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RYALUX SERVICES LIMITED
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1996



RYALUX SERVICES LIMITED
REPORT OF THE DIRECTORS

The directors present their report together with the accounts of the company for the year ended 31st December 96.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of commission carpet processors. Trading ceased during the financial year ended 31st December 1991. The company has not traded since then.

REVIEW OF BUSINESS

The company does not wish to be struck off this position will be reviewed next year.

FUTURE DEVELOPMENTS

At the present time it is not considered that the company would trade as commission carpet processors if the company did trade against it is likely to be as a supplier of carpets to the contract trade.

DIRECTORS

The Directors who served during the year and their beneficial interest in the issued share capital were as follows:

The interest of directors in the parent company of those directors who are also directors of the company are shown in that company's accounts.

	At <u>31.12.96</u>	At <u>31.12.95</u>
W A Lomas	-	-
J D Verity	-	-
A Clapworthy	-	-

The directors report was approved by the board of directors on 31st May 1996.


A Clapworthy - Director

RYALUX SERVICES LIMITED

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.

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' REPORT TO THE SHAREHOLDERS OF
RYALUX SERVICES LIMITED

We have audited the financial statement on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

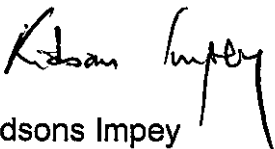
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test bases, 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Kidsons Impey

10 October 1997
Manchester, M1 4HA

RYALUX SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
TURNOVER-discontinued operations	-	-
Cost of sales	-	-
	<hr/>	<hr/>
GROSS PROFIT	-	-
Administrative expenses	-	-
	<hr/>	<hr/>
(LOSS) on discounted activities before interest	-	-
Exceptional item	-	-
Interest receivable and similar income	-	-
Interest payable and similar charges	-	-
	<hr/>	<hr/>
PROFIT/(LOSS) on ordinary activities before taxation	-	-
TAXATION on profit/(loss) on ordinary activities	-	-
	<hr/>	<hr/>
PROFIT/(LOSS) for the financial year and total recognised profits/ (losses) relating to the year	-	-
RETAINED (LOSS) at 31.12.94	<u>£(100)</u>	<u>£(100)</u>
RETAINED (LOSS) at 31.12.95	<u>£(100)</u>	<u>£(100)</u>

The company has no recognised gains or losses in 1995 or 1996 and therefore no statement of total recognised gains or losses is presented.

The notes on page 6 form part of these accounts.

RYALUX SERVICES LIMITED**BALANCE SHEET AS AT 31ST DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
CURRENT ASSETS		
Debtors	-	-
CREDITORS: amounts falling due within one year	-	-
	<hr/>	<hr/>
NET CURRENT (LIABILITIES)	-	£ -
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Called up share capital	100	100
Profit and loss account	(100)	(100)
	<hr/>	<hr/>
	-	£ -
	<hr/>	<hr/>

These accounts were approved by the board of directors on 25 June 1997.

A Clapworthy  Director

The notes on page 6 form part of these accounts.

RYALUX SERVICES LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1996 (CONTINUED)**

1. The company has not traded since financial year ended 31st December 1991 the only item for reference is interest received in 1994.

	<u>1996</u>	<u>1995</u>
Bank deposit account	-	-
	<hr/>	<hr/>
	£ -	£ -
	<hr/>	<hr/>

2. CALLED UP SHARE CAPITAL	<u>1996</u>	<u>1995</u>
Authorised		
100 Ordinary shares of £1 each	£100	£100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	£100	£100

3. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u>	<u>1995</u>
Loss for the financial year	-	-
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	-	-
	<hr/>	<hr/>

4. ULTIMATE HOLDING COMPANY

The ultimate holding company is Ryalux Carpets Limited which is incorporated in England.

RYALUX SERVICES LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
SALES AND WORK DONE	-	-
<u>Deduct</u> COST OF SALES AND WORK DONE	-	-
	<hr/>	<hr/>
GROSS PROFIT	-	-
<u>Deduct</u> OVERHEADS		
ADMINISTRATIVE EXPENSES		
Professional fees	-	-
Bank charges	-	-
General expenses	-	-
	<hr/>	<hr/>
Operating (loss)	-	-
	<hr/>	<hr/>

This page does not form part of the audited accounts.