u> | <u>          </u> |

**15. OTHER RESERVES**

|                               | 30.9.05           | 30.9.04           |
|-------------------------------|-------------------|-------------------|
|                               | £                 | £                 |
| Profit & loss reserve account | (440,000)         | (440,000)         |
|                               | <u>          </u> | <u>          </u> |

**16. RELATED PARTY DISCLOSURES**

The following are directors and holders of the ordinary share capital of the company, and accordingly have a controlling interest:

|                  | Shareholding |          |
|------------------|--------------|----------|
|                  | 30.09.05     | 30.09.04 |
| Mr M Quarterman  | 15,625       | 15,625   |
| Mrs E Quarterman | 15,625       | 15,625   |
| Mr M Hatcher     | 15,625       | 15,625   |
| Mrs A Hatcher    | 15,625       | 15,625   |

During the year under review the company entered into the following related party transactions:

| Related Party | Transaction Details   | Amount |
|---------------|-----------------------|--------|
|               |                       | £      |
| M Quarterman  | Sale of motor vehicle | 1,500  |



**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 30 September 2005**

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  | 30.9.05 | 30.9.04   |
|--|---------|-----------|
|  | £       | £         |
| Profit/(Loss) for the financial year                   | 119,860 | (126,930) |
| Dividends  | -       | (32,000)  |
|  | <hr/>   | <hr/>     |
| Capital distribution                                   | 119,860 | (158,930) |
|  | -       | (440,000) |
|  | <hr/>   | <hr/>     |
| <b>Net addition/(reduction) to shareholders' funds</b> | 119,860 | (598,930) |
| Opening shareholders' funds                            | 294,235 | 893,165   |
|  | <hr/>   | <hr/>     |
| <b>Closing shareholders' funds</b>                     | 414,095 | 294,235   |
|  | <hr/>   | <hr/>     |
| Equity interests                                       | 414,095 | 294,235   |
|  | <hr/>   | <hr/>     |

**The Max Quarterman Group Plc**  
**Trading and Profit and Loss Account**  
**for the Year Ended 30 September 2005**

|                                | Year Ended<br>30.9.05 |                | Period<br>1.4.03 to 30.9.04 |                |
|--------------------------------|-----------------------|----------------|-----------------------------|----------------|
|                                | £                     | £              | £                           | £              |
| <b>Sales</b>                   |                       | 537,600        |                             | (40,000)       |
| <b>Cost of sales:</b>          |                       |                |                             |                |
| Opening work in progress       | 398,315               |                | 398,315                     |                |
| Materials                      | 2,543                 |                | (3,125)                     |                |
| Sub-contractors                | -                     |                | 2,768                       |                |
| Wages on CIS                   | 230                   |                | (2,013)                     |                |
|                                | <u>401,088</u>        |                | <u>395,945</u>              |                |
| Closing work in progress       | -                     |                | (398,315)                   |                |
|                                |                       | <u>401,088</u> |                             | <u>(2,370)</u> |
| <b>GROSS PROFIT/(LOSS)</b>     |                       | 136,512        |                             | (37,630)       |
| <b>Other income:</b>           |                       |                |                             |                |
| Rents received                 | 1,907                 |                | -                           |                |
| Interest receivable            | 5,555                 |                | 4,278                       |                |
|                                | <u>7,462</u>          |                | <u>4,278</u>                |                |
|                                |                       | 143,974        |                             | (33,352)       |
| <b>Expenditure:</b>            |                       |                |                             |                |
| Directors' remuneration        | -                     |                | 46,000                      |                |
| Social security                | -                     |                | 3,524                       |                |
| Telephone                      | 454                   |                | 3,216                       |                |
| Post, stationery & advertising | 45                    |                | 93                          |                |
| Travelling                     | -                     |                | 2,230                       |                |
| Motor expenses                 | 83                    |                | 4,775                       |                |
| Insurance                      | 663                   |                | 2,808                       |                |
| Protective clothing            | -                     |                | 1,560                       |                |
| Cleaning & laundry             | -                     |                | 1,205                       |                |
| Sundry expenses                | -                     |                | 660                         |                |
| Auditors remuneration          | 1,500                 |                | 2,570                       |                |
| Professional fees              | -                     |                | 5,002                       |                |
| Legal fees                     | 20,608                |                | 7,843                       |                |
| Use of residence as office     | 2,800                 |                | 4,185                       |                |
|                                | <u>26,153</u>         |                | <u>85,671</u>               |                |
|                                |                       | 117,821        |                             | (119,023)      |
| <b>Finance costs:</b>          |                       |                |                             |                |
| Bank interest                  | 7,967                 |                | 3,320                       |                |
| Interest & penalties           | -                     |                | 2,261                       |                |
| Bank charges                   | 3,807                 |                | 1,328                       |                |
|                                | <u>11,774</u>         |                | <u>6,909</u>                |                |
|                                |                       | 106,047        |                             | (125,932)      |
| <b>Depreciation:</b>           |                       |                |                             |                |
| Motor vehicles                 | -                     |                | 931                         |                |
| Carried forward                |                       | 106,047        |                             | (126,863)      |

This page does not form part of the statutory financial statements

**The Max Quarterman Group Plc**  
**Trading and Profit and Loss Account**  
**for the Year Ended 30 September 2005**

|  | Year Ended<br>30.9.05 |                 | Period<br>1.4.03 to 30.9.04 |                   |
|--|-----------------------|-----------------|-----------------------------|-------------------|
|  | £                     | £               | £                           | £                 |
| Brought forward                          |                       | 106,047         |                             | (126,863)         |
| <b>Loss on disposal of fixed assets:</b> |                       |                 |                             |                   |
| Motor vehicles                           |                       | 1,294           |                             | -                 |
| <b>NET PROFIT/(LOSS)</b>                 |                       | <u>£104,753</u> |                             | <u>£(126,863)</u> |