

Registration number 2413674

ABS Refractories Limited

Directors' report and financial statements

for the year ended 31 December 2005



ABS Refractories Limited

Company information

| | |
|-------------------|--|
| Directors | Brian Beckett Mark Ridgeway Kevin Sheehan |
| Secretary | Kevin Sheehan |
| Company number | 2413674 |
| Registered office | The Brickworks Kilnhurst Road Kilnhurst Mexborough |
| Auditors | Michael A Jarvis & Co Edenthorpe Grove Road Rotherham |
| Bankers | HSBC plc 35 College Street Rotherham |
| Solicitors | DLA Piper Rudnick Gray Cary Princes Exchange Princes Square Leeds |

ABS Refractories Limited

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ABS Refractories Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

Principal activity and review of the business

The principal activity of the company was the residual supply of refractory materials for the steel, glass and ceramics industries.

Results and dividends

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £832,768 and they do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

| | Class of share | 31/12/05 | 01/01/05 or date of appointment |
|------------------|--------------------------------------|-----------------|--|
| Brian Beckett | Ordinary shares | - | - |
| Mark Ridgeway | Ordinary shares | - | 1,000 |
| Kevin Sheehan | Ordinary shares | - | - |
| Benjamin Aylward | Resigned 10 May 2005 Ordinary shares | - | - |

The interests of directors who are also directors of the ultimate parent undertaking are disclosed in the financial statements of that company.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

ABS Refractories Limited

**Directors' report
for the year ended 31 December 2005**

..... continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Michael A Jarvis & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 26 October 2006 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'K. Sheehan', is written over a horizontal line.

Kevin Sheehan
Secretary

ABS Refractories Limited

Independent auditors' report to the shareholders of ABS Refractories Limited

We have audited the financial statements of ABS Refractories Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's 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 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 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 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.

ABS Refractories Limited

Independent auditors' report to the shareholders of ABS Refractories Limited continued

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.

Michael A Jarvis & Co

Michael A Jarvis & Co

**Chartered Accountants and
Registered Auditor**

**Edenthorpe
Grove Road
Rotherham**

26 October 2006

ABS Refractories Limited

**Profit and loss account
for the year ended 31 December 2005**

| | | Discontinued operations | |
|---|--------------|--------------------------------|-------------|
| | | 2005 | 2004 |
| | Notes | £ | £ |
| Turnover | 2 | - | 74,500 |
| Cost of sales | | - | 17,210 |
| Gross profit | | - | 91,710 |
| Administrative expenses | | (554) | 2,011 |
| Operating (loss)/profit | | (554) | 93,721 |
| Other interest receivable and similar income | 3 | - | 51,175 |
| Interest payable and similar charges | 4 | - | (17) |
| (Loss)/profit on ordinary activities before taxation | | (554) | 144,879 |
| Tax on (loss)/profit on ordinary activities | 6 | - | (18,462) |
| (Loss)/profit on ordinary activities after taxation | | (554) | 126,417 |
| Dividends | 7 | (832,768) | - |
| (Loss)/retained profit for the year | | (833,322) | 126,417 |
| Retained profit brought forward | | 833,322 | 706,905 |
| Retained profit carried forward | | - | 833,322 |

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 11 form an integral part of these financial statements.

ABS Refractories Limited

**Balance sheet
as at 31 December 2005**

| | | 2005 | | 2004 | |
|---|-------|---------------|----------------------|----------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Current assets | | | | | |
| Debtors | 8 | 10,000 | | - | |
| Cash at bank and in hand | | - | | 864,316 | |
| | | <u>10,000</u> | | <u>864,316</u> | |
| Creditors: amounts falling due within one year | 9 | - | | (20,994) | |
| Net current assets | | | <u>10,000</u> | | <u>843,322</u> |
| Net assets | | | <u><u>10,000</u></u> | | <u><u>843,322</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 10,000 | | 10,000 |
| Profit and loss account | | | - | | 833,322 |
| Shareholders' funds | 11 | | <u><u>10,000</u></u> | | <u><u>843,322</u></u> |

The financial statements were approved by the Board on 26 October 2006 and signed on its behalf by



Brian Beckett
Director



Kevin Sheehan
Director

The notes on pages 8 to 11 form an integral part of these financial statements.

ABS Refractories Limited

Cash flow statement for the year ended 31 December 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|------------------|----------------|
| Reconciliation of operating (loss)/profit to net cash outflow from operating activities | | | |
| Operating (loss)/profit | | (554) | 93,721 |
| (Increase) in debtors | | (10,000) | 31,736 |
| (Decrease) in creditors | | (2,522) | (95,056) |
| Net cash outflow from operating activities | | <u>(13,076)</u> | <u>30,401</u> |
| Cash flow statement | | | |
| Net cash outflow from operating activities | | (13,076) | 30,401 |
| Returns on investments and servicing of finance | 13 | - | 51,158 |
| Taxation | 13 | (18,472) | (1,110) |
| | | (31,548) | 80,449 |
| Equity dividends paid | | (832,768) | - |
| Decrease in cash in the year | | <u>(864,316)</u> | <u>80,449</u> |
| Reconciliation of net cash flow to movement in net debt (Note 14) | | | |
| Decrease in cash in the year | | (864,316) | 80,449 |
| Net funds at 1 January 2005 | | 864,316 | 783,867 |
| Net funds at 31 December 2005 | | <u>-</u> | <u>864,316</u> |

ABS Refractories Limited

Notes to the financial statements for the year ended 31 December 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. 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, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

2. Turnover

The total turnover of the company for the year was derived from its principal activity wholly undertaken in the UK.

3. Interest receivable and similar income

| | 2005 £ | 2004 £ |
|---------------|-----------|-----------|
| Bank interest | - | 51,175 |

4. Interest payable and similar charges

| | 2005 £ | 2004 £ |
|----------------|-----------|-----------|
| On overdue tax | - | 17 |

5. Employees

There were no employees during the year apart from the directors.

ABS Refractories Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

6. Tax on (loss)/profit on ordinary activities

| Analysis of charge in period | 2005 | 2004 |
|--|-------------|---------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | - | 18,472 |
| Adjustments in respect of previous periods | - | (10) |
| | <u>-</u> | <u>18,462</u> |

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

| | 2005 | 2004 |
|---|--------------|-----------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | <u>(554)</u> | <u>144,879</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 : 30%) | (166) | 43,464 |
| Effects of: | | |
| Adjustments to tax charge in respect of previous periods | - | (10) |
| Small companies relief | 166 | (2,647) |
| Income not taxable | <u>-</u> | <u>(22,345)</u> |
| Current tax charge for period | <u>-</u> | <u>18,462</u> |

7. Dividends

| | 2005 | 2004 |
|------------------------------------|----------------|-------------|
| | £ | £ |
| Dividends on equity shares: | | |
| Ordinary shares - interim paid | <u>832,768</u> | <u>-</u> |

8. Debtors

| | 2005 | 2004 |
|------------------------------------|---------------|-------------|
| | £ | £ |
| Amounts owed by group undertakings | <u>10,000</u> | <u>-</u> |

ABS Refractories Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

| 9. Creditors: amounts falling due within one year | 2005 | 2004 |
|--|-------------|---------------|
| | £ | £ |
| Corporation tax | - | 18,472 |
| Accruals and deferred income | - | 2,522 |
| | <u>-</u> | <u>20,994</u> |

The company is party to a group banking facility. The group facility is secured by debentures over each companies assets and unlimited cross guarantees between the companies of the group .

| 10. Share capital | 2005 | 2004 |
|--|---------------|---------------|
| | £ | £ |
| Authorised equity | | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| Allotted, called up and fully paid equity | | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |

| 11. Reconciliation of movements in shareholders' funds | 2005 | 2004 |
|---|------------------|----------------|
| | £ | £ |
| (Loss)/profit for the year | (554) | 126,417 |
| Dividends | (832,768) | - |
| | <u>(833,322)</u> | <u>126,417</u> |
| Opening shareholders' funds | 843,322 | 716,905 |
| Closing shareholders' funds | <u>10,000</u> | <u>843,322</u> |

12. Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was ABS Industrial Resources Limited, a company registered in England.

ABS Refractories Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

13. Gross cash flows

| | 2005 | 2004 |
|--|-----------------|----------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | - | 51,175 |
| Interest paid | - | (17) |
| | <u>-</u> | <u>51,158</u> |
| Taxation | | |
| Corporation tax paid | <u>(18,472)</u> | <u>(1,110)</u> |

14. Analysis of changes in net funds

| | Opening balance | Cash flows | Closing balance |
|--------------------------|----------------------------|-----------------------|----------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 864,316 | (864,316) | - |
| Net funds | <u>864,316</u> | <u>(864,316)</u> | <u>-</u> |