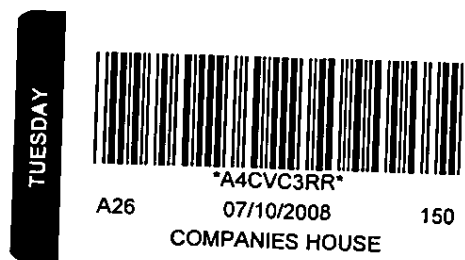


Eternit Clay Tiles Limited

Directors' Report and Financial Statements

Registered number 2769348

31 December 2007



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities and business review

All activities of the company are discontinued

Interim and final dividend

On 20 December 2007 an interim dividend of £3 million was paid (2006 £nil), with settlement being effected by a movement in intergroup loan accounts. The directors do not recommend the payment of a final dividend (2006 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

D Graham
J A Peeters
K C Sharp
D Speakman

The director retiring by rotation is D Graham who, being eligible, offers himself for re-election

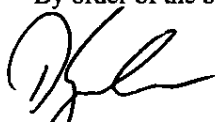
Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

In accordance with section 252 of the Companies Act 1985, a resolution to exempt the company from its obligations to appoint Auditors under section 384 of the said act is to be proposed at the forthcoming Annual General Meeting

By order of the board



D Speakman
Secretary
31 March 2008

Ridge Hill Drive
Madeley Heath, Crewe
CW3 9LY

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Eternit Clay Tiles Limited

We have audited the financial statements of Eternit Clay Tiles Limited for the year ended 31 December 2007 which comprise the Profit and loss account, the Balance sheet, the Statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.



KPMG Audit Plc

31 March 2008

Chartered Accountants

Registered Auditor

2 Cornwall Street, Birmingham B3 2DL

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	Discontinued operations	
		2007 £000	2006 £000
Turnover		-	-
Gross profit		-	-
Operating profit/(loss)		-	-
Interest receivable and similar income	2	-	26
Result/Profit on ordinary activities before taxation		-	26
Taxation on profit on ordinary activities	3	-	(8)
Result/Profit for the financial year		-	18

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the years reported above

All activities of the company are discontinued

Balance sheet
at 31 December 2006

	<i>Note</i>	2007		2006	
		£000	£000	£000	£000
Current assets					
Debtors	4	13,672		16,672	
		<u> </u>		<u> </u>	
Net assets			13,672		16,672
			<u> </u>		<u> </u>
Capital and reserves					
Called up share capital	5		13,000		13,000
Profit and loss account	7		672		3,672
			<u> </u>		<u> </u>
Equity shareholders' funds			13,672		16,672
			<u> </u>		<u> </u>

These financial statements were approved by the board of directors on 31 March 2008 and were signed on its behalf by



D. Speakman
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated statements

As the company is a wholly owned subsidiary of Etex Group SA the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of Etex Group SA, within which this company is included, can be obtained from the address given in note 13

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Other interest receivable and similar income

	2007 £000	2006 £000
Other interest receivable	-	26

3 Taxation

Analysis of charge/(credit) in year

	2007 £000	2006 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	8

The current tax charge for the year is the same as (2006 same as) the standard rate of corporation tax in the UK (30%, 2006 30%)

Notes (continued)

4 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	13,672	16,650
Taxation and social security	-	22
	<u>13,672</u>	<u>16,672</u>

5 Called up share capital

	2007 £000	2006 £000
<i>Authorised</i>		
Equity 20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<i>Allotted, called up and fully paid</i>		
Equity 13,000,001 ordinary shares of £1 each	<u>13,000</u>	<u>13,000</u>

6 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Profit for the financial year	-	18
Dividend	(3,000)	-
	<u>(3,000)</u>	<u>18</u>
Movement in year	(3,000)	18
Opening shareholders' funds	16,672	16,654
	<u>16,672</u>	<u>16,654</u>
Closing shareholders' funds	<u>13,672</u>	<u>16,672</u>

Notes (continued)

7 Reserves

	Profit and loss account £000
At 1 January 2007	3,672
Dividend	(3,000)
	<hr/>
At 31 December 2007	672
	<hr/>

8 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's ultimate parent undertaking is Etex Group S A , a company incorporated in Belgium. The company's immediate parent undertaking is Marley (UK) Limited, a company incorporated in Great Britain

The smallest and largest group in which the results of the company are consolidated is headed by Etex Group SA, a company incorporated in Belgium. The accounts of Etex Group SA are available to the public and may be obtained from Avenue de Tervueren 361, B-1150 Brussels