

**TOWER OVERSEAS LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

TUESDAY



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# **TOWER OVERSEAS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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# **TOWER OVERSEAS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements of the group for the year ended 31 December 2013.

#### **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.

The global economic downturn and, in particular the crisis of the construction sector, that also characterized the previous year, has also effect the volume of the revenues in the current year. 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 as a whole and the directors look forward to an improved performance as a result, in all areas of activities in the years ahead.

The group maintained the consolidate position and concentrate its efforts on achieving growth in its existing market segments and new market segments.

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to €6,637,007. 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 Christopher Allen

#### **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 these financial statements, the directors are required to:

# **TOWER OVERSEAS LIMITED**

## **DIRECTORS' REPORT** *(continued)*

### **YEAR ENDED 31 DECEMBER 2013**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

#### **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.

#### **AUDITOR**

MYRON LIPSON FCCA (Senior Statutory Auditor) are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

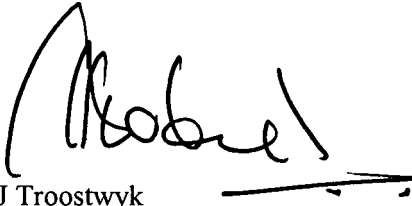
- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**TOWER OVERSEAS LIMITED**

**DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2013**

Signed on behalf of the directors

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

J Troostwyk

Director

Approved by the directors on 30 November 2014

**TOWER OVERSEAS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**TOWER OVERSEAS LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

We have audited the group and parent company financial statements ("the financial statements") of Tower Overseas Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Group Shareholders' Funds, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement and the related notes. 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 Chapter 3 of Part 16 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 to them 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 pages 1 to 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](http://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 2013 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 MATTER 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 2013**

**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.

**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

30 November 2014

**TOWER OVERSEAS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 €	2012 €
<b>GROUP TURNOVER</b>	<b>2</b>	<b>49,442,883</b>	<b>63,537,592</b>
Cost of sales		(17,986,796)	(20,400,148)
<b>GROSS PROFIT</b>		<b>31,456,087</b>	<b>43,137,444</b>
Other operating charges		(5,613,823)	(2,796,640)
Administrative expenses		(38,679,322)	(42,405,670)
Other operating income		895,340	529,037
<b>OPERATING LOSS</b>	<b>3</b>	<b>(11,941,718)</b>	<b>(1,535,829)</b>
Income from participating interests	6	—	2,119,138
Interest receivable	7	282,931	456,181
Interest payable and similar charges	8	(2,924,068)	(2,488,274)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(14,582,855)</b>	<b>(1,448,784)</b>
Tax on loss on ordinary activities	9	3,591,242	(465,025)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(10,991,613)</b>	<b>(1,913,809)</b>
Minority interests		4,354,606	530,848
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>10</b>	<b>(6,637,007)</b>	<b>(1,382,961)</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(6,637,007)</b>	<b>(1,382,961)</b>

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 23 form part of these financial statements.



**TOWER OVERSEAS LIMITED**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2013**

	2013 €	2012 €
Loss for the financial year attributable to the shareholders of the parent company	(6,637,007)	(1,382,961)
Unrealised profit on revaluation of tangible fixed assets:		
Other assets - Cost brought forward	517,712	—
Total gains and losses recognised since the last annual report	<u>(6,119,295)</u>	<u>(1,382,961)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2013 €	2012 €
Loss for the financial year	(6,637,007)	(1,382,961)
Other movement in reserve	(2,435,510)	2,597,082
Net reduction to shareholders' funds	<u>(9,072,517)</u>	<u>1,214,121</u>
Opening shareholders' funds	37,977,741	36,763,620
Closing shareholders' funds	<u>28,905,224</u>	<u>37,977,741</u>

The notes on pages 11 to 22 form part of these financial statements.

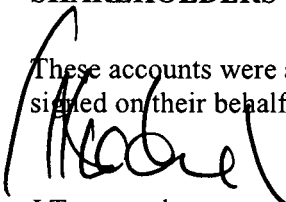
# TOWER OVERSEAS LIMITED

## GROUP BALANCE SHEET

31 DECEMBER 2013

	Note	2013 €	2012 €
<b>FIXED ASSETS</b>			
Intangible assets	11	(2,211,018)	(3,760,681)
Tangible assets	12	54,020,859	47,395,600
Investments	13	1,959,920	6,579,462
		<u>53,769,761</u>	<u>50,214,381</u>
<b>CURRENT ASSETS</b>			
Stocks	14	28,459,041	36,336,288
Debtors	15	30,529,230	34,029,811
Investments	17	—	3,426,371
Cash at bank		484,770	1,015,655
		<u>59,473,041</u>	<u>74,808,125</u>
<b>CREDITORS: Amounts falling due within one year</b>	18	(71,173,470)	(69,977,574)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(11,700,429)</u>	<u>4,830,551</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>42,069,332</u>	<u>55,044,932</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	19	(5,953,339)	(6,956,691)
<b>PROVISIONS FOR LIABILITIES</b>			
<b>OTHER PROVISIONS</b>	21	(5,220,597)	(5,405,678)
		<u>30,895,396</u>	<u>42,682,563</u>
<b>MINORITY INTERESTS</b>		<u>(1,990,172)</u>	<u>(4,704,822)</u>
		<u>28,905,224</u>	<u>37,977,741</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	11,303	11,303
Revaluation reserve	24	8,695,884	30,805,834
Other reserves	24	(3,903,092)	(1,467,582)
Profit and loss account	24	24,101,129	8,628,186
<b>SHAREHOLDERS' FUNDS</b>		<u>28,905,224</u>	<u>37,977,741</u>

These accounts were approved by the directors and authorised for issue on 30 November 2014, and are signed on their behalf by:

  
J Troostwyk  
Director

The notes on pages 11 to 23 form part of these financial statements.

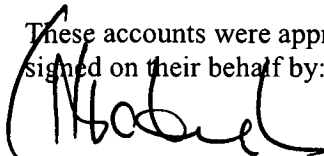
# TOWER OVERSEAS LIMITED

## BALANCE SHEET

**31 DECEMBER 2013**

	Note	2013 €	2012 €
<b>FIXED ASSETS</b>			
Investments	13	<u>2,136,528</u>	<u>2,136,528</u>
<b>CURRENT ASSETS</b>			
Debtors	15	–	6,101
Cash at bank		<u>69</u>	<u>70</u>
		69	6,171
<b>CREDITORS: Amounts falling due within one year</b>	18	<u>(37,284)</u>	<u>(15,299)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(37,215)</u>	<u>(9,128)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,099,313</u>	<u>2,127,400</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	19	<u>(2,870,110)</u>	<u>(2,847,294)</u>
		<u>(770,797)</u>	<u>(719,894)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	11,303	11,303
Other reserves	24	(281,122)	(281,122)
Profit and loss account	24	(500,978)	(450,075)
<b>DEFICIT</b>		<u>(770,797)</u>	<u>(719,894)</u>

These accounts were approved by the directors and authorised for issue on 30 November 2014, and are signed on their behalf by:



J Troostwyk  
Director

Company Registration Number: 02707097

The notes on pages 11 to 23 form part of these financial statements.

**TOWER OVERSEAS LIMITED**  
**GROUP CASH FLOW CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 €	2012 €
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>25</b>	<b>4,672,737</b>	<b>16,901,304</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>25</b>	<b>(2,641,137)</b>	<b>(2,032,093)</b>
<b>TAXATION</b>	<b>25</b>	<b>(8,721)</b>	<b>(390,833)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>25</b>	<b>(2,103,650)</b>	<b>(2,943,104)</b>
<b>ACQUISITIONS AND DISPOSALS</b>	<b>25</b>	<b>–</b>	<b>1,646,344</b>
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(80,771)</b>	<b>13,181,618</b>
<b>FINANCING</b>	<b>25</b>	<b>863,152</b>	<b>(4,754,736)</b>
<b>INCREASE IN CASH</b>	<b>25</b>	<b><u>782,381</u></b>	<b><u>8,426,882</u></b>

The notes on pages 11 to 22 form part of these financial statements.

**TOWER OVERSEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**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 and Glasberus S.A.

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.

**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

**TOWER OVERSEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES** *(continued)*

**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%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Stocks**

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

**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.

**TOWER OVERSEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES** *(continued)*

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.

**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 loss before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2013 €	2012 €
Europe (finished goods)	42,136,182	62,199,802
Overseas sales - Type 3	1,119,867	-
Asia (finished goods)	8,584,293	-
North America (finished goods)	3,615,118	-
Discounts and refunds	(7,843,233)	-
Other revenue	1,830,656	1,337,790
	<u>49,442,883</u>	<u>63,537,592</u>

**3. OPERATING LOSS**

Operating loss is stated after charging:

	2013 €	2012 €
Amortisation of intangible assets	(679,797)	(719,533)
Depreciation of owned fixed assets	3,172,150	3,569,023
Net loss on foreign currency translation	187	-
Auditor's remuneration	<u>1,195</u>	<u>-</u>

	2013 €	2012 €
Auditor's remuneration - audit of the financial statements	<u>1,195</u>	<u>-</u>

**TOWER OVERSEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**4. PARTICULARS OF EMPLOYEES**

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

	2013	2012
	No	No
Number of staff	<u>335</u>	<u>347</u>

The aggregate payroll costs of the above were:

	2013	2012
	€	€
Wages and salaries	9,895,428	11,263,370
Social security costs	3,510,619	3,843,652
Other pension costs	935,494	1,005,538
	<u>14,341,541</u>	<u>16,112,560</u>

**5. DIRECTORS' REMUNERATION**

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

	2013	2012
	€	€
Remuneration receivable	<u>138,000</u>	<u>54,000</u>

**6. INCOME FROM PARTICIPATING INTERESTS**

	2013	2012
	€	€
Income from participating interests	<u>-</u>	<u>2,119,138</u>

**7. INTEREST RECEIVABLE**

	2013	2012
	€	€
Other loan interest receivable	<u>282,931</u>	<u>456,181</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013	2012
	€	€
Interest payable on bank borrowing	323,291	-
Interest payable	-	2,194,174
Finance charges	603,364	294,082
Other financial expenses	1,997,413	-
Losses on foreign currency translation	-	18
	<u>2,924,068</u>	<u>2,488,274</u>



**TOWER OVERSEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**9. TAXATION ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	2013 €	2012 €
<b>Foreign tax</b>		
Current tax on income for the year	8,721	390,833
Total current tax	8,721	390,833
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(3,599,963)	74,192
Tax on loss on ordinary activities	(3,591,242)	465,025

**10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The loss dealt with in the financial statements of the parent company was €(50,903) (2012 - €(39,825)).

**11. INTANGIBLE FIXED ASSETS**

Group	Negative Goodwill €	Other Intangible assets €	Total €
<b>COST</b>			
At 1 January 2013	(23,947,914)	7,616,087	(16,331,827)
Additions	–	869,866	869,866
<b>At 31 December 2013</b>	<u>(23,947,914)</u>	<u>8,485,953</u>	<u>(15,461,961)</u>
<b>AMORTISATION</b>			
At 1 January 2013	(19,058,149)	6,487,003	(12,571,146)
Charge for the year	(1,197,396)	517,599	(679,797)
<b>At 31 December 2013</b>	<u>(20,255,545)</u>	<u>7,004,602</u>	<u>(13,250,943)</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2013</b>	<u>(3,692,369)</u>	<u>1,481,351</u>	<u>(2,211,018)</u>
At 31 December 2012	<u>(4,889,765)</u>	<u>1,129,084</u>	<u>(3,760,681)</u>

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 2013**

**12. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land &amp; Buildings €</b>	<b>Plant &amp; Machinery €</b>	<b>Indus. &amp; commercial equipment €</b>	<b>Other assets €</b>	<b>Total €</b>
<b>COST OR VALUATION</b>					
At 1 January 2013	55,980,107	44,540,451	2,405,469	3,732,963	106,658,990
Additions	994,133	8,837,298	9,437	36,775	9,877,643
Disposals	–	(597,946)	–	–	(597,946)
<b>At 31 December 2013</b>	<b>56,974,240</b>	<b>52,779,803</b>	<b>2,414,906</b>	<b>3,769,738</b>	<b>115,938,687</b>
<b>DEPRECIATION</b>					
At 1 January 2013	14,109,517	39,527,717	1,698,514	3,927,642	59,263,390
Charge for the year	937,131	2,039,581	112,263	83,175	3,172,150
Revaluation adjustment	–	–	–	(517,712)	(517,712)
<b>At 31 December 2013</b>	<b>15,046,648</b>	<b>41,567,298</b>	<b>1,810,777</b>	<b>3,493,105</b>	<b>61,917,828</b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2013</b>	<b>41,927,592</b>	<b>11,212,505</b>	<b>604,129</b>	<b>276,633</b>	<b>54,020,859</b>
At 31 December 2012	41,870,590	5,012,734	706,955	(194,679)	47,395,600

**Finance lease agreements**

Included within the net book value of €54,020,859 is €606,591 (2012 - €783,036) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to €115,621 (2012 - €51,273).

**13. INVESTMENTS**

<b>Group</b>	<b>Shares in Associated undertakings</b>	<b>Other investments</b>	<b>Total €</b>
	<b>€</b>	<b>€</b>	
<b>COST</b>			
At 1 January 2013	300,000	6,279,462	6,579,462
Additions	–	1,499	1,499
Disposals	–	(4,621,041)	(4,621,041)
<b>At 31 December 2013</b>	<b>300,000</b>	<b>1,659,920</b>	<b>1,959,920</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2013</b>	<b>300,000</b>	<b>1,659,920</b>	<b>1,959,920</b>
At 31 December 2012	300,000	6,279,462	6,579,462

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**13. INVESTMENTS** *(continued)*

**Group investments**

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

	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>				
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
Superior Tile SRL *	Italy	Ordinary shares	33%	Investment holding
Ceramica Monica SURL *	Italy	Ordinary shares	33%	Promotion and marketing of group products
<b>Associated undertaking</b>				
G.M.C SRL *	Italy	Ordinary shares	21%	Manufacturing of ceramic tiles

- Tower Overseas Limited holds these investments through Gardenia Finanziaria S.p.A. Output layout for Associates

<b>Company</b>	<b>Group companies €</b>
<b>COST</b>	
At 1 January 2013 and 31 December 2013	<u><b>2,136,528</b></u>
<b>NET BOOK VALUE</b>	
At 31 December 2013 and 31 December 2012	<u><b>2,136,528</b></u>

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**14. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Finished goods	<u>28,459,041</u>	<u>36,336,288</u>	<u>—</u>	<u>—</u>

**15. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Trade debtors	20,132,052	23,796,694	—	—
Other debtors	2,903,663	4,878,661	—	—
Deferred taxation (Note 16)	4,504,479	904,516	—	—
Prepayments and accrued income	2,989,036	4,449,940	—	6,101
	<u>30,529,230</u>	<u>34,029,811</u>	<u>—</u>	<u>6,101</u>

**16. DEFERRED TAXATION**

The movement in the deferred taxation asset during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Asset brought forward	904,516	978,708	—	—
Increase/(Decrease) in asset	3,599,963	(74,192)	—	—
Asset carried forward	<u>4,504,479</u>	<u>904,516</u>	<u>—</u>	<u>—</u>

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Provision for deferred tax; FA allowances	<u>4,504,479</u>	<u>904,516</u>	<u>—</u>	<u>—</u>

**17. INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Other investments	<u>—</u>	<u>3,426,371</u>	<u>—</u>	<u>—</u>

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**18. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	€	€	€	€
Short term borrowings	24,500,136	42,771,537	–	–
Payments received on account	76,030	–	–	–
Trade creditors	32,760,932	20,514,733	24,612	–
Finance lease agreements	3,178,032	1,311,528	–	–
Other creditors including taxation and social security:				
Other taxation and social security	2,172,205	2,186,347	–	–
Other creditors	8,471,340	3,171,723	–	–
Accruals and deferred income	14,795	21,706	12,672	15,299
	<u>71,173,470</u>	<u>69,977,574</u>	<u>37,284</u>	<u>15,299</u>

Interest on bank loans are payable at a rate equal to euribor 3 months plus a spread of 4% per annum.

**19. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	€	€	€	€
Bank loans	3,083,229	933,107	–	–
Amounts owed to group undertakings	2,870,110	2,847,294	2,870,110	2,847,294
Finance lease agreements	–	3,176,290	–	–
	<u>5,953,339</u>	<u>6,956,691</u>	<u>2,870,110</u>	<u>2,847,294</u>

Amounts owed to group undertakings represent interest-free loans 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 are payable at a rate equal to euribor 3 months plus a spread of 4% per annum.

**20. COMMITMENTS UNDER FINANCE LEASES AGREEMENTS**

Future commitments under finance leases agreements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	€	€	€	€
Amounts payable within 1 year	(3,178,032)	(1,311,528)	–	(1,311,528)
Amounts payable between 2 to 5 years	–	(3,176,290)	–	(3,176,290)
	<u>(3,178,032)</u>	<u>(4,487,818)</u>	<u>–</u>	<u>(4,487,818)</u>

**TOWER OVERSEAS LIMITED**  
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**21. OTHER PROVISIONS**

<b>Group</b>		<b>Company</b>	
<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
€	€	€	€
<u>5,220,597</u>	<u>5,405,678</u>	<u>-</u>	<u>-</u>

**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:**

	<b>2013</b>		<b>2012</b>	
	<b>No</b>	<b>€</b>	<b>No</b>	<b>€</b>
Ordinary shares of £1 each	<u>10,000</u>	<u>11,303</u>	<u>10,000</u>	<u>11,303</u>

**24. RESERVES**

<b>Group</b>	<b>Revaluation reserve €</b>	<b>Other reserves €</b>	<b>Profit and loss account €</b>
Balance brought forward	29,431,588	(1,467,582)	10,002,432
Loss for the year	-	-	(6,637,007)
Other movements			
- transfer to/from revaluation reserve	(22,109,950)	-	22,109,950
Other	-	(2,435,510)	-
Balance carried forward	<u>7,321,638</u>	<u>(3,903,092)</u>	<u>25,475,375</u>

<b>Company</b>	<b>Other reserves €</b>	<b>Profit and loss account €</b>
Balance brought forward	(281,122)	(450,075)
Loss for the year	-	(50,903)
Balance carried forward	<u>(281,122)</u>	<u>(500,978)</u>

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**25. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013 €	2012 €
Operating loss	(11,941,718)	(1,535,829)
Amortisation	(679,797)	(719,533)
Depreciation	3,172,150	3,569,023
Decrease in stocks	7,877,247	108,857
Decrease in debtors	7,100,544	4,918,507
(Decrease)/increase in creditors	(670,608)	10,956,062
(Decrease)/increase in provisions	(185,081)	1,357,825
Net cash inflow from operating activities	<u>4,672,737</u>	<u>18,654,912</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2013 €	2012 €
Interest received	282,931	456,181
Interest paid	(2,320,704)	(2,194,192)
Interest element of finance leases	(603,364)	(294,082)
Net cash outflow from returns on investments and servicing of finance	<u>(2,641,137)</u>	<u>(2,032,093)</u>

**TAXATION**

	2013 €	2012 €
Taxation	<u>(8,721)</u>	<u>(390,833)</u>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2013 €	2012 €
Payments to acquire intangible fixed assets	(869,866)	(699,222)
Payments to acquire tangible fixed assets	(9,877,643)	(1,730,579)
Receipts from sale of fixed assets	597,946	517,712
Acquisition of fixed asset investments	(1,499)	(1,003,000)
Disposal of fixed asset investments	4,621,041	9,558
Payment to acquire other current asset investments	3,426,371	(37,573)
Net cash outflow for capital expenditure and financial investment	<u>(2,103,650)</u>	<u>(2,943,104)</u>

**ACQUISITIONS AND DISPOSALS**

	2013 €	2012 €
Disposal of shares in group undertakings	–	1,646,344
Net cash inflow from acquisitions and disposals	<u>–</u>	<u>1,646,344</u>

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

**FINANCING**

	2013 €	2012 €
Increase in/(repayment of) bank loans	2,150,122	(3,076,112)
Net outflow from long-term payments received on account	–	(1,892,000)
Repayment of long-term amounts owed to group undertakings	22,816	40,489
Capital element of finance leases	(1,309,786)	527,935
Net outflow from other long-term creditors	–	(355,048)
Net cash inflow/(outflow) from financing	<u>863,152</u>	<u>(4,754,736)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2013 €	2012 €
Increase in cash in the period	782,381	8,426,882
Net cash (inflow) from/outflow from bank loans	(2,150,122)	3,076,112
Net cash outflow from long-term payments received on account	–	1,892,000
Net cash (inflow) from long-term amounts owed to group undertakings	(22,816)	(40,489)
Cash outflow in respect of finance leases	1,309,786	(527,935)
Net cash outflow from other long-term creditors	<u>–</u>	<u>355,048</u>
	(80,771)	13,181,618
Change in net debt	(80,771)	13,181,618
Net debt at 1 January 2013	(7,252,564)	(25,008,928)
Net debt at 31 December 2013	<u>(8,646,601)</u>	<u>(7,252,564)</u>

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2013 €	Cash flows €	At 31 Dec 2013 €
Net cash:			
Cash in hand and at bank	1,015,655	(530,885)	484,770
Debt:			
Debt due after 1 year	(3,780,401)	(2,172,938)	(5,953,339)
Finance lease agreements	(4,487,818)	1,309,786	(3,178,032)
	(8,268,219)	(863,152)	(9,131,371)
Net debt	<u>(7,252,564)</u>	<u>(1,394,037)</u>	<u>(8,646,601)</u>