

2005

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2005
for
Red Bank Manufacturing Company Limited**



Red Bank Manufacturing Company Limited

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for the Year Ended 31 December 2005**

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Red Bank Manufacturing Company Limited

**Company Information
for the Year Ended 31 December 2005**

DIRECTORS:

R. Gimmier
D J Szymanski
Mrs W J Trot
J Morrish

SECRETARY:

Mrs A D Lancaster

REGISTERED OFFICE:

Stewartby
Bedford
Bedfordshire
MK42 9LZ

REGISTERED NUMBER:

257614

AUDITORS:

Foster Peschardt
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 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

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. The company ceased production of slate and tile products in August 2005.

REVIEW OF BUSINESS

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

Turnover was down by £374,780 (minus 0.3%) and the loss before tax was £1,379,608 (2004-profit £96,789). Shareholders' Funds decreased by £1,188,034 compared to a decrease of £18,916 in 2004.

New capital expenditure of £299,297 was spent compared to £733,292 in 2004.

Assets were sold for £158,496 compared to £572,298 in 2004.

Bank and cash balances of £301,802 at 31 December 2005 compare to a net overdrawn position of £63,195 at 31 December 2003.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2005.

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.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

Red Bank Manufacturing Company Limited

Report of the Directors for the Year Ended 31 December 2005

DIRECTORS

The directors during the year under review were:

J D N Capo-Bianco	
A J Capo-Bianco	- resigned 31.8.05
H W Ashton	
P Cobb	
T Barnett	
Mrs S Friend	

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary £1 shares		
J D N Capo-Bianco	8,000	8,000
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.

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 2005 is 59 days (2004 - 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 £1,210 (2004 £5,623), no donations were made to political parties.

Red Bank Manufacturing Company Limited

**Report of the Directors
for the Year Ended 31 December 2005**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

ON BEHALF OF THE BOARD:



Mrs A D Lancaster - Secretary

Date: 21.07.06

**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 2005 on pages six to twenty five. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 four the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss 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:

5 September 2006

Red Bank Manufacturing Company Limited

**Profit and Loss Account
for the Year Ended 31 December 2005**

		<u>31.12.05</u>		<u>31.12.04</u>	
	Notes	£	£	£	£
TURNOVER	2		12,463,397		13,018,177
Continuing operations		11,803,836		11,684,917	
Discontinued operations		<u>659,561</u>		<u>1,333,260</u>	
 Cost of sales	3		<u>8,576,677</u>		<u>8,699,397</u>
GROSS PROFIT	3		3,886,720		4,318,780
 Net operating expenses	3		<u>5,213,158</u>		<u>4,172,113</u>
OPERATING (LOSS)/PROFIT	5		(1,326,438)		146,667
Continuing operations		424,238		690,067	
Discontinued operations		<u>(1,750,676)</u>		<u>(543,400)</u>	
 Interest receivable and similar income			<u>-</u>		<u>230</u>
			(1,326,438)		146,897
 Interest payable and similar charges	6		<u>53,170</u>		<u>50,108</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(1,379,608)		96,789
 Tax on (loss)/profit on ordinary activities	7		<u>(191,574)</u>		<u>(4,295)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(1,188,034)		101,084
 Retained profit brought forward:					
As previously reported		5,812,302		6,132,192	
Prior year adjustments	9	<u>-</u>		<u>(300,974)</u>	
 As restated			<u>5,812,302</u>		<u>5,831,218</u>
			4,624,268		5,932,302
 Dividends	8		<u>-</u>		<u>(120,000)</u>
RETAINED PROFIT CARRIED FORWARD			<u>£4,624,268</u>		<u>£5,812,302</u>

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 2005

	<u>31.12.05</u>	<u>31.12.04</u>
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(1,188,034)	101,084
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£(1,188,034)</u>	101,084
Prior year adjustment		<u>(300,974)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>£(199,890)</u>

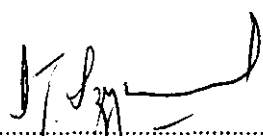
The notes form part of these financial statements

Red Bank Manufacturing Company Limited

**Balance Sheet
31 December 2005**

		<u>31.12.05</u>		<u>31.12.04</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	11		28,532		30,930
Tangible assets	12		<u>11,204,157</u>		<u>12,691,873</u>
			11,232,689		12,722,803
CURRENT ASSETS:					
Stocks	13	4,665,552		4,681,538	
Debtors	14	1,550,398		1,633,938	
Cash at bank and in hand		<u>301,802</u>		<u>1,290</u>	
		6,517,752		6,316,766	
CREDITORS: Amounts falling due within one year	15	<u>3,150,353</u>		<u>3,059,598</u>	
NET CURRENT ASSETS:			<u>3,367,399</u>		<u>3,257,168</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			14,600,088		15,979,971
PROVISIONS FOR LIABILITIES:	19		<u>770,166</u>		<u>962,015</u>
			<u><u>£13,829,922</u></u>		<u><u>£15,017,956</u></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>4,624,268</u>		<u>5,812,302</u>
SHAREHOLDERS' FUNDS:	30		<u><u>£13,829,922</u></u>		<u><u>£15,017,956</u></u>

ON BEHALF OF THE BOARD:



 D J Szymanski - Director

Approved by the Board on 21.07.06

The notes form part of these financial statements

Red Bank Manufacturing Company Limited

Cash Flow Statement
for the Year Ended 31 December 2005

		31.12.05		31.12.04	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		596,982		(173,742)
Returns on investments and servicing of finance	2		(53,170)		(49,878)
Taxation			(22,970)		1
Capital expenditure	2		(155,845)		(186,063)
Acquisitions and disposals	2		-		2
Equity dividends paid			-		(120,000)
			364,997		(529,680)
Financing	2		-		(30,706)
Increase/(Decrease) in cash in the period			<u>£364,997</u>		<u>£(560,386)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period			364,997		(560,386)
Cash outflow from decrease in debt and lease financing			-		<u>30,706</u>
Change in net debt resulting from cash flows			<u>364,997</u>		<u>(529,680)</u>
Movement in net debt in the period			364,997		(529,680)
Net (debt)/funds at 1 January			<u>(63,195)</u>		<u>466,485</u>
Net funds/(debt) at 31 December			<u>£301,802</u>		<u>£(63,195)</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 2005**

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

Year ended 31 December 2005

	Continuing £	Discontinued £	Total £
Operating (loss)/profit	424,238	(1,750,676)	(1,326,438)
Depreciation charges	625,270	-	625,270
Loss on sale of fixed assets	-	1,003,249	1,003,249
Amortisation of intangible assets	17,440	-	17,440
Decrease in stocks	15,986	-	15,986
Decrease in debtors	83,540	-	83,540
Increase/(Decrease) in creditors	<u>177,935</u>	<u>-</u>	<u>177,935</u>
Net cash inflow from continuing operating activities	1,344,409		
Net cash outflow from discontinued operating activities		<u>(747,427)</u>	
Net cash inflow from operating activities			<u><u>596,982</u></u>

Year ended 31 December 2004

	Continuing £	Discontinued £	Total £
Operating (loss)/profit	690,067	(543,400)	146,667
Depreciation charges	662,993	-	662,993
Profit on sale of fixed assets	(491,969)	-	(491,969)
Amortisation of intangible assets	17,416	-	17,416
Increase in stocks	(569,024)	-	(569,024)
Decrease in debtors	195,346	-	195,346
Increase/(Decrease) in creditors	<u>(135,171)</u>	<u>-</u>	<u>(135,171)</u>
Net cash inflow from continuing operating activities	369,658		
Net cash outflow from discontinued operating activities		<u>(543,400)</u>	
Net cash outflow from operating activities			<u><u>(173,742)</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 2005**

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

	31.12.05 £	31.12.04 £
Returns on investments and servicing of finance		
Interest received	-	230
Interest paid	(53,170)	(46,100)
Interest element of hire purchase or finance lease rentals payments	<u>-</u>	<u>(4,008)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(53,170)</u>	<u>(49,878)</u>
Capital expenditure		
Purchase of intangible fixed assets	(15,042)	(25,069)
Purchase of tangible fixed assets	(299,297)	(733,292)
Sale of tangible fixed assets	<u>158,494</u>	<u>572,298</u>
Net cash outflow for capital expenditure and financial investment	<u>(155,845)</u>	<u>(186,063)</u>
Acquisitions and disposals		
Investment disposal	-	2
Stock		
Legal and professional fees		
Interest received	<u>-</u>	<u>-</u>
Net cash inflow for acquisitions and disposals	<u>-</u>	<u>2</u>
Financing		
Hire purchase and finance lease capital repaid	<u>-</u>	<u>(30,706)</u>
Net cash outflow from financing	<u>-</u>	<u>(30,706)</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 2005**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.05 £	Cash flow £	At 31.12.05 £
Net cash:			
Cash at bank and in hand	1,290	300,512	301,802
Bank overdraft	<u>(64,485)</u>	<u>64,485</u>	<u>-</u>
	<u>(63,195)</u>	<u>364,997</u>	<u>301,802</u>
 Total	 <u>(63,195)</u>	 <u>364,997</u>	 <u>301,802</u>
 Analysed in Balance Sheet			
Cash at bank and in hand	1,290		301,802
Bank overdraft	<u>(64,485)</u>		<u>-</u>
	<u>(63,195)</u>		<u>301,802</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2005

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

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 2005

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 also 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:

	2005 £	2004 £
United Kingdom and Europe	<u>12,463,397</u>	<u>13,018,177</u>

3. ANALYSIS OF OPERATIONS

	Continuing £	31.12.05 Discontinued £	Total £
Cost of sales	<u>7,735,632</u>	<u>841,045</u>	<u>8,576,677</u>
Gross profit/(loss)	<u>4,068,204</u>	<u>(181,484)</u>	<u>3,886,720</u>
Net operating expenses:			
Distribution costs	2,731,819	187,022	2,918,841
Administrative expenses	1,056,366	1,382,170	2,438,536
Other operating income	<u>(144,219)</u>	<u>-</u>	<u>(144,219)</u>
	<u>3,643,966</u>	<u>1,569,192</u>	<u>5,213,158</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

3. ANALYSIS OF OPERATIONS - continued

	Continuing	31.12.04 Discontinued	Total
	£	£	£
Cost of sales	<u>7,298,711</u>	<u>1,400,686</u>	<u>8,699,397</u>
Gross profit/(loss)	<u>4,386,206</u>	<u>(67,426)</u>	<u>4,318,780</u>
Net operating expenses:			
Distribution costs	2,872,715	359,980	3,232,695
Administrative expenses	958,067	115,994	1,074,061
Other operating income	<u>(134,643)</u>	<u>-</u>	<u>(134,643)</u>
	<u>3,696,139</u>	<u>475,974</u>	<u>4,172,113</u>

4. STAFF COSTS

	31.12.05 £	31.12.04 £
Wages and salaries	4,926,803	5,320,790
Social security costs	560,486	565,226
Other pension costs	<u>318,930</u>	<u>415,384</u>
	<u>5,806,219</u>	<u>6,301,400</u>

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

	31.12.05	31.12.04
Manufacturing	150	156
Office, management, selling & distribution	<u>38</u>	<u>59</u>
	<u>188</u>	<u>215</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

5. OPERATING (LOSS)/PROFIT

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

	31.12.05	31.12.04
	£	£
Depreciation - owned assets	625,270	662,993
Loss/(Profit) on disposal of fixed assets	1,003,249	(491,969)
Auditors' remuneration	36,750	35,200
Non-audit work	59,270	28,349
Hire of Plant and Machinery	455,092	499,313
Other Operating Leases	<u>104,103</u>	<u>86,269</u>

Directors' emoluments	430,031	435,136
Directors' pension contributions to money purchase and personal pension schemes	145,618	136,424
Past directors' excess retirement benefits	<u>-</u>	<u>80,000</u>

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

Money purchase schemes	1	1
Group personal pension schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	31.12.05	31.12.04
	£	£
Emoluments etc	247,200	247,017
Pension contributions to money purchase schemes	<u>120,000</u>	<u>197,382</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.05	31.12.04
	£	£
Bank interest	53,170	46,100
Hire purchase and finance lease interest	<u>-</u>	<u>4,008</u>
	<u>53,170</u>	<u>50,108</u>

7. TAXATION

Analysis of the tax credit

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

	31.12.05	31.12.04
	£	£
Current tax:		
UK corporation tax	-	22,949
Prior year adjustment	275	
Deferred taxation	<u>(191,849)</u>	<u>(27,244)</u>
Tax on (loss)/profit on ordinary activities	<u>(191,574)</u>	<u>(4,295)</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

8. DIVIDENDS

	31.12.05 £	31.12.04 £
Equity shares:		
Interim of nil (2004- 2.0p)	<u>-</u>	<u>120,000</u>

9. PRIOR YEAR ADJUSTMENTS

An adjustment was made in the 2004 accounts in respect of an unfunded past service liability at 31 December 2003 in respect of the Red Bank Manufacturing Company Small Self Administered Pension Scheme contributions for Mr J.D.N. Capo-Bianco.

10. EARNINGS PER SHARE

The Earnings Per Share is calculated on a loss after tax of £1,188,034 (2004 profit-£101,084) and on the 6,000,000 ordinary shares in issue.

	2005 £	2004 £
Earnings per share	(0.19)	0.02

11. INTANGIBLE FIXED ASSETS

	<u>Development costs</u>	<u>Patents and licences</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 January 2005	545,479	32,848	578,327
Additions	<u>15,042</u>	<u>-</u>	<u>15,042</u>
At 31 December 2005	<u>560,521</u>	<u>32,848</u>	<u>593,369</u>
AMORTISATION:			
At 1 January 2005	514,550	32,847	547,397
Charge for year	<u>17,440</u>	<u>-</u>	<u>17,440</u>
At 31 December 2005	<u>531,990</u>	<u>32,847</u>	<u>564,837</u>
NET BOOK VALUE:			
At 31 December 2005	<u>28,531</u>	<u>1</u>	<u>28,532</u>
At 31 December 2004	<u>30,929</u>	<u>1</u>	<u>30,930</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

12. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Kilns and Dryers</u>	<u>Plant,Eq- uipment & Vehicles</u>	<u>Totals</u>
	£	£	£	£
COST OR VALUATION:				
At 1 January 2005	8,589,914	4,431,671	7,875,974	20,897,559
Additions	39,417	-	259,880	299,297
Disposals	-	-	(1,727,500)	(1,727,500)
At 31 December 2005	<u>8,629,331</u>	<u>4,431,671</u>	<u>6,408,354</u>	<u>19,469,356</u>
DEPRECIATION:				
At 1 January 2005	1,130,020	2,603,264	4,472,402	8,205,686
Charge for year	63,793	175,365	386,112	625,270
Eliminated on disposals	-	-	(565,757)	(565,757)
At 31 December 2005	<u>1,193,813</u>	<u>2,778,629</u>	<u>4,292,757</u>	<u>8,265,199</u>
NET BOOK VALUE:				
At 31 December 2005	<u>7,435,518</u>	<u>1,653,042</u>	<u>2,115,597</u>	<u>11,204,157</u>
At 31 December 2004	<u>7,459,894</u>	<u>1,828,407</u>	<u>3,403,572</u>	<u>12,691,873</u>

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

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

Cost or valuation at 31 December 2005 is represented by:

	<u>Freehold Land & Buildings</u>	<u>Kilns and Dryers</u>	<u>Plant,Eq- uipment & Vehicles</u>	<u>Totals</u>
	£	£	£	£
Valuation in 1986	3,576,200	772,900	-	4,349,100
Valuation in 2002	3,205,654	-	-	3,205,654
Cost	<u>1,847,477</u>	<u>3,658,771</u>	<u>6,408,354</u>	<u>11,914,602</u>
	<u>8,629,331</u>	<u>4,431,671</u>	<u>6,408,354</u>	<u>19,469,356</u>

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

	31.12.05	31.12.04
	£	£
Cost	<u>7,684,302</u>	<u>7,633,178</u>
Aggregate depreciation	<u>3,914,383</u>	<u>3,899,998</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

13. STOCKS

	31.12.05	31.12.04
	£	£
Raw materials & consumables	601,997	1,130,618
Work in progress	392,112	425,711
Finished goods	<u>3,671,443</u>	<u>3,125,209</u>
	<u>4,665,552</u>	<u>4,681,538</u>

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

	31.12.05	31.12.04
	£	£
Trade debtors	1,217,057	1,364,283
Other debtors	173,157	129,952
Prepayments & accrued income	<u>160,184</u>	<u>139,703</u>
	<u>1,550,398</u>	<u>1,633,938</u>

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

	31.12.05	31.12.04
	£	£
Bank loans and overdrafts (see note 16)	-	64,485
Trade creditors	2,400,003	2,244,721
Other creditors	18,911	125,996
Social security & other taxes	433,428	434,000
Taxation	(20)	22,950
Accrued expenses	<u>298,031</u>	<u>167,446</u>
	<u>3,150,353</u>	<u>3,059,598</u>

16. LOANS AND OVERDRAFTS

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

	31.12.05	31.12.04
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>64,485</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

17. OPERATING LEASE COMMITMENTS

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

	Operating leases			
	Land and buildings		Other	
	31.12.05	31.12.04	31.12.05	31.12.04
	£	£	£	£
Expiring:				
Between one and five years	-	-	528,019	469,455
In more than five years	-	17,500	-	-
	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>17,500</u>	<u>528,019</u>	<u>469,455</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.05	31.12.04
	£	£
Bank overdrafts	<u>-</u>	<u>64,485</u>

The bank overdraft was secured by a fixed and floating charge over the assets of the company by virtue of a debenture dated 14 September 2004.
This security was discharged on 10 January 2006.

19. PROVISIONS FOR LIABILITIES

	31.12.05	31.12.04
	£	£
Pension fund	516,389	516,389
Deferred tax	<u>253,777</u>	<u>445,626</u>
	<u>770,166</u>	<u>962,015</u>
	Deferred tax	Pension provision
	£	£
Balance at 1 January 2005	445,626	516,389
Accelerated capital allowances	(366,085)	-
Losses	19,319	-
Pension contributions paid	<u>154,917</u>	<u>(516,389)</u>
Balance at 31 December 2005	<u>253,777</u>	<u>-</u>

Red Bank Manufacturing Company Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2005**

19. PROVISIONS FOR LIABILITIES - continued

Deferred tax provision	31.12.05	31.12.04
	£	£
Accelerated capital allowances	765,198	1,131,313
Losses carried forward	(511,421)	(530,769)
Pension contribution provision	<u>-</u>	<u>(154,918)</u>
	<u>253,777</u>	<u>445,626</u>

20. CALLED UP SHARE CAPITAL

Authorised:			31.12.05	31.12.04
Number:	Class:	Nominal value:	£	£
8,000,000	Ordinary	£1	<u>8,000,000</u>	<u>8,000,000</u>

Allotted, issued and fully paid:			31.12.05	31.12.04
Number:	Class:	Nominal value:	£	£
6,000,000	Ordinary	£1	<u>6,000,000</u>	<u>6,000,000</u>

21. REVALUATION RESERVE

	31.12.05	31.12.04
	£	£
Revaluation of land	<u>3,205,654</u>	<u>3,205,654</u>

Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2005

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 £204,578 (2004 - £218,002).

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 £120,000 (2004 - £197,382). The market value of the scheme's assets as at 31 March 2005, as per the last audited accounts of the scheme, is £2,199,852. 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 (2004 - £Nil). The market value of the scheme's assets as at 31 March 2005, as per the last audited accounts of the scheme, is £87,204, and it is fully funded.

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. CONTINGENT LIABILITIES

There are defective product claims which are in the process of being assessed which cannot be quantified at the balance sheet date.

25. CAPITAL COMMITMENTS

A kiln refurbishment programme was scheduled to commence on 3 January 2006 and expenditure of £45,280 has been contracted for.

26. OTHER FINANCIAL COMMITMENTS

The following payment was due to be made in relation to the termination of a Consultancy agreement dated 3 October 2005 in the event of the successful sale of the company share capital.

Bianco Team Limited	£12,765.96
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Red Bank Manufacturing Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2005

27. TRANSACTIONS WITH DIRECTORS

Bianco Team Limited, a company owned by A J Capo-Bianco, was paid £6,541.35 (2004 - £24,210) on normal commercial terms for royalties in respect of Lockclad products. The consultancy agreement was terminated on 31 August 2005 and a settlement paid of £79,513.

Peachey & Co, the company's solicitors of whom H W Ashton is a partner, have charged the company on normal commercial terms £83,242, (2004- £53,697) for general advice during the year and a further £10,938 (2004 - £14,727) related to conveyancing fees.

Included in creditors is an amount owing to Peachey & Co of £32,360 (2004-£11,096).

The company was charged rent of £17,500 (2004 - £17,500) , on normal commercial terms, for use of the Chorleywood office by the Red Bank Manufacturing Company Limited Small Self Administered Pension Scheme.

28. 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 it's 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.

29. POST BALANCE SHEET EVENTS

The entire share capital of the company was sold on 10 January 2006 to Hanson Building Products Limited.

Redundancy settlements were paid totalling £90,600.

Bouns payments were paid in consideration of Director's service totalling £120,000

A final settlement payment of £255,000 was made in respect of the Red Bank Small Self Administered Pension Scheme.

Red Bank Manufacturing Company Limited

Notes to the Financial Statements
for the Year Ended 31 December 2005

30.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	31.12.05	31.12.04
		£	£
	(Loss)/Profit for the financial year	(1,188,034)	101,084
	Dividends	-	(120,000)
	Net reduction of shareholders' funds	(1,188,034)	(18,916)
	Opening shareholders' funds	<u>15,017,956</u>	<u>15,036,872</u>
	Closing shareholders' funds	<u>13,829,922</u>	<u>15,017,956</u>
	Equity interests	<u>13,829,922</u>	<u>15,017,956</u>

Red Bank Manufacturing Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 December 2005

	31.12.05		31.12.04	
	£	£	£	£
Sales: U.K. and Europe		12,463,397		13,018,177
Cost of sales:				
Direct costs	4,094,739		3,935,764	
Wages & salaries	3,281,052		3,492,407	
Social security	375,842		369,616	
Pensions	124,527		129,660	
BUPA and PHI costs	104,058		175,548	
Amortisation of development and patent costs	17,440		17,416	
Depreciation	579,019		578,986	
		<u>8,576,677</u>		<u>8,699,397</u>
GROSS PROFIT		3,886,720		4,318,780
Other income:				
Other Receipts	144,219		134,643	
Bank interest receivable	-		230	
		<u>144,219</u>		<u>134,873</u>
		4,030,939		4,453,653
Administration costs:				
Directors' remuneration	411,840		420,550	
Pension contributions	145,618		222,850	
Wages	275,090		291,055	
Social security	63,730		63,536	
Pensions	8,743		18,035	
BUPA and PHI costs	9,485		17,732	
Telephone	18,621		32,413	
Printing, postage & stationery	41,240		47,252	
Travel, accomodation & subsis tence	-		21,873	
Vehicle expenses	12,176		30,356	
Auditors remuneration	36,750		35,200	
Accountancy	59,270		28,349	
Legal and professional fees	131,663		100,536	
Computer costs	44,608		45,758	
Entertaining	2,328		6,427	
Other expenses	50,378		54,835	
Subscriptions and donations	29,684		36,763	
Depreciation	41,848		54,496	
		<u>1,383,072</u>		<u>1,528,016</u>
Carried forward		2,647,867		2,925,637

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Red Bank Manufacturing Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 December 2005

	31.12.05		31.12.04	
	£	£	£	£
Brought forward		2,647,867		2,925,637
Distribution costs:				
Wages	958,821		1,116,778	
Social security	120,914		132,074	
Pensions	40,042		44,839	
BUPA and PHI costs	23,548		47,040	
Carriage	1,084,994		1,124,190	
Settlement discounts	343,098		361,351	
Vehicle costs	89,898		123,304	
Advertising	11,635		8,808	
Other expenses	240,737		239,582	
Bad debts	750		5,192	
Depreciation	4,404		29,537	
		<u>2,918,841</u>		<u>3,232,695</u>
		(270,974)		(307,058)
Establishment costs:				
Rent	17,500		17,500	
Repairs to property	9,812		-	
		<u>27,312</u>		<u>17,500</u>
		(298,286)		(324,558)
Finance costs:				
Bank interest	53,170		46,100	
Hire purchase and finance			4,008	
lease interest	-		20,514	
Bank charges	24,903			
		<u>78,073</u>		<u>70,622</u>
		(376,359)		(395,180)
(Loss)/Profit on disposal of fixed assets:				
Plant, equipment & vehicles		<u>(1,003,249)</u>		<u>491,969</u>
NET (LOSS)/PROFIT		<u><u>£(1,379,608)</u></u>		<u><u>£96,789</u></u>

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