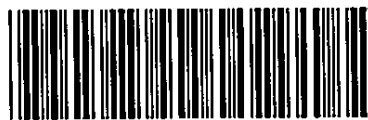


COMPANY REGISTRATION NUMBER 02707097

TOWER OVERSEAS LIMITED
AMENDING FINANCIAL STATEMENTS
31 DECEMBER 2010

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TOWER OVERSEAS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholders	4
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Group balance sheet	8
Balance sheet	9
Group cash flow cash flow statement	10
Notes to the financial statements	11

TOWER OVERSEAS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was the manufacturing and marketing of ceramic floor and wall tiles

Despite the dramatic economic and market conditions of 2009, there has been a recovery in the construction industry and the related ceramic sector particularly in Europe and Asia. The recovery of the ceramic sector in Italy has been rather slow, however the year ahead would seem to offer further improvement in trading conditions in the construction sector as a whole and the directors look forward to an improved performance as a result, in all areas of activities in 2011.

As market conditions improve, the group will continue to invest in research and development with a view to improving its production lines and processes and improve on the environment friendly aspects of its products.

During 2010, the group incurred over €450,000 (2009 €750,000) costs in relation to restructuring of the group companies.

The group turnover for the year amounted to €74.4 million (2009 €71.7 million) representing a 4% increase to last year. There was also a significant increase in the profit before taxation during 2010. As of 31 December 2010, the group's total assets amounted to €124 million (2009 €125 million).

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €287,832. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Senior management determine the group's business strategy and risk appetite and constantly monitor the potential risks and how to mitigate them. These are managed through a framework of policy and procedures having regard to relevant laws, standards, principles and rules with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The management has identified that business, operational, market and credit risks are the main areas of risk to which the group is exposed. The identified risks are generally inherent to any global manufacturing and trading group.

DIRECTORS

The directors who served the company during the year were as follows:

Mr J Troostwyk
Mr Christof Ebersberg
Mr Christopher Allen

TOWER OVERSEAS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. 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,
- state whether applicable UK 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on business performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

TOWER OVERSEAS LIMITED

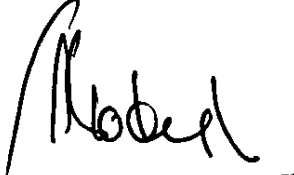
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

AUDITOR

Lipson & Co Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



J Troostwyk

Director

Approved by the directors on 25/06/2012

TOWER OVERSEAS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TOWER OVERSEAS LIMITED
YEAR ENDED 31 DECEMBER 2010

We have audited the group and parent company financial statements ("the financial statements") of Tower Overseas Limited for the year ended 31 December 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state in an auditor's 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TOWER OVERSEAS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TOWER OVERSEAS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

MYRON LIPSON FCCA

MYRON LIPSON FCCA (Senior
Statutory Auditor)
For and on behalf of
LIPSON & CO LIMITED
Chartered Certified Accountants
& Statutory Auditor

6-8 Sevenways Parade
Gants Hill
Ilford
Essex
IG2 6XH

25/06/2012

TOWER OVERSEAS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 €	2009 €
GROUP TURNOVER	2	74,407,232	71,727,990
Cost of sales		(20,173,452)	(18,573,046)
GROSS PROFIT		54,233,780	53,154,944
Other operating charges		(2,160,538)	(1,255,042)
Administrative expenses		(52,116,426)	(51,264,303)
Other operating income		946,197	294,712
OPERATING PROFIT	3	903,013	930,311
Cost of restructuring the group	6	(457,826)	(792,933)
		445,187	137,378
Interest receivable and similar income	7	969,770	790,886
Interest payable and similar charges	8	(1,161,865)	(1,232,767)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		253,092	(304,503)
Tax on profit/(loss) on ordinary activities	9	(467,191)	(694,876)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(214,099)	(999,379)
Minority interests		501,931	783,373
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	10	287,832	(216,006)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		287,832	(216,006)

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 25 form part of these financial statements.

TOWER OVERSEAS LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 DECEMBER 2010

	2010 €	2009 €
Profit/(Loss) for the financial year	287,832	(216,006)
Other movements in reserves	(97,075)	11,359
Net addition/(reduction) to shareholders' funds	<u>190,757</u>	<u>(204,647)</u>
Opening shareholders' funds	40,920,945	41,125,592
Closing shareholders' funds	<u>41,111,702</u>	<u>40,920,945</u>

The notes on pages 11 to 25 form part of these financial statements

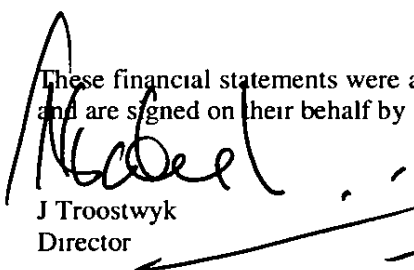
TOWER OVERSEAS LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2010

	Note	2010 €	2009 €
FIXED ASSETS			
Intangible assets	11	(7,066,975)	(7,920,802)
Tangible assets	12	51,695,825	53,724,777
Investments	13	9,125,749	9,319,172
		<u>53,754,599</u>	<u>55,123,147</u>
CURRENT ASSETS			
Stocks	14	28,290,724	25,709,379
Debtors	15	38,008,244	40,853,800
Investments	16	3,379,783	3,129,783
Cash at bank		895,574	388,340
		<u>70,574,325</u>	<u>70,081,302</u>
CREDITORS: Amounts falling due within one year	17	<u>(58,964,581)</u>	<u>(60,271,686)</u>
NET CURRENT ASSETS		<u>11,609,744</u>	<u>9,809,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>65,364,343</u>	<u>64,932,763</u>
CREDITORS: Amounts falling due after more than one year	18	(11,853,836)	(10,447,139)
PROVISIONS FOR LIABILITIES			
Deferred taxation	20	(266,888)	(392,093)
Other provisions	21	(5,819,461)	(6,359,726)
		<u>47,424,158</u>	<u>47,733,805</u>
MINORITY INTERESTS		<u>(6,312,456)</u>	<u>(6,812,860)</u>
		<u>41,111,702</u>	<u>40,920,945</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	11,303	11,303
Revaluation reserve	24	39,988,220	39,988,220
Other reserves	24	(205,693)	(56,770)
Profit and loss account	24	1,317,872	978,192
SHAREHOLDERS' FUNDS		<u>41,111,702</u>	<u>40,920,945</u>

These financial statements were approved by the directors and authorised for issue on 25/06/2012 and are signed on their behalf by


J Troostwyk
Director

The notes on pages 11 to 25 form part of these financial statements

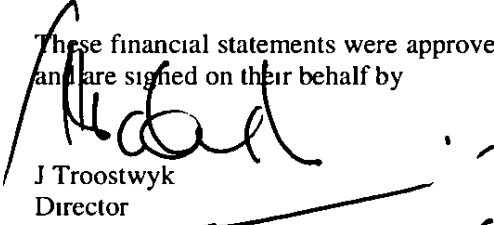
TOWER OVERSEAS LIMITED

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 €	2009 €
FIXED ASSETS			
Investments	13	<u>2,136,528</u>	<u>2,136,528</u>
CURRENT ASSETS			
Debtors	15	14,399	18,838
Cash at bank		<u>4,754</u>	<u>21</u>
		19,153	18,859
CREDITORS: Amounts falling due within one year	17	<u>(10,307)</u>	<u>(6,514)</u>
NET CURRENT ASSETS		<u>8,846</u>	<u>12,345</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,145,374</u>	<u>2,148,873</u>
CREDITORS: Amounts falling due after more than one year	18	<u>(2,774,720)</u>	<u>(2,770,942)</u>
		<u>(629,346)</u>	<u>(622,069)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	11,303	11,303
Other reserves	24	(281,122)	(281,122)
Profit and loss account	24	(359,527)	(352,250)
DEFICIT		<u>(629,346)</u>	<u>(622,069)</u>

These financial statements were approved by the directors and authorised for issue on _____, and are signed on their behalf by


J Troostwyk
Director

Company Registration Number 02707097

The notes on pages 11 to 25 form part of these financial statements.

TOWER OVERSEAS LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 €	2009 €
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	25	371,526	(5,260,331)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25	2,831,905	(904,882)
TAXATION	25	(668,396)	(762,948)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(2,521,416)	(2,256,991)
ACQUISITIONS AND DISPOSALS	25	–	–
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		13,619	(9,185,152)
FINANCING	25	16,250,615	(3,826,493)
INCREASE/(DECREASE) IN CASH	25	<u>16,264,234</u>	<u>(13,011,645)</u>

The notes on pages 11 to 25 form part of these financial statements.

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings other than G M C SRL

G M C SRL has been excluded from the consolidation on the basis that its inclusion is not material for the purposes of giving a true and fair view of the consolidated financial statements

The financial statements are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account 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

Research and development

Research expenditure is written off in the year in which it is incurred. Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortised over the life of the projects

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life which is estimated to be twenty years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Negative Goodwill on consolidation is recognised 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 which is estimated to be twenty years.

Amortisation

Amortisation 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:

Other intangible assets - Over 2 -10 years

Fixed assets

All fixed assets are initially recorded at cost.

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:

Buildings	- 3%-5.5%
Plant & Machinery	- 10%-22%
Indus. and commercial eq.	- 10%-25%
Other assets	- 12%-100%

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Employee severance indemnities

The group provides for employee severance indemnities on the basis of Italian legislation in force and according to the relevant employment contracts.

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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into euro 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 group. An analysis of turnover is given below.

	2010	2009
	€	€
Europe (finished goods)	53,096,000	56,941,180
Asia (finished goods)	2,014,000	5,269,010
North America (finished goods)	4,507,000	7,266,500
Other overseas sales (finished goods)	13,018,000	594,000
Discounts and refunds	(1,584,000)	(1,589,000)
Other revenue	3,356,232	3,246,300
	<u>74,407,232</u>	<u>71,727,990</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2010	2009
	€	€
Amortisation of intangible assets	(645,979)	(674,769)
Depreciation of owned fixed assets	3,707,000	3,535,374
Depreciation of assets held under hire purchase and finance lease agreements	326,436	97,000
Auditor's remuneration		
- as auditor	<u>5,109</u>	<u>4,056</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

4. PARTICULARS OF EMPLOYEES

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

	2010	2009
	No	No
Number of staff	<u>345</u>	<u>388</u>

The aggregate payroll costs of the above were

	2010	2009
	€	€
Wages and salaries	12,000,102	12,645,317
Social security costs	4,080,407	4,370,481
Other staff costs	16,250	–
Severance indemnities	969,244	1,061,319
	<u>17,066,003</u>	<u>18,077,117</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	€	€
Remuneration receivable	<u>164,000</u>	<u>164,000</u>

6. COST OF REORGANISATION OR RESTRUCTURING

	2010	2009
	€	€
Cost of restructuring	<u>457,826</u>	<u>792,933</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	€	€
Interest receivable	56,029	32,000
Other financial income	668,291	732,875
Gains on foreign currency translation	245,450	26,011
	<u>969,770</u>	<u>790,886</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	€	€
Loan Interest payable	782,000	812,000
Other financial expenses	379,865	420,767
	<u>1,161,865</u>	<u>1,232,767</u>

9. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2010	2009
	€	€
Foreign tax		
Current tax on income for the year	592,396	529,800
Adjustments in respect of prior periods	<u>-</u>	248,149
	<u>592,396</u>	<u>777,949</u>
Total current tax	592,396	777,949
Deferred tax		
Origination and reversal of timing differences	(125,205)	(83,073)
Tax on profit/(loss) on ordinary activities	<u>467,191</u>	<u>694,876</u>

10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was €(7,277) (2009 - €(10,163))

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

11. INTANGIBLE FIXED ASSETS

Group	Negative Goodwill €	Other Intangible assets €	Total €
COST			
At 1 January 2010	(23,947,914)	5,673,510	(18,274,404)
Additions	–	207,848	207,848
Transfers	–	(2,510)	(2,510)
At 31 December 2010	(23,947,914)	5,878,848	(18,069,066)
AMORTISATION			
At 1 January 2010	(15,465,962)	5,112,360	(10,353,602)
Charge for the year	(1,197,396)	551,417	(645,979)
Transfers	–	(2,510)	(2,510)
At 31 December 2010	(16,663,358)	5,661,267	(11,002,091)
NET BOOK VALUE			
At 31 December 2010	(7,284,556)	217,581	(7,066,975)
At 31 December 2009	(8,481,952)	561,150	(7,920,802)

Other intangible assets consist of industrial patents, intellectual property rights, trademarks, licences and software

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

12. TANGIBLE FIXED ASSETS

Group	Land & Buildings €	Plant & Machinery €	Indus. & commercial equipment €	Other assets €	Total €
COST OR VALUATION					
At 1 January 2010	57,383,042	45,084,157	3,315,858	3,634,671	109,417,728
Additions	301,077	1,437,615	184,260	191,532	2,114,484
Disposals	(37,000)	(187,000)	(398,785)	(1,000)	(623,785)
At 31 December 2010	57,647,119	46,334,772	3,101,333	3,825,203	110,908,427
DEPRECIATION					
At 1 January 2010	13,649,275	36,678,130	1,908,867	3,456,679	55,692,951
Charge for the year	942,000	2,541,714	430,722	119,000	4,033,436
On disposals	(37,000)	(86,000)	(389,785)	(1,000)	(513,785)
At 31 December 2010	14,554,275	39,133,844	1,949,804	3,574,679	59,212,602
NET BOOK VALUE					
At 31 December 2010	43,092,844	7,200,928	1,151,529	250,524	51,695,825
At 31 December 2009	43,733,767	8,406,027	1,406,991	177,992	53,724,777

Hire purchase and finance lease agreements

Included within the net book value of €51,695,825 is €1,188,000 (2009 - €1,042,221) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to €326,436 (2009 - €97,000).

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

13. INVESTMENTS

Group

	Shares in Subsidiary undertakings €	Shares in Associated undertakings €	Other investments €	Total €
COST				
At 1 January 2010	165,609	300,000	8,853,563	9,319,172
Additions	-	-	64,796	64,796
Transfers	(165,609)	-	(92,610)	(258,219)
At 31 December 2010	<u>-</u>	<u>300,000</u>	<u>8,825,749</u>	<u>9,125,749</u>
NET BOOK VALUE				
At 31 December 2010	<u>-</u>	<u>300,000</u>	<u>8,825,749</u>	<u>9,125,749</u>
At 31 December 2009	<u>165,609</u>	<u>300,000</u>	<u>8,853,563</u>	<u>9,319,172</u>

Group investments

The parent company and the group have investments in the following subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Subsidiary undertakings				
Gardenia Finanziaria S p A	Italy	Ord Shares	64%	Investment holding and provision of management and technical support to subsidiaries
Ceramiche Gardenia Orchidea S p A*	Italy	Ord Shares	64%	Manufacturing of ceramic tiles
Garcolor S p A*	Italy	Ord Shares	64%	Production of frits and compounds for ceramic tiles
Gardenia Orchidea Brasil Distribuicao De Ceramicas LTDA *	Brasil	Ord Shares	64%	Distribution of Ceramic tiles
Associated undertaking				
G M C SRL *	Italy	Ordinary shares	21%	Manufacturing of ceramic tiles

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

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

Company	Shares in Subsidiary undertakings €
COST	
At 1 January 2010 and 31 December 2010	<u>2,136,528</u>
NET BOOK VALUE	
At 31 December 2010 and 31 December 2009	<u>2,136,528</u>

14. STOCKS

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Raw materials	2,417,699	1,891,984	–	–
Work in progress	319,931	242,064	–	–
Finished goods	25,553,094	23,575,331	–	–
	<u>28,290,724</u>	<u>25,709,379</u>	<u>–</u>	<u>–</u>

15. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Trade debtors	30,834,524	31,696,331	–	–
Corporation tax repayable	–	4,439	–	4,439
Other debtors	3,352,587	5,457,131	14,399	14,399
Prepayments and accrued income	3,821,133	3,695,899	–	–
	<u>38,008,244</u>	<u>40,853,800</u>	<u>14,399</u>	<u>18,838</u>

16. INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Investment in securities	<u>3,379,783</u>	<u>3,129,783</u>	<u>–</u>	<u>–</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

17. CREDITORS: Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Short term borrowings	22,480,782	8,066,377	-	-
Overdrafts	9,053,000	24,810,000	-	-
Trade creditors	21,657,445	21,499,974	-	-
Hire purchase and finance lease agreements	242,046	171,004	-	-
Other taxation and social security	2,362,574	2,439,353	-	-
Other creditors	3,155,450	3,261,054	-	-
Accruals and deferred income	13,284	23,924	10,307	6,514
	<u>58,964,581</u>	<u>60,271,686</u>	<u>10,307</u>	<u>6,514</u>

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

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Bank loans	4,700,726	2,365,969	-	-
Other loans	6,073,686	6,686,070	2,774,720	2,770,942
Hire purchase and finance lease agreements	660,916	618,121	-	-
Other taxation and social security	418,508	776,979	-	-
	<u>11,853,836</u>	<u>10,447,139</u>	<u>2,774,720</u>	<u>2,770,942</u>

Other loans include an interest-free loan of €2,774,719 (2009 €2,770,942) due to Eight Stars Establishment, the Group's ultimate holding company. All loans are unsecured against any assets of the group.

Interest on bank loans and interest bearing government loans are payable at 3%-4%

19. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Amounts payable within 1 year	242,046	171,004	-	-
Amounts payable between 2 to 5 years	660,916	618,121	-	-
	<u>902,962</u>	<u>789,125</u>	<u>-</u>	<u>-</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

20. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Provision brought forward	392,093	469,968	-	-
Decrease in provision	(125,205)	(77,875)	-	-
Provision carried forward	<u>266,888</u>	<u>392,093</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Timing differences	<u>266,888</u>	<u>392,093</u>	<u>-</u>	<u>-</u>

21. OTHER PROVISIONS

	Group		Company	
	2010	2009	2010	2009
	€	€	€	€
Employees severance indemnities	4,116,887	4,759,067	-	-
Other provisions for risks and liabilities	<u>1,702,574</u>	<u>1,600,659</u>	<u>-</u>	<u>-</u>
	<u>5,819,461</u>	<u>6,359,726</u>	<u>-</u>	<u>-</u>

Other provisions for risks and liabilities represent provisions for agent severance indemnities to be paid to the agents in the event of termination of contracts

22. ULTIMATE PARENT COMPANY AND CONTROL

The immediate and ultimate controlling party is Eight Stars Establishment, a company registered in Liechtenstein. Amounts due to the parent company are disclosed in note 18 to the financial statements

23. SHARE CAPITAL

Allotted, called up and fully paid:

	2010		2009	
	No	€	No	€
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>11,303</u>	<u>10,000</u>	<u>11,303</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

24. RESERVES

Group	Revaluation reserve €	Other reserves €	Profit and loss account €
Balance brought forward	39,988,220	(56,770)	978,192
Profit for the year	-	-	287,832
Transfer to other reserves	-	(51,848)	51,848
Other movements	-	(97,075)	-
Balance carried forward	<u>39,988,220</u>	<u>(205,693)</u>	<u>1,317,872</u>

Company	Other reserves €	Profit and loss account €
Balance brought forward	(281,122)	(352,250)
Loss for the year	-	(7,277)
Balance carried forward	<u>(281,122)</u>	<u>(359,527)</u>

25. NOTES TO THE CASH FLOW STATEMENT

**RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM
OPERATING ACTIVITIES**

	2010 €	2009 €
Operating profit	903,013	930,311
Amortisation	(645,979)	(674,769)
Depreciation	4,033,436	3,632,374
(Increase)/decrease in stocks	(2,581,345)	337,698
Increase in debtors	(178,444)	(24,748)
Decrease in creditors	(775,855)	(8,749,205)
Re-organisation costs	(457,826)	(792,933)
Other non-cash movements	74,526	80,941
Net cash inflow/(outflow) from operating activities	<u>371,526</u>	<u>(5,260,331)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 €	2009 €
Interest received	3,993,770	327,885
Interest paid	(1,161,865)	(1,232,767)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>2,831,905</u>	<u>(904,882)</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

TAXATION

	2010	2009
	€	€
Taxation	<u>(668,396)</u>	<u>(762,948)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2010	2009
	€	€
Payments to acquire intangible fixed assets	(207,848)	(39,838)
Payments to acquire tangible fixed assets	(2,114,484)	(2,311,977)
Receipts from sale of fixed assets	115,712	127,390
Acquisition of fixed asset investments	(64,796)	(32,566)
Payment to acquire other current asset investments	<u>(250,000)</u>	<u>—</u>
Net cash outflow for capital expenditure and financial investment	<u>(2,521,416)</u>	<u>(2,256,991)</u>

FINANCING

	2010	2009
	€	€
Increase in/(repayment of) bank loans	16,729,509	(4,017,848)
(Repayment of)/increase in other loans	(592,731)	(442,770)
Capital element of hire purchase and finance lease	113,837	634,125
Net cash inflow/(outflow) from financing	<u>16,250,615</u>	<u>(3,826,493)</u>

TOWER OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010	2009
	€	€
Increase/(decrease) in cash in the year	16,264,234	(13,011,645)
Net cash outflow from/(inflow) from loans due within 1 year	(14,414,405)	4,621,138
Net cash outflow from/(inflow) from loans due after 1 year	(1,722,373)	(187,847)
Cash outflow in respect of hire purchase and finance lease	(113,837)	(634,125)
Movement in net debt in the year	13,619	(9,212,479)
Net debt at 1 January 2010	(42,329,201)	(33,116,722)
Net debt at 31 December 2010	(42,315,582)	(42,329,201)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2010	Cash flows	At 31 Dec 2010
	€	€	€
Net cash			
Cash in hand and at bank	388,340	507,234	895,574
Overdrafts	(24,810,000)	15,757,000	(9,053,000)
	(24,421,660)	16,264,234	(8,157,426)
Debt			
Debt due within 1 year	(8,066,377)	(14,414,405)	(22,480,782)
Debt due after 1 year	(9,052,039)	(1,722,373)	(10,774,412)
Hire purchase and finance lease agreements	(789,125)	(113,837)	(902,962)
	(17,907,541)	(16,250,615)	(34,158,156)
Net debt	(42,329,201)	13,619	(42,315,582)