

COMPANY REGISTRATION NUMBER 1446923

AXTER LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003



ENSORS

Chartered Accountants & Registered Auditors
46 St Nicholas Street
IPSWICH
IP1 1TT

AXTER LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes to the financial statements	8

AXTER LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year remained that of importers and distributors of roofing and waterproofing products and building materials.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 December	1 January 2003
	2003	
J Medlock	—	—
P Roger	—	—
P Fleischmann	—	—
	<hr/>	<hr/>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AXTER LIMITED

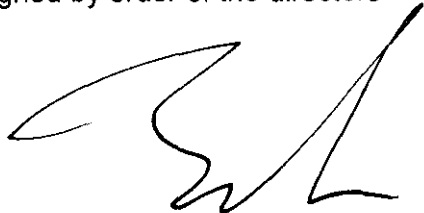
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2003

AUDITORS

A resolution to re-appoint Ensors as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



J E MEDLOCK
Company Secretary

Approved by the directors on 13/2/04

AXTER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2003

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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 Directors' Report 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 Directors' Report 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.

AXTER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2003

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 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



ENSORS
Chartered Accountants
& Registered Auditors

46 St Nicholas Street
IPSWICH
IP1 1TT

..... 17 FEB 2004

AXTER LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2003**

	Note	2003 £	2002 £
TURNOVER	2	2,308,113	2,931,160
Cost of sales		<u>1,450,332</u>	<u>1,931,165</u>
GROSS PROFIT		857,781	999,995
Distribution Costs		<u>240,030</u>	319,179
Administrative expenses		<u>607,104</u>	<u>672,835</u>
OPERATING PROFIT	3	10,647	7,981
Interest payable	6	<u>7,172</u>	4,193
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,475	3,788
Tax on profit on ordinary activities	7	<u>6,418</u>	7,732
LOSS FOR THE FINANCIAL YEAR		(2,943)	(3,944)
Balance brought forward		<u>(76,621)</u>	(72,677)
Balance carried forward		<u>(79,564)</u>	<u>(76,621)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on page 2 form part of these financial statements.

AXTER LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2003

	2003	2002
	£	£
Loss for the financial year	(2,943)	(3,944)
Opening shareholders' equity funds	<u>73,379</u>	<u>77,323</u>
Closing shareholders' equity funds	<u>70,436</u>	<u>73,379</u>

The notes on page 2 form part of these financial statements.

AXTER LIMITED**BALANCE SHEET****31 DECEMBER 2003**

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	8		6,339		8,212
CURRENT ASSETS					
Stocks	9	19,565		69,499	
Debtors	10	574,768		761,589	
Cash in hand		2,266		2,452	
		<u>596,599</u>		<u>833,540</u>	
CREDITORS: Amounts falling due within one year	12	<u>532,502</u>		<u>768,373</u>	
NET CURRENT ASSETS			<u>64,097</u>		<u>65,167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>70,436</u>		<u>73,379</u>
CAPITAL AND RESERVES					
Called-up equity share capital	16		150,000		150,000
Profit and loss account			(79,564)		(76,621)
SHAREHOLDERS' FUNDS			<u>70,436</u>		<u>73,379</u>

These financial statements were approved by the directors on the 17/4/04 and are signed on their behalf by:


J MEDLOCK

The notes on page 2 form part of these financial statements.

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment	20%
Computer equipment/software	33%
Leasehold Improvements	7%
Computer Hardware	20%

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>2,308,113</u>	<u>2,931,160</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation	3,921	3,502
Net profit on foreign currency translation	<u>(5,424)</u>	<u>(22,981)</u>

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of distribution staff	7	7
Number of administrative staff	4	3
	<u>11</u>	<u>10</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	222,951	254,856
Social security costs	37,686	33,418
Other pension costs	55,089	49,182
	<u>315,726</u>	<u>337,456</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	<u>78,078</u>	<u>79,535</u>

The directors' remuneration above related to the only paid director. The amount above includes pension contributions, which amount to £20,491 (2002 : £18,247). There are no rights for directors to exercise share options or receive shares under long term incentive schemes.

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	<u>7,172</u>	<u>4,193</u>

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
Corporation Tax based on the results for the year	6,660	7,742
Origination and reversal of timing differences	(242)	(10)
	<u>6,418</u>	<u>7,732</u>

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the rate of Corporation Tax in the UK applicable to the Company for the year. The differences are explained below:

	2003 £	2002 £
Profit/Loss on ordinary activities before taxation	<u>3,475</u>	<u>3,788</u>
Profit on ordinary activities multiplied by rate of Corporation Tax in the UK at 30% (2002 – 30%)	1,042	1,136
Effects of : Expenses not deductible for tax purposes	5,376	6,596
Depreciation in excess of capital allowances	242	10
Current tax charge	<u>6,660</u>	<u>7,742</u>

8. TANGIBLE FIXED ASSETS

	Equipment & Improvements £
COST	
At 1 January 2003	61,555
Additions	2,048
At 31 December 2003	<u>63,603</u>
DEPRECIATION	
At 1 January 2003	53,343
Charge for the year	3,921
At 31 December 2003	<u>57,264</u>
NET BOOK VALUE	
At 31 December 2003	<u>6,339</u>
At 31 December 2002	<u>8,212</u>

9. STOCKS

	2003 £	2002 £
Finished goods	<u>19,565</u>	<u>69,499</u>

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

10. DEBTORS

	2003 £	2002 £
Trade debtors	538,785	745,966
Other debtors	7,000	—
Prepayments and accrued income	28,084	14,966
Deferred taxation (note 11)	899	657
	<u>574,768</u>	<u>761,589</u>

11. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	(657)	(647)
Profit and loss account movement arising during the year	(242)	(10)
Balance carried forward	<u>(899)</u>	<u>(657)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	899	657
	<u>899</u>	<u>657</u>

12. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	69,611	38,560
Trade creditors	336,172	599,725
Other creditors including taxation and social security:		
Corporation tax	6,661	7,982
Other taxation and social security	60,096	53,824
	<u>472,540</u>	<u>700,091</u>
Accruals and deferred income	59,962	68,282
	<u>532,502</u>	<u>768,373</u>

13. PENSIONS

The company operated a defined contribution pension scheme, assets of which are held independently from those of the company. The pension cost charge was £55,089 (2002 : £49,182), all of which was paid over at the year end and in accordance with the payment schedule.

AXTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	2,058	4,963
Within 1 to 2 years	19,763	10,030
Within 2 to 5 years	20,235	33,760
	<u>42,056</u>	<u>48,753</u>

In addition, the company has an informal annual commitment of £6,000 in respect of its land and buildings.

15. RELATED PARTY TRANSACTIONS

The company's immediate parent company is Axter SA, a company incorporated in France. The company's ultimate parent company (for which group accounts are drawn up) is Bouygues SA, which is also a company incorporated in France.

Due to the fact that the company is 100% owned and that its accounts are consolidated into those of its ultimate parent company (copies of which are available to the public from the French Company Registry,) exemption is taken from disclosing transactions and balances with other group members.

16. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>