

TOWER OVERSEAS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2005



LIPSON & CO. LIMITED
Chartered Certified Accountants & Registered Auditors
18 Coolgardie Avenue
Chigwell
Essex
IG7 5AY

TOWER OVERSEAS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

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TOWER OVERSEAS LIMITED
YEAR ENDED 31 DECEMBER 2005
OFFICERS AND PROFESSIONAL ADVISERS

The directors	Damian Calderbank John Troostwyk Christof Ebersberg
Company secretary	Finchley Secretaries Ltd
Company number	02707097
Registered office	788-790 Finchley Road London NW11 7TJ
Auditors	Lipson & Co Limited Chartered Certified Accountants & Registered Auditors 18 Coolgardie Avenue Chigwell Essex IG7 5AY

TOWER OVERSEAS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2005

The director presents his report and the group financial statements of the company for the year ended 31 December 2005

RESULTS AND DIVIDENDS

The group profit after taxation and minority interests for the financial year amounted to €195 729 (2004 €6,345,194)

The directors have not recommended the payment of a dividend

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the group is the manufacturing and marketing of ceramic floor and wall tiles

THE DIRECTORS AND THEIR INTERESTS IN THE 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 2005	1 January 2005
Christof Ebersberg	-	-
Jakob Hirschbaeck- Resigned on 30/04/2007	-	-
Damian Calderbank-Appointed on 30/04/2007	-	-
John Troostwyk- Appointed on 30/04/2007	-	-
	<u> </u>	<u> </u>

HOLDING COMPANY

The company's holding company is Eight Stars Establishment, a company registered in Liechtenstein

The director's interests in the shares of Eight Stars Establishment, are disclosed in the accounts of that company

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 year

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, 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

TOWER OVERSEAS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2005

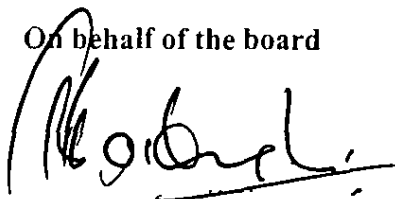
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITOR

Lipson & Co Limited were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the AGM

On behalf of the board

A handwritten signature in black ink, appearing to read 'John Troostwyk', with a horizontal line drawn underneath it.

John Troostwyk
Director

Approved by the director on 11/02/2008

TOWER OVERSEAS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Tower Overseas Limited for the year ended 31 December 2005 on pages 6 to 16. These financial statements have been prepared under 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 DIRECTOR AND AUDITOR

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 (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 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 other transactions 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

TOWER OVERSEAS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*
YEAR ENDED 31 DECEMBER 2005

LIPSON & CO LTD

Lipson & Co Limited
Chartered Certified Accountants
& Registered Auditors

18 Coolgardie Avenue
Chigwell
Essex
IG7 5AY

Dated 14/02/2008

TOWER OVERSEAS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €	2004 €
TURNOVER	2	90,665,664	96,236,085
Change in stock in raw materials and finished goods		(976,292)	(5 803,843)
Other operating income		136,674	266,389
Raw materials and consumables		(28,427,066)	(30,635 295)
Other external charges		(33,966,626)	(30,937,357)
Staff costs		(22,555,401)	(23,324,970)
Depreciation and amortisation		(4,129,801)	(4,083,611)
Bad debts		(168,844)	(171,319)
Other operating charges		(1,210,556)	(4,287,706)
Realisation of negative goodwill		1,197,396	9,478,983
		<u>(90,100,516)</u>	<u>(89,498,729)</u>
OPERATING PROFIT	5	565,148	6,737,356
Non-operating profits		115,669	21,999
Exceptional Items			
Cost of fundamental reorganisation and restructuring		–	(407,389)
Profit on disposal of fixed assets		–	424,272
Loss on disposal of fixed assets		–	(595,230)
		<u>680,817</u>	<u>6,181,008</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		680,817	6,181,008
Interest receivable and similar income	3	853,613	905,921
Interest payable and similar charges	4	(941,181)	(900,537)
		<u>593,249</u>	<u>6,186,392</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		593,249	6,186,392
Tax on profit on ordinary activities	6	(950,374)	(1,582,847)
		<u>(357,125)</u>	<u>4,603,545</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(357,125)	4,603,545
EQUITY MINORITY INTERESTS		552,854	1,741,649
		<u>195,729</u>	<u>6,345,194</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		195,729	6,345,194
Balance brought forward		570,750	(5,774,444)
Balance carried forward		<u>766,479</u>	<u>570,750</u>

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

All of the activities of the group are classed as continuing

The notes on pages 9 to 16 form part of these financial statements

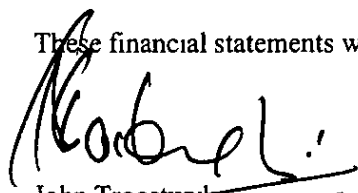
TOWER OVERSEAS LIMITED

BALANCE SHEET

31 DECEMBER 2005

	Note	Group 2005 €	Group 2004 €	Company 2005 €	Company 2004 €
FIXED ASSETS					
Negative goodwill	8	(13,271,535)	(14,468,931)	—	—
		(13,271,535)	(14,468,931)	—	—
Intangible assets	9	2,614,216	3,460,102	—	—
Tangible assets	10	16,041,663	17,197,375	—	—
Investments	11	3,004	3,004	2,136,528	2,136,528
Other financial assets	12	5,981,085	6,457,082	—	—
		<u>11,368,433</u>	<u>12,648,632</u>	<u>2,136,528</u>	<u>2,136,528</u>
CURRENT ASSETS					
Stocks	13	23,149,063	24,125,356	—	—
Debtors	14	41,641,001	40,487,778	14,399	12,777
Short term investments	15	2,364,929	1,764,788	—	—
Cash at bank		1,428,379	5,969,997	11,535	14,910
		<u>68,583,372</u>	<u>72,347,919</u>	<u>25,934</u>	<u>27,687</u>
CREDITORS. Amounts falling due within one year	16	(49,659,255)	(52,690,304)	(2,761)	(4,350)
NET CURRENT ASSETS		<u>18,924,117</u>	<u>19,657,615</u>	<u>23,173</u>	<u>23,337</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,292,550</u>	<u>32,306,247</u>	<u>2,159,701</u>	<u>2,159,865</u>
CREDITORS: Amounts falling due after more than one year	17	(20,201,793)	(21,783,319)	(2,729,460)	(2,643,228)
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>10,090,757</u>	<u>10,522,928</u>	<u>(569,759)</u>	<u>(483,363)</u>
MINORITY INTEREST		<u>(9,339,304)</u>	<u>(9,892,158)</u>	<u>—</u>	<u>—</u>
		<u>751,453</u>	<u>630,770</u>	<u>(569,759)</u>	<u>(483,363)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19	11,303	11,303	11,303	11,303
Other reserves		(26,329)	48,717	(281,122)	(206,078)
Profit and Loss Account	20	766,479	570,750	(299,940)	(288,588)
SHAREHOLDERS' FUNDS	21	<u>751,453</u>	<u>630,770</u>	<u>(569,759)</u>	<u>(483,363)</u>

These financial statements were approved and signed by the board on 11/04/2006


John Troostwyk
Director

TOWER OVERSEAS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2005

	2005 €	2004 €
Net cash (outflow)/inflow from operating activities	(4,632,142)	14,699,929
Returns on investments and servicing of finance		
Interest paid (net)	(87,568)	5,579
Net Cash (outflow)/inflow from returns on investments and servicing of finance	(87,568)	5,579
Taxation		
Taxation paid	(1,833,527)	(1,067,958)
	(1,833,527)	(1,067,958)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,243,194)	(9,538,000)
Purchase of intangible fixed assets	(111,009)	(160,061)
Receipts from sale of tangible fixed assets	226,000	4,815,929
Purchase of other investments	(8,475)	(38,000)
Demolition costs	-	(407,388)
Disposal of other investments	-	141,864
Net cash (outflow)/inflow from capital expenditure and financial investment	(2,136,678)	(5,185,656)
Net cash (outflow)/inflow before financing	(8,689,915)	8,451,894
Financing		
Loans received/(repaid)	544,295	(5,130,078)
Net cash inflow/(outflow) from financing	544,295	(5,130,078)
(Decrease)/increase in net cash for the year	(8,145,620)	3,321,816
Reconciliation of cash flow to movement in net cash		
Net cash at the beginning of the year	5,969,997	2,648,181
(Decrease)/increase in net cash in the year	(8,145,620)	3,321,816
Net cash at the end of the year	(2,175,623)	5,969,997
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss)	565,148	(2,741,231)
Depreciation of tangible fixed assets	3,172,906	2,759,280
Amortisation of intangible assets	956,895	1,324,331
Negative goodwill written off	(1,197,396)	-
Other provisions	-	57,980
Translation difference in reserves	(75,046)	(887)
(Increase)/decrease in stocks	976,293	5,877,096
(Increase)/decrease in debtors	(1,153,224)	708,287
Increase/(decrease) in creditors	(7,877,718)	6,715,073
Net cash (outflow)/inflow from operating activities	(4,632,142)	14,699,929

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

As the group's activities were carried out in euro during the year, the director has considered it appropriate to continue presenting the financial statement in euro

Basis of Consolidation

The Group accounts include the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year

Gardenia Finanziaria S p A has been included in the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and statement of cash flows include the results and cash flows of Gardenia Finanziaria S p A for the year ended 31 December 2005. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill

On the acquisition of a business, fair values are ascribed to the net assets acquired and where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as goodwill and capitalised as an asset within the balance sheet. Goodwill arising is amortised over its useful economic life, which is estimated to be five years.

Negative goodwill is recognised separately in the balance sheet. Negative Goodwill up to the fair values of the non-monetary assets acquired is recognised in the Profit and loss account in the period in which the non-monetary assets are recovered, whether through depreciation or sale. Negative Goodwill is recognised in the Profit and loss account over a period of twenty years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost and depreciated on a straight-line basis over their estimated useful lives. The rates of depreciation charged are as follows:

Land & Buildings	3%-5.5%
Plant & Machinery	10%-22%
Motor vehicles	20%-25%
Office equipment	12%-20%

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

Investments

Investments in subsidiary undertakings are stated at cost less provision for diminution in value
 Other investments are carried at cost less provision for any decrease in their market value

Hire Purchase and lease 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 lease term, whichever is the shorter

The interest elements of these obligations are 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

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities

The group manufactures and markets ceramic floor and wall tiles

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	€	€
Other financial income	853,613	871,380
Gains on foreign currency translation	—	34,541
	<u>853,613</u>	<u>905,921</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	€	€
Other financial expenses	935,719	900,341
Losses on foreign currency translation	5,462	196
	<u>941,181</u>	<u>900,537</u>

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2005	2004
	€	€
Director's emoluments	56,851	53,166
Auditor's remuneration	16,390	11,386
Realisation of negative goodwill	(1,197,396)	(9,478,983)
Depreciation of fixed assets	3,172,906	2,759,280
Amortisation of intangible assets	956,895	1,324,331
(Profit)/loss on disposal of fixed assets	—	170,958
	<u> </u>	<u> </u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2005 €	2004 €
Current tax		
UK Corporation tax	—	—
Foreign tax	955,527	1,596,958
Group current tax	955,527	1,596,958
Deferred tax		
Movement in deferred tax	(5,153)	(14,111)
Tax on profit on ordinary activities	<u>950,374</u>	<u>1,582,847</u>

7 PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company is € 11,352 (2004 € 14,015)

8 NEGATIVE GOODWILL

Group	Negative Goodwill €'000	Total €'000
Cost		
At 1 January 2005	23,948	23,948
Additions	—	—
Disposals	—	—
At 31 December 2005	<u>23,948</u>	<u>23,948</u>
Release to consolidated profit and loss account		
At 1 January 2005	9,479	9,479
Release for the year	1,197	1,197
On disposals	—	—
At 31 December 2005	<u>10,676</u>	<u>10,676</u>
Net Book Value		
At 31 December 2005	<u>13,272</u>	<u>13,272</u>
At 31 December 2004	<u>14,469</u>	<u>14,469</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

9 INTANGIBLE ASSETS

	Indus.paten- ts and intell property rights	Concessions, licences and trademarks	Other intangible fixed assets	Goodwill	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2005	55	5,117	119	5,810	11,151
Additions	51	45	15	–	111
Disposals	–	–	–	–	–
At 31 December 2005	<u>106</u>	<u>5,162</u>	<u>134</u>	<u>5,810</u>	<u>11,262</u>
Amortisation					
At 1 January 2005	25	2,158	36	5,422	7,691
Charge for the year	19	523	27	388	957
On disposals	–	–	–	–	–
At 31 December 2005	<u>44</u>	<u>2,681</u>	<u>63</u>	<u>5,810</u>	<u>8,648</u>
Net Book Value					
At 31 December 2005	<u>62</u>	<u>2,481</u>	<u>71</u>	<u>–</u>	<u>2,614</u>
At 31 December 2004	<u>30</u>	<u>2,959</u>	<u>83</u>	<u>388</u>	<u>3,460</u>

10 TANGIBLE FIXED ASSETS

Group	Land & buildings	Plant & machinery	Indus. and commercial equipment	Other assets	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2005	15,522	38,383	2,447	3,312	59,664
Additions	337	1,632	84	190	2,243
Disposals	(54)	(93)	(355)	(159)	(661)
At 31 December 2005	<u>15,805</u>	<u>39,922</u>	<u>2,176</u>	<u>3,343</u>	<u>61,246</u>
Accumulated Depreciation					
At 1 January 2005	11,052	26,834	1,753	2,827	42,466
Charge for the year	580	2,211	224	159	3,174
On disposals	(15)	(83)	(330)	(7)	(435)
At 31 December 2005	<u>11,617</u>	<u>28,962</u>	<u>1,647</u>	<u>2,979</u>	<u>45,205</u>
Net Book Value					
At 31 December 2005	<u>4,188</u>	<u>10,960</u>	<u>529</u>	<u>364</u>	<u>16,041</u>
At 31 December 2004	<u>4,470</u>	<u>11,549</u>	<u>694</u>	<u>485</u>	<u>17,198</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

11 INVESTMENTS

Group	Shares in other companies €	TOTAL €
COST:		
At 1 January 2005	3,004	3,004
Additions/(disposals)	—	—
At 31 December 2005	<u>3,004</u>	<u>3,004</u>
NET BOOK VALUE:		
At 31 December 2005	<u>3,004</u>	<u>3,004</u>
At 31 December 2004	<u>3,004</u>	<u>3,004</u>

Company	Shares in Subsidiary Undertakings €	TOTAL €
COST:		
At 1 January 2005	2,136,528	2,136,528
Additions	—	—
Disposals	—	—
At 31 December 2005	<u>2,136,528</u>	<u>2,136,528</u>
NET BOOK VALUE:		
At 31 December 2005	<u>2,136,528</u>	<u>2,136,528</u>
At 31 December 2004	<u>2,136,528</u>	<u>2,136,528</u>

The company's subsidiary undertakings at 31 December 2005 were as follows

Subsidiary Undertakings	Country of Incorporation	% Owned	Nature of Business
Gardenia Finanziaria S p A	Italy	64%	Investment holding and provision of management and technical support to subsidiaries
Ceramiche Gardenia Orchidea S p A*	Italy	64%	Manufacturing of ceramic tiles
Garcolor S p A*	Italy	62%	Production of frits and compounds for ceramic tiles
Ceramica Monica S R L*	Italy	64%	Sale of ceramic tiles

* Tower Overseas Limited holds these subsidiary undertakings through Gardenia Finanziaria S p A

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

12 OTHER FINANCIAL ASSETS

Group	TOTAL €'000
COST:	
At 1 January 2005	6,457
Additions	115
Disposals/write offs	(591)
At 31 December 2005	<u>5,981</u>
NET BOOK VALUE	
At 31 December 2005	<u>5,981</u>
At 31 December 2004	<u>6,457</u>

Other financial assets consist of, import deposits, contractual advances, capitalisation certificates and other diversified investments

13 STOCK

	Group 2005 €	Group 2004 €	Company 2005 €	Company 2004 €
Raw materials and consumables	1,289,506	858,045	—	—
Work in progress	244,611	470,321	—	—
Finished goods and goods for sale	21,614,946	22,796,990	—	—
	<u>23,149,063</u>	<u>24,125,356</u>	<u>—</u>	<u>—</u>

14 DEBTORS

	Group 2005 €	Group 2004 €	Company 2005 €	Company 2004 €
Trade debtors	37,202,675	35,738,369	—	—
Other debtors	2,459,841	3,212,400	14,399	12,777
Prepayment and accrued income	1,978,485	1,537,009	—	—
	<u>41,641,001</u>	<u>40,487,778</u>	<u>14,399</u>	<u>12,777</u>

15 SHORT TERM INVESTMENTS

Group	TOTAL €
Investments in securities	
COST:	
At 1 January 2005	1,764,788
Additions	600,141
Disposals	—
At 31 December 2005	<u>2,364,929</u>
NET BOOK VALUE:	
At 31 December 2005	<u>2,364,929</u>
At 31 December 2004	<u>1,764,788</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

16. CREDITORS Amounts falling due within one year

	Group 2005	Group 2004	Company 2005	Company 2004
	€	€	€	€
Trade creditors	29,627,127	30,548,966	-	-
Other taxes and social security	2,572,535	3,980,614	-	-
Other creditors	3,169,649	7,293,205	2,761	4,351
Bank overdraft	3,604,002	-	-	-
Bank loan	10,177,673	9,961,430	-	-
Other loans	296,784	678,737	-	-
Accruals and deferred income	122,680	141,750	-	-
Finance lease obligations	88,805	85,602	-	-
	<u>49,659,255</u>	<u>52,690,304</u>	<u>2,761</u>	<u>4,351</u>

Other creditors include an unsecured, interest free loan of €2,729,460 (2004 €2,643,228), due to Eight Stars Establishment

17. CREDITORS: Amounts falling due after more than one year

	Group 2005	Group 2004	Company 2005	Company 2004
	€	€	€	€
Trade creditors	1,141,452	3,341,542	-	-
Other creditors	2,729,461	2,683,228	2,729,460	2,643,228
Provision for liabilities and charges	9,123,509	9,273,326	-	-
Other taxes and social security	355,048	339,702	-	-
Bank loans				
-Over one year	1,250,000	836,374	-	-
Other loans				
-Over one year	307,201	296,784	-	-
-Between two to five years	2,348,984	2,039,892	-	-
-Over five years	2,745,463	2,682,990	-	-
Finance leases which expire over 5 years	200,675	289,481	-	-
	<u>20,201,793</u>	<u>21,783,319</u>	<u>2,729,460</u>	<u>2,643,228</u>

The above loans are unsecured against any assets of the group

Interest on the bank loan is calculated at the rate of 3.036 %

Interests on other loans are calculated at the rates 3.06 %- 3.510%

18. OBLIGATIONS UNDER FINANCE LEASE AGREEMENTS AND HIRE PURCHASE AGREEMENTS

Future commitments under finance lease agreements are as follows

	Group 2005	Group 2004	Company 2005	Company 2004
	€	€	€	€
Total amount payable	<u>289,480</u>	<u>375,083</u>	<u>-</u>	<u>-</u>
Finance lease agreements are analysed as follows				
Current obligations	88,805	85,602	-	-
Non-current obligations	200,675	289,481	-	-
	<u>289,480</u>	<u>375,083</u>	<u>-</u>	<u>-</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

19 SHARE CAPITAL

Group and Company

Authorised share capital:

200,000 Ordinary shares of €1.13 each

Group and Company

Allotted, called up and fully paid:

10,000 Ordinary share capital of €1.13 each

2005	2004
€	€
€	€
<u>226,060</u>	<u>226,060</u>
2005	2004
€	€
<u>11,303</u>	<u>11,303</u>

20. PROFIT AND LOSS ACCOUNT

	Group 2005 €	Group 2004 €	Company 2005 €	Company 2004 €
Balance brought forward	570,750	(5,774,444)	(288,588)	(274,573)
Retained profit/(loss) for the year	195,729	6,345,194	(11,352)	(14,015)
Balance carried forward	<u>766,479</u>	<u>570,750</u>	<u>(299,940)</u>	<u>(288,588)</u>

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUND

	Group 2005 €	Group 2004 €	Company 2005 €	Company 2004 €
Profit/(loss) for the financial year	195,729	6,345,194	(11,352)	(14,015)
Issue of shares	—	—	—	—
Transfers to reserves	(75,046)	(5,451,154)	(281,122)	(206,078)
Opening Shareholders' funds	630,770	(263,270)	(277,285)	(263,270)
Closing shareholders' funds	<u>751,453</u>	<u>630,770</u>	<u>(569,759)</u>	<u>(483,363)</u>

22. CAPITAL COMMITMENTS

There were no major capital commitments at the balance sheet date

23. ULTIMATE PARENT COMPANY AND CONTROL

The immediate and ultimate holding company is Eight Stars Establishment, a company registered in Liechtenstein