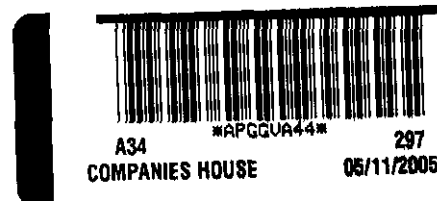


UNAUDITED ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

FOR

DENNIS RUABON TILES LIMITED



DENNIS RUABON TILES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2004**

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DENNIS RUABON TILES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2004**

DIRECTORS:	C G Gibb J S Paton
SECRETARY:	DWF Secretarial Ltd
REGISTERED OFFICE:	Queen Insurance Buildings 7 Queen Avenue Liverpool Merseyside L2 4TZ
REGISTERED NUMBER:	4339104 (England and Wales)
ACCOUNTANTS:	Orolus Limited Queen Insurance Buildings 7 Queen Avenue Liverpool Merseyside L2 4TZ
BANKERS:	Bank of Scotland Beaucherc House 3 Queens Road Reading Berkshire RG1 4AR
SOLICITORS:	Davies Wallis Foyster 5 Castle Street Liverpool L2 4XE

DENNIS RUABON TILES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2004**

The directors present their report with the accounts of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of ceramic tiles, pavers and associated products.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2004.

DIRECTORS

The directors during the year under review were:

C G Gibb
J S Paton

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
C G Gibb	35	35
J S Paton	30	30

ON BEHALF OF THE BOARD:



J S Paton - Director

3 November 2005

DENNIS RUABON TILES LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
GROSS LOSS		(413,424)	(235,928)
Administrative expenses		802,529	155,630
OPERATING LOSS	3	(1,215,953)	(391,558)
Interest payable and similar charges	4	209,202	112,793
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,425,155)	(504,351)
Tax on loss on ordinary activities	5	-	(63,469)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(1,425,155)	(440,882)
DEFICIT FOR THE YEAR		<u>(1,425,155)</u>	<u>(440,882)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 £	2003 £
REPORTED LOSS		
ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,425,155)	(504,351)
Realisation of property revaluation gains of previous years	-	53,571
HISTORICAL COST LOSS		
ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,425,155)	(450,780)
HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION	<u>(1,425,155)</u>	<u>(387,311)</u>

The notes form part of these abbreviated accounts

DENNIS RUABON TILES LIMITED

**ABBREVIATED BALANCE SHEET
31 DECEMBER 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	6	112,950	152,402
Tangible assets	7	1,287,272	1,302,828
		<u>1,400,222</u>	<u>1,455,230</u>
CURRENT ASSETS			
Stocks	8	188,741	171,516
Debtors	9	1,149,058	1,076,108
		<u>1,337,799</u>	<u>1,247,624</u>
CREDITORS			
Amounts falling due within one year	10	4,224,540	2,614,218
NET CURRENT LIABILITIES		<u>(2,886,741)</u>	<u>(1,366,594)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,486,519)</u>	<u>88,636</u>
CREDITORS			
Amounts falling due after more than one year	11	440,000	590,000
		<u>(1,926,519)</u>	<u>(501,364)</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Revaluation reserve	14	396,429	396,429
Profit and loss account	14	(2,323,048)	(897,893)
SHAREHOLDERS' FUNDS	16	<u>(1,926,519)</u>	<u>(501,364)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2004.

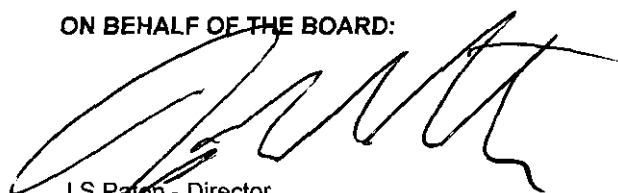
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:



J S Paton - Director

Approved by the Board on 3 November 2005

The notes form part of these abbreviated accounts

DENNIS RUABON TILES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Net cash outflow from operating activities	1	(1,336,529)	(1,181,921)
Returns on investments and servicing of finance	2	(209,202)	(112,793)
Taxation		-	63,469
Capital expenditure	2	(26,244)	226,852
		<u>(1,571,975)</u>	<u>(1,004,393)</u>
Financing	2	(150,000)	(150,000)
Decrease in cash in the period		<u>(1,721,975)</u>	<u>(1,154,393)</u>

**Reconciliation of net cash flow
to movement in net debt**

	3		
Decrease in cash in the period		(1,721,975)	(1,154,393)
Cash outflow from decrease in debt		<u>150,000</u>	<u>150,000</u>
Change in net debt resulting from cash flows		<u>(1,571,975)</u>	<u>(1,004,393)</u>
Movement in net debt in the period		<u>(1,571,975)</u>	<u>(1,004,393)</u>
Net debt at 1 January		<u>(2,578,915)</u>	<u>(1,574,522)</u>
Net debt at 31 December		<u>(4,150,890)</u>	<u>(2,578,915)</u>

The notes form part of these abbreviated accounts

DENNIS RUABON TILES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating loss	(1,215,953)	(391,558)
Depreciation charges	81,252	51,154
Profit on disposal of fixed assets	-	(319,902)
(Increase)/Decrease in stocks	(17,225)	47,603
Increase in debtors	(72,950)	(458,535)
Decrease in creditors	(111,653)	(110,683)
Net cash outflow from operating activities	(1,336,529)	(1,181,921)

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

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest paid	(209,202)	(112,793)
Net cash outflow for returns on investments and servicing of finance	(209,202)	(112,793)
Capital expenditure		
Purchase of intangible fixed assets	-	(162,265)
Purchase of tangible fixed assets	(26,244)	(14,118)
Sale of tangible fixed assets	-	403,235
Net cash (outflow)/inflow for capital expenditure	(26,244)	226,852
Financing		
Loan repayments in year	(150,000)	(150,000)
Net cash outflow from financing	(150,000)	(150,000)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank and in hand	-	-	-
Bank overdraft	(1,838,915)	(1,721,975)	(3,560,890)
	<u>(1,838,915)</u>	<u>(1,721,975)</u>	<u>(3,560,890)</u>
Debt:			
Debts falling due within one year	(150,000)	-	(150,000)
Debts falling due after one year	(590,000)	150,000	(440,000)
	<u>(740,000)</u>	<u>150,000</u>	<u>(590,000)</u>
Total	(2,578,915)	(1,571,975)	(4,150,890)

The notes form part of these abbreviated accounts

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of preparation of accounts

The company meets its day to day working capital requirements through an external overdraft facility that is repayable on demand. On the basis of cash flow information and on discussion with the company's bankers, the directors consider that the company will continue to operate within the agreed facility. However the margin of facilities over requirements is not large, and inherently there can be no certainty in relation to these matters. On this basis, the directors consider that in preparing the financial statements they have taken into account all information that can reasonably be expected to be available. On this basis they consider that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 40 years
Plant and machinery	- Straight line over 15 years
Fixtures and fittings	- Straight line over 10 years

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The deferred tax balance is not discounted.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial, and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2004 £	2003 £
Wages and salaries	1,498,263	1,377,308
Social security costs	138,201	127,169
Other pension costs	43,886	42,163
	<u>1,680,350</u>	<u>1,546,640</u>

DENNIS RUABON TILES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

2. STAFF COSTS - continued

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

	2004	2003
Production, warehouse and distribution	80	79
Administration	6	6
	<u>86</u>	<u>85</u>

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2004 £	2003 £
Hire of plant and machinery	39,998	31,604
Depreciation - owned assets	41,800	41,291
Profit on disposal of fixed assets	-	(319,902)
Goodwill amortisation	21,952	5,488
Patents and licences amortisation	17,500	4,375
Auditors remuneration	-	11,000
	<u>70,722</u>	<u>68,320</u>
Directors' emoluments	<u>70,722</u>	<u>68,320</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank interest	165,333	62,204
Bank loan interest	43,869	50,589
	<u>209,202</u>	<u>112,793</u>

5. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	-	(63,469)
Tax on loss on ordinary activities	-	(63,469)

DENNIS RUABON TILES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

6. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 January 2004 and 31 December 2004	109,765	52,500	162,265
AMORTISATION			
At 1 January 2004	5,488	4,375	9,863
Amortisation for year	21,952	17,500	39,452
At 31 December 2004	27,440	21,875	49,315
NET BOOK VALUE			
At 31 December 2004	82,325	30,625	112,950
At 31 December 2003	104,277	48,125	152,402

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2004	848,220	529,355	4,200	1,381,775
Additions	-	26,244	-	26,244
At 31 December 2004	848,220	555,599	4,200	1,408,019
DEPRECIATION				
At 1 January 2004	11,578	66,739	630	78,947
Charge for year	6,000	35,380	420	41,800
At 31 December 2004	17,578	102,119	1,050	120,747
NET BOOK VALUE				
At 31 December 2004	830,642	453,480	3,150	1,287,272
At 31 December 2003	836,642	462,616	3,570	1,302,828

8. STOCKS

	2004 £	2003 £
Stocks	127,747	107,072
Work-in-progress	60,994	64,444
	188,741	171,516

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Other debtors	1,106,200	1,040,084
Prepayments and accrued income	42,858	36,024
	1,149,058	1,076,108

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts (see note 12)	3,710,890	1,988,915
Trade creditors	186,519	175,048
Social security and other taxes	88,164	113,644
Other creditors	110,155	212,566
Accrued expenses	128,812	124,045
	<u>4,224,540</u>	<u>2,614,218</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Bank loans (see note 12)	<u>440,000</u>	<u>590,000</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	3,560,890	1,838,915
Bank loans	<u>150,000</u>	<u>150,000</u>
	<u>3,710,890</u>	<u>1,988,915</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>440,000</u>	<u>590,000</u>

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004 £	2003 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

14. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2004	(897,893)	396,429	(501,464)
Deficit for the year	<u>(1,425,155)</u>	-	<u>(1,425,155)</u>
At 31 December 2004	<u>(2,323,048)</u>	<u>396,429</u>	<u>(1,926,619)</u>

15. OTHER FINANCIAL COMMITMENTS

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
Expiry date:		
Within one year	1,570	5,004
Between two and five years	69,816	59,419
	<u>71,386</u>	<u>64,423</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year	(1,425,155)	(440,882)
Net reduction of shareholders' funds	<u>(1,425,155)</u>	<u>(440,882)</u>
Opening shareholders' funds	(501,364)	(60,482)
Closing shareholders' funds	<u>(1,926,519)</u>	<u>(501,364)</u>
Equity interests	<u>(1,926,519)</u>	<u>(501,364)</u>