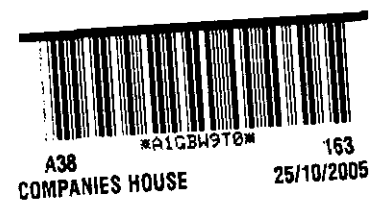


**Report of the Directors and
Financial Statements for the Year Ended 31 December 2004
for
Red Bank Manufacturing Company Limited**



Red Bank Manufacturing Company Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2004**

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Red Bank Manufacturing Company Limited

**Company Information
for the Year Ended 31 December 2004**

DIRECTORS:

J D N Capo-Bianco
A J Capo-Bianco
H W Ashton
P Cobb
T Barnett
Mrs S Friend

SECRETARY:

Aldlex Limited

REGISTERED OFFICE:

95 Aldwych
London
WC2B 4JF

REGISTERED NUMBER:

257614

AUDITORS:

Foster Pescharde
Chartered Accountants
and Registered Auditors
Denmark House
143 High Street
Chalfont St Peter
Bucks SL9 9QL

Red Bank Manufacturing Company Limited

Report of the Directors for the Year Ended 31 December 2004

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

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the manufacture of clay facing bricks, roofing tiles, ridge tiles, finials, ridge ventilation, clay flue systems, chimney pots including gas terminals and chimney inserts, airbricks, firebricks, firebacks, general clayware, small panel clay rainscreen tiles and concrete flue systems.

REVIEW OF BUSINESS

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

Turnover was up by £66,239 (plus 0.5%) and profit before tax was £96,789 compared to £258,899 for the year ended 31 December 2003. Shareholders' Funds decreased by £18,916 compared to a decrease of £85,883 in 2003.

The market for new detached houses and bungalows in England fell a further 21.5% in 2004 compared to 2003 and now only represent 22% of total NHBC starts compared to 50% plus in 1999. This is a key market for the company's product range and has reduced the overall demand for our products.

The company has continued to incur significant increases in cost of energy, insurance and regulation expenses. However, a cost reduction programme commenced in the 4th quarter and should improve 2005 results.

New capital expenditure of £733,292 was spent compared to £1,071,791 in 2003. Surplus assets were sold for £572,298 compared to £13,143 in 2003. An overdraft of £64,485 less cash in hand of £1,290 at 31 December 2004 gives net overdrawn position of £63,195 with no hire purchase creditors, compared to cash of £497,191 less net hire purchase creditors of £30,706 giving net cash of £466,485 at 31 December 2003.

DIVIDENDS

An interim dividend of £0.02 per share was paid on 2 December 2004. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2004 will be £120,000.

FIXED ASSETS

Details of the changes in tangible fixed assets are shown in note 11 to the financial statements. The freehold land and buildings, kilns and dryers were revalued at 31 March 1986 by professional valuers and the surpluses where material were incorporated into the financial statements. The freehold land and clay deposits were again revalued at 31 December 2002 by professional valuers and the surpluses where material were again incorporated into the financial statements.

RESEARCH AND DEVELOPMENT

The accounting policy for development costs is described in Note 1 to the financial statements.

Red Bank Manufacturing Company Limited

Report of the Directors for the Year Ended 31 December 2004

DIRECTORS

The directors during the year under review were:

J D N Capo-Bianco
A J Capo-Bianco
H W Ashton
P Cobb
T Barnett
Mrs S Friend

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		
J D N Capo-Bianco	8,000	8,000
A J Capo-Bianco	18,000	18,000
H W Ashton	-	-
P Cobb	-	-
T Barnett	-	-
Mrs S Friend	225,000	225,000

By virtue of irrevocable powers of attorney granted by Stresa Securities Limited and RB Building Products Limited on 14 May 2003 and 20 May 2003, respectively, in favour of Mr JDN Capo-Bianco, Mr JDN Capo-Bianco now has control over the voting rights of 3,366,000 ordinary shares (56.1%) in respect of the management of the company.

The Directors of the company wish to acknowledge the considerable skill and hard work shown by all levels of staff during the year and in particular commend all those involved in the long hours associated with developing new products.

CREDITORS

The company's policy towards the payment of suppliers is usually to settle outstanding invoices within 60 days. The Financial Statements show that the average creditor days as at 31 December 2004 is 67 days (2003 - 67 days).

CLOSE COMPANY

The company is a 'Close Company' defined by Section 414 of the Income and Corporation Taxes Act 1988.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

During the year the company purchased and maintained liability insurance for its Directors and Officers as permitted by Section 310(part 3) of the Companies Act 1985.

POLITICAL AND CHARITABLE DONATIONS

During the period the company made charitable donations amounting to £5,623 (2003 £4,564), no donations were made to political parties.

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.

Red Bank Manufacturing Company Limited

**Report of the Directors
for the Year Ended 31 December 2004**

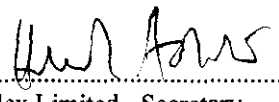
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

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

ON BEHALF OF THE BOARD:


.....
Aldlex Limited - Secretary

Date: 20 April 2005

**Report of the Independent Auditors to the Shareholders of
Red Bank Manufacturing Company Limited**

We have audited the financial statements of Red Bank Manufacturing Company Limited for the year ended 31 December 2004 on pages six to twenty three. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 pages three and four 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 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Foster Peschardt

Foster Peschardt
Chartered Accountants
and Registered Auditors
Denmark House
143 High Street
Chalfont St Peter
Bucks SL9 9QL

Date: *20 March 2005*

Red Bank Manufacturing Company Limited

**Profit and Loss Account
for the Year Ended 31 December 2004**

		<u>31.12.04</u>		<u>31.12.03</u>	
	Notes	£	£	£	£
TURNOVER	2		13,018,177		12,951,938
Cost of sales			<u>8,699,397</u>		<u>8,256,973</u>
GROSS PROFIT			4,318,780		4,694,965
Distribution costs		3,232,695		3,054,099	
Administrative expenses		<u>1,074,061</u>		<u>1,454,246</u>	
			<u>4,306,756</u>		<u>4,508,345</u>
			12,024		186,620
Other operating income			<u>134,643</u>		<u>74,067</u>
OPERATING PROFIT	4		146,667		260,687
Interest receivable and similar income			<u>230</u>		<u>7,500</u>
			146,897		268,187
Interest payable and similar charges	5		<u>50,108</u>		<u>9,288</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			96,789		258,899
Tax on profit on ordinary activities	6		<u>(4,295)</u>		<u>104,782</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			101,084		154,117
Dividends	7		<u>120,000</u>		<u>240,000</u>
			(18,916)		(85,883)
Retained profit brought forward:					
As previously reported		6,132,192		6,219,437	
Prior year adjustments	8	<u>(300,974)</u>		<u>(302,336)</u>	
As restated			<u>5,831,218</u>		<u>5,917,101</u>
RETAINED PROFIT CARRIED FORWARD			<u><u>£5,812,302</u></u>		<u><u>£5,831,218</u></u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

Red Bank Manufacturing Company Limited

**Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2004**

		<u>31.12.04</u>	<u>31.12.03</u>
	Note	£	£
PROFIT FOR THE FINANCIAL YEAR		101,084	154,117
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		101,084	154,117
Prior year adjustment	8	<u>(300,974)</u>	<u>(302,336)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>£(199,890)</u>	<u>£(148,219)</u>

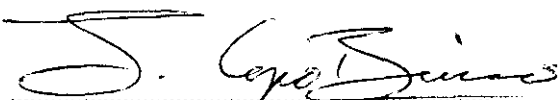
The notes form part of these financial statements

Red Bank Manufacturing Company Limited

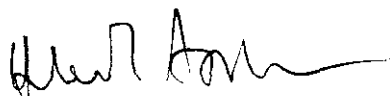
**Balance Sheet
31 December 2004**

		<u>31.12.04</u>		<u>31.12.03</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	10		30,930		23,277
Tangible assets	11		12,691,873		12,701,903
Investments	12		<u>-</u>		<u>2</u>
			12,722,803		12,725,182
CURRENT ASSETS:					
Stocks	13	4,681,538		4,112,514	
Debtors	14	1,633,938		1,829,284	
Cash at bank and in hand		<u>1,290</u>		<u>497,191</u>	
		6,316,766		6,438,989	
CREDITORS: Amounts falling due within one year	15	<u>3,059,598</u>		<u>3,224,466</u>	
NET CURRENT ASSETS:			<u>3,257,168</u>		<u>3,214,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			15,979,971		15,939,705
PROVISIONS FOR LIABILITIES AND CHARGES:	19		<u>962,015</u>		<u>902,833</u>
			<u>£15,017,956</u>		<u>£15,036,872</u>
CAPITAL AND RESERVES:					
Called up share capital	20		6,000,000		6,000,000
Revaluation reserve	21		3,205,654		3,205,654
Profit and loss account			<u>5,812,302</u>		<u>5,831,218</u>
SHAREHOLDERS' FUNDS:	26		<u>£15,017,956</u>		<u>£15,036,872</u>

ON BEHALF OF THE BOARD:



J D N Capo-Bianco - Director



H W Ashton - Director

Approved by the Board on 20 APRIL 2005

The notes form part of these financial statements

Red Bank Manufacturing Company Limited

**Cash Flow Statement
for the Year Ended 31 December 2004**

		<u>31.12.04</u>		<u>31.12.03</u>	
	Notes	£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(173,742)		331,536
Returns on investments and servicing of finance	2		(49,878)		(1,788)
Taxation			1		6,615
Capital expenditure	2		(186,063)		(1,085,791)
Acquisitions and disposals	2		2		-
Equity dividends paid			<u>(120,000)</u>		<u>(240,000)</u>
			(529,680)		(989,428)
Financing	2		<u>(30,706)</u>		<u>(70,739)</u>
Decrease in cash in the period			<u>£(560,386)</u>		<u>£(1,060,167)</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Decrease in cash in the period		(560,386)		(1,060,167)	
Cash outflow from decrease in debt and lease financing		<u>30,706</u>		<u>70,739</u>	
Change in net funds resulting from cash flows			<u>(529,680)</u>		<u>(989,428)</u>
Movement in net funds in the period			(529,680)		(989,428)
Net funds at 1 January			<u>466,485</u>		<u>1,455,913</u>
Net (debt)/funds at 31 December			<u>£(63,195)</u>		<u>£466,485</u>

The notes form part of these financial statements

Red Bank Manufacturing Company Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2004**

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

	31.12.04 £	31.12.03 £
Operating profit	146,667	260,687
Depreciation charges	662,993	632,309
Profit on sale of fixed assets	(491,969)	(6,179)
Amortisation of intangible assets	17,416	3,908
Increase in stocks	(569,024)	(518,737)
Decrease in debtors	195,346	96,353
Decrease in creditors	(135,171)	(136,805)
Net cash (outflow)/inflow from operating activities	<u>(173,742)</u>	<u>331,536</u>

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

	31.12.04 £	31.12.03 £
Returns on investments and servicing of finance		
Interest received	230	7,500
Interest paid	(46,100)	-
Interest element of hire purchase payments	<u>(4,008)</u>	<u>(9,288)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(49,878)</u>	<u>(1,788)</u>
Capital expenditure		
Purchase of intangible fixed assets	(25,069)	(27,182)
Purchase of tangible fixed assets	(733,292)	(1,071,752)
Sale of tangible fixed assets	<u>572,298</u>	<u>13,143</u>
Net cash outflow for capital expenditure	<u>(186,063)</u>	<u>(1,085,791)</u>
Acquisitions and disposals		
Investment disposal -Company dissolved	<u>2</u>	<u>-</u>
Net cash inflow for acquisitions and disposals	<u>2</u>	<u>-</u>

The notes form part of these financial statements

Red Bank Manufacturing Company Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2004**

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

	31.12.04 £	31.12.03 £
Financing		
Hire purchase and finance lease capital repaid	<u>(30,706)</u>	<u>(70,739)</u>
Net cash outflow from financing	<u>(30,706)</u>	<u>(70,739)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank and in hand	497,191	(495,901)	1,290
Bank overdraft	<u>-</u>	<u>(64,485)</u>	<u>(64,485)</u>
	<u>497,191</u>	<u>(560,386)</u>	<u>(63,195)</u>
Debt:			
Hire purchase	<u>(30,706)</u>	<u>30,706</u>	<u>-</u>
	<u>(30,706)</u>	<u>30,706</u>	<u>-</u>
Total	<u>466,485</u>	<u>(529,680)</u>	<u>(63,195)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	497,191		1,290
Bank overdraft	-		(64,485)
Hire purchase within one year	<u>(30,706)</u>		<u>-</u>
	<u>466,485</u>		<u>(63,195)</u>

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

1. ACCOUNTING POLICIES

Patents and licences

The patents and licences are those obtained for new products. The accounting treatment will therefore be consistent to that of the development costs.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards.

Turnover

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

Development costs

The development costs represent the separately identifiable expenditure incurred during the development of new products. The products have proved to be technically feasible and so the costs are to be amortised over three years during which time their commercial viability will be continuously reviewed.

Tangible fixed assets

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

Freehold land	- not depreciated
Freehold Buildings	- 2% on revalued cost
Kilns & Dryers	- 2%-5% on revalued cost
Plant & Equipment etc.	- 5%-33.33% on cost
Motor Vehicles	- 25% on cost

Clay deposits, which are included in freehold land and buildings are not being depreciated.

Depreciation is not provided on Kilns & Dryers, and Plant & Equipment during commissioning, and during periods of non-production.

Stocks

Stock 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.

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.

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

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

1. ACCOUNTING POLICIES - continued

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

The company operates a Small Self Administered Pension Scheme. The contributions are charged to the profit and loss account to spread the cost of the pension over the employees working lives.

The company also operates a Funded Unapproved Retirement Benefit Scheme. The pension charge represents the amounts payable by the company in the year.

2. TURNOVER

An analysis of turnover by geographical market is given below:

	2004	2003
	£	£
United Kingdom and Europe	<u>13,018,177</u>	<u>12,951,938</u>

3. STAFF COSTS

	31.12.04	31.12.03
	£	£
Wages and salaries	5,320,790	4,980,204
Social security costs	565,226	533,768
Other pension costs	<u>415,384</u>	<u>319,662</u>
	<u>6,301,400</u>	<u>5,833,634</u>

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

	31.12.04	31.12.03
Manufacturing	156	152
Office, management, selling & distribution	<u>59</u>	<u>59</u>
	<u>215</u>	<u>211</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

4. OPERATING PROFIT

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

	31.12.04	31.12.03
	£	£
Depreciation - owned assets	662,993	579,587
Depreciation - assets on hire purchase contracts	-	52,722
Profit on disposal of fixed assets	(491,969)	(6,179)
Amortisation of intangible assets	17,416	3,908
Auditors' remuneration	35,200	33,500
Non-audit work	28,349	20,724
Hire of Plant and Machinery	499,313	506,027
Other Operating Leases	<u>86,269</u>	<u>88,047</u>
 Directors' emoluments	 435,136	 431,475
Directors' pension contributions to money purchase and personal pension schemes	222,850	121,675
Past director's widow's pension	<u>80,000</u>	<u>80,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase scheme	1	1
Group Personal Pension Plan	2	2
	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	31.12.04	31.12.03
	£	£
Emoluments etc	247,017	245,791
Pension contributions to money purchase scheme	<u>197,382</u>	<u>109,011</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.04	31.12.03
	£	£
Bank interest	46,100	-
Hire purchase and finance lease interest	<u>4,008</u>	<u>9,288</u>
	<u>50,108</u>	<u>9,288</u>

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

6. TAXATION

Analysis of the tax charge

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

	31.12.04 £	31.12.03 £
Current tax:		
UK corporation tax	22,949	-
Prior years	-	(6,615)
Total current tax	22,949	(6,615)
Deferred taxation	(27,244)	111,397
Tax on profit on ordinary activities	(4,295)	104,782

7. DIVIDENDS

	31.12.04 £	31.12.03 £
Equity shares:		
Interims of 2.0p (2003- 4.0p)	120,000	240,000

8. PRIOR YEAR ADJUSTMENTS

Provision has been made for an unfunded past service liability of £429,963 at 31 December 2003 (2002-£431,908) in respect of the Red Bank Manufacturing Company Limited Small Self Administered Pension Scheme

A deferred tax adjustment has been made in respect of the above of £128,989 (2002-£129,572)

This amount relates to contributions for Mr J.D.N. Capo-Bianco.

The maximum unfunded past service liabilities are based upon actuarial calculations.

9. EARNINGS PER SHARE

The Earnings Per Share is calculated on a profit after tax of £101,084 (2003 £154,117) and on the 6,000,000 ordinary shares in issue.

	2004 £	2003 £
Earnings per share	0.02	0.03

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

10. INTANGIBLE FIXED ASSETS

	<u>Development costs</u>	<u>Patents and licences</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 January 2004	520,410	32,848	553,258
Additions	<u>25,069</u>	<u>-</u>	<u>25,069</u>
At 31 December 2004	<u>545,479</u>	<u>32,848</u>	<u>578,327</u>
AMORTISATION:			
At 1 January 2004	497,134	32,847	529,981
Charge for year	<u>17,416</u>	<u>-</u>	<u>17,416</u>
At 31 December 2004	<u>514,550</u>	<u>32,847</u>	<u>547,397</u>
NET BOOK VALUE:			
At 31 December 2004	<u>30,929</u>	<u>1</u>	<u>30,930</u>
At 31 December 2003	<u>23,276</u>	<u>1</u>	<u>23,277</u>

11. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Kilns and Dryers</u>	<u>Plant, Equipment & Vehicles</u>	<u>Totals</u>
	£	£	£	£
COST OR VALUATION:				
At 1 January 2004	8,541,657	4,422,236	7,285,492	20,249,385
Additions	130,867	9,435	592,990	733,292
Disposals	<u>(82,610)</u>	<u>-</u>	<u>(2,508)</u>	<u>(85,118)</u>
At 31 December 2004	<u>8,589,914</u>	<u>4,431,671</u>	<u>7,875,974</u>	<u>20,897,559</u>
DEPRECIATION:				
At 1 January 2004	1,068,977	2,428,096	4,050,409	7,547,482
Charge for year	63,326	175,168	424,499	662,993
Eliminated on disposals	<u>(2,283)</u>	<u>-</u>	<u>(2,506)</u>	<u>(4,789)</u>
At 31 December 2004	<u>1,130,020</u>	<u>2,603,264</u>	<u>4,472,402</u>	<u>8,205,686</u>
NET BOOK VALUE:				
At 31 December 2004	<u>7,459,894</u>	<u>1,828,407</u>	<u>3,403,572</u>	<u>12,691,873</u>
At 31 December 2003	<u>7,472,680</u>	<u>1,994,140</u>	<u>3,235,083</u>	<u>12,701,903</u>

Freehold Land and Buildings includes freehold land of £3,104,262 and residential property of £21,000 which is not depreciated.

Clay deposits of £1,050,258 which are included in freehold land have not been depreciated during the year.

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

11. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2004 is represented by:

	Freehold Land & Buildings	Kilns and Dryers	Plant, Equipment & Vehicles	Totals
	£	£	£	£
Valuation in 1986	3,576,200	772,900	-	4,349,100
Valuation in 2002	3,205,654	-	-	3,205,654
Cost	<u>1,808,060</u>	<u>3,658,771</u>	<u>7,875,974</u>	<u>13,342,805</u>
	<u>8,589,914</u>	<u>4,431,671</u>	<u>7,875,974</u>	<u>20,897,559</u>

If Freehold, Kilns and Dryers had not been revalued they would have been included at the following historical cost:

	31.12.04 £	31.12.03 £
Cost	<u>7,633,178</u>	<u>7,575,486</u>
Aggregate depreciation	<u>3,899,998</u>	<u>3,733,404</u>

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

	Plant, Equipment & Vehicles £
COST:	
At 1 January 2004	266,304
Transferred to ownership	<u>(266,304)</u>
At 31 December 2004	-
DEPRECIATION:	
At 1 January 2004	93,372
Transferred to ownership	<u>(93,372)</u>
At 31 December 2004	-
NET BOOK VALUE:	
At 31 December 2004	-
At 31 December 2003	<u>172,932</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

12. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2004	2
Disposals	<u>(2)</u>
At 31 December 2004	-
NET BOOK VALUE:	
At 31 December 2004	<u>-</u>
At 31 December 2003	<u>2</u>
	31.12.04 31.12.03
	£ £
Unlisted investments	- <u>2</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Red Bank Weatherwell Roof Tiles Limited

Nature of business: Dissolved

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.04	31.12.03
		£	£
Aggregate capital and reserves		<u>-</u>	<u>30,822</u>

Weatherwell Road Company Limited

Nature of business: Dormant

	%	
Class of shares:	holding	
Limited by guarantee	100.00	

13. STOCKS

	31.12.04	31.12.03
	£	£
Raw materials & consumables	1,130,618	939,974
Work in progress	425,711	501,589
Finished goods	<u>3,125,209</u>	<u>2,670,951</u>
	<u>4,681,538</u>	<u>4,112,514</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

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

	31.12.04 £	31.12.03 £
Trade debtors	1,364,283	1,516,841
Other debtors	129,952	124,759
Prepayments & accrued income	<u>139,703</u>	<u>187,684</u>
	<u><u>1,633,938</u></u>	<u><u>1,829,284</u></u>

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

	31.12.04 £	31.12.03 £
Bank loans and overdrafts (see note 16)	64,485	-
Hire purchase contracts (see note 17)	-	30,706
Trade creditors	2,244,721	2,369,592
Other creditors	125,996	170,986
Due to subsidiary undertaking	-	30,822
Social security & other taxes	434,000	433,797
Taxation	22,950	-
Accrued expenses	<u>167,446</u>	<u>188,563</u>
	<u><u>3,059,598</u></u>	<u><u>3,224,466</u></u>

16. LOANS AND OVERDRAFTS

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

	31.12.04 £	31.12.03 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u><u>64,485</u></u>	<u><u>-</u></u>

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.12.04 £	31.12.03 £
		Hire purchase contracts
Gross obligations repayable:		
Within one year	<u>-</u>	<u>34,714</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>4,008</u>
Net obligations repayable:		
Within one year	<u><u>-</u></u>	<u><u>30,706</u></u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	31.12.04 £	31.12.03 £	31.12.04 £	31.12.03 £
Expiring:				
Between one and five years	-	-	469,455	565,135
In more than five years	<u>17,500</u>	<u>17,500</u>	-	-
	<u>17,500</u>	<u>17,500</u>	<u>469,455</u>	<u>565,135</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.04 £	31.12.03 £
Bank overdrafts	<u>64,485</u>	<u>-</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company by virtue of a debenture dated 14 September 2004.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	31.12.04 £	31.12.03 £
Pension fund	516,389	429,963
Deferred tax	<u>445,626</u>	<u>472,870</u>
	<u>962,015</u>	<u>902,833</u>
	Deferred Tax	Pension provision
	£	£
Balance at 1 January 2004	472,870	429,963
Accelerated capital allowances	(8,217)	-
Losses	6,900	-
Pension contributions	<u>(25,927)</u>	<u>86,426</u>
Balance at 31 December 2004	<u>445,626</u>	<u>516,389</u>

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

19. PROVISIONS FOR LIABILITIES AND CHARGES - continued

Deferred tax provision	31.12.04	31.12.03
	£	£
Accelerated capital allowances	1,131,282	1,139,499
Losses carried forward	(530,740)	(537,640)
Pension contributions provision	(154,918)	(128,989)
	<u>445,626</u>	<u>472,870</u>

20. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
8,000,000	Ordinary	£1	<u>8,000,000</u>	<u>8,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
6,000,000	Ordinary	£1	<u>6,000,000</u>	<u>6,000,000</u>

21. REVALUATION RESERVE

	31.12.04	31.12.03
	£	£
Revaluation of land	<u>3,205,654</u>	<u>3,205,654</u>

22. PENSION COMMITMENTS

The company operates a defined contribution Group Personal Pension Plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost profit and loss charge amounted to £218,002 (2003 - £210,651).

The company operates a defined contribution Small Self Administered Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees working lives with the company. The contributions are determined by a qualified actuary. The pension cost profit and loss charge amounted to £197,382 (2003 - £109,011). The market value of the scheme's assets as at 31 March 2004, as per the last audited accounts of the scheme, is £1,493,183. The last actuarial valuation at 31 March 2003 showed that the unfunded past service liability at 31 March 2003 was £467,282.

Provision has been made for an unfunded past service liability of £516,389 in respect of the Red Bank Manufacturing Company Limited Small Self Administered Pension Scheme.

The following major actuarial assumptions have been used in calculating the liability:

Rate of increase in remuneration	- 6.9% per annum
Rate of increase in pensions in payment	- 3.0% per annum
Rate of increase in earnings cap	- 5.3% per annum
Rate of return on monies invested	- 8.5% per annum
Annuities purchased	- on a 5% yield basis

The company operates a Funded Unapproved Retirement Benefit Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost profit and loss charge for the year was £Nil (2003 - £Nil). The market value of the scheme's assets as at 31 March 2003, as per the last audited accounts of the scheme, is £81,917, and it is fully funded.

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

23. ULTIMATE PARENT COMPANY

The Ultimate Parent Company, RB Building Products Limited, a company registered in Liberia, which holds 3,150,000 (52.5%) of the share capital in Red Bank Manufacturing Company Limited, changed its management and control with effect from 17 June 2003 and this is now situated in the United Kingdom.

24. CAPITAL COMMITMENTS

	31.12.04	31.12.03
	£	£
Contracted but not provided for in the financial statements	-	14,229

25. TRANSACTIONS WITH DIRECTORS

Bianco Team Limited, a company owned by A J Capo-Bianco, was paid £24,210 (2003 - £28,564) on normal commercial terms for royalties in respect of Lockclad products.

Peachey & Co, the company's solicitors of whom H W Ashton is a partner, have charged the company on normal commercial terms £53,697 (2003 - £87,405) for general advice during the year and a further £14,727 (2003 - £1,485) related to conveyancing fees.

Included in other creditors is a bonus owing to J D N Capo-Bianco, of £6,124, a bonus owing to T Barnett, of £4,952 and a bonus owing to P Cobb, of £4,952.

Included in creditors is an amount owing to Peachey & Co of £11,096.

The company was charged rent of £17,500 (2003 - £17,500) , on normal commercial terms, for use of the Chorleywood office by the Red Bank Manufacturing Company Limited Small Self Administered Pension Scheme.

26. RELATED PARTY DISCLOSURES

RB Building Products Limited (The Ultimate Parent Company) is owned 100% by the trustees of the M Barnes Trust and the M Barnes No. 2 Trust, which are now UK resident for tax purposes. There are four trustees of the M Barnes Trusts including Mr JDN Capo-Bianco.

Stresa Securities Limited, a company registered in Liberia, which holds 216,000 (3.6%) of the share capital in the company, changed its management and control with effect from 21 May 2003 and this is now situated in the United Kingdom. Stresa Securities Limited is owned 100% by the trustees of the Stresa Trust, which is now UK resident for tax purposes. There are four trustees of The Stresa Trust including Mr JDN Capo-Bianco.

By virtue of irrevocable powers of attorney granted by Stresa Securities Limited and RB Building Products Limited on 14 May 2003 and 20 May 2003, respectively, in favour of Mr JDN Capo-Bianco, Mr JDN Capo-Bianco now has control over the voting rights of 3,366,000 ordinary shares (56.1%) in respect of the management of the company.

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.04	31.12.03
	£	£
Profit for the financial year	101,084	154,117
Dividends	(120,000)	(240,000)
Net reduction of shareholders' funds	(18,916)	(85,883)
Opening shareholders' funds (originally £15,337,846 before prior year adjustment of £(300,974))	<u>15,036,872</u>	<u>15,122,755</u>
Closing shareholders' funds	<u>15,017,956</u>	<u>15,036,872</u>
Equity interests	<u>15,017,956</u>	<u>15,036,872</u>