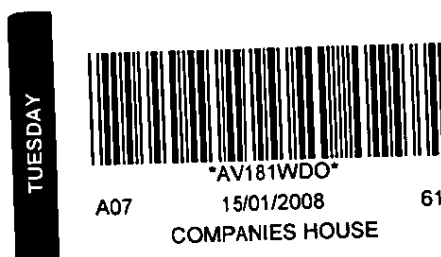


TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2007



GRIFFITH & MILES LIMITED
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITOR
SWANSEA

TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

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TAYLOR TILES HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2007

The directors have pleasure in presenting their report and the consolidated financial statements of the group for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of supplying and fixing of ceramic tiles and tiling materials

The directors consider the state of the company's affairs to be satisfactory

DIRECTORS

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

Mr K S Taylor-Bottomley
Mrs P Taylor
Mrs L K Taylor-Bottomley
Mr R Price

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The consolidated financial statements are required by law to 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 consolidated financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

prepare the consolidated 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act 1985. 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

AUDITOR

A resolution to re-appoint Griffith & Miles Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
Beaufort Road
Plasmarl Industrial Estate
Swansea
SA6 8JG

Signed by order of the directors



MR K S TAYLOR BOTTOMLEY
company Secretary

Approved by the directors on 12/01/08

TAYLOR TILES HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TAYLOR TILES HOLDINGS LIMITED

YEAR ENDED 31 MARCH 2007

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of Taylor Tiles Holdings Limited for the year ended 31 March 2007, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on pages 7 to 8

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 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

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

Our responsibility is to audit the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group's and 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 consolidated 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 consolidated financial statements.

OPINION

In our opinion:

the consolidated financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's profit for the year then ended,

the consolidated 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 consolidated financial statements.

Griffith & Miles Limited

Charter Court,
Phoenix Way,
Enterprise Park,
Swansea
SA7 9FS

12th January 2008

GRIFFITH & MILES LIMITED
Chartered Accountants
& Registered Auditors

TAYLOR TILES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
TURNOVER		4,827,419	4,723,839
Other operating income	2	<u>81,389</u>	<u>62,907</u>
		4,908,808	4,786,746
OPERATING COSTS:			
Raw materials and consumables		2,871,093	2,864,163
Other external charges		48,166	14,855
Staff costs		1,155,803	1,153,574
Depreciation written off fixed assets	3	166,818	(243,152)
Other operating charges		<u>618,803</u>	<u>528,153</u>
OPERATING PROFIT	3	48,125	469,153
Interest payable and similar charges		37,228	43,769
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>10,897</u>	<u>425,384</u>
Tax on profit on ordinary activities		1,810	47,076
PROFIT FOR THE FINANCIAL YEAR	4	<u>9,087</u>	<u>378,308</u>

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account

The notes on pages 7 to 12 form part of these consolidated financial statements

TAYLOR TILES HOLDINGS LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
Profit for the financial year attributable to the shareholders of the parent company	9,087	378,308
Unrealised profit on revaluation of certain fixed assets	<u>393,124</u>	<u>-</u>
Total gains and losses recognised since the last annual report	<u>402,211</u>	<u>378,308</u>

The notes on pages 7 to 12 form part of these consolidated financial statements

TAYLOR TILES HOLDINGS LIMITED

GROUP BALANCE SHEET

31 MARCH 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	<u>1,672,755</u>	<u>1,277,392</u>
CURRENT ASSETS			
Stocks		709,987	723,427
Debtors	8	687,493	947,778
Cash at bank and in hand		<u>26,292</u>	<u>5,815</u>
		<u>1,423,772</u>	<u>1,677,020</u>
CREDITORS: Amounts falling due within one year	9	<u>1,374,143</u>	<u>1,633,693</u>
NET CURRENT ASSETS		<u>49,629</u>	<u>43,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,722,384</u>	<u>1,320,719</u>
CREDITORS: Amounts falling due after more than one year	10	<u>250,256</u>	<u>207,002</u>
		<u>1,472,128</u>	<u>1,113,717</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	<u>6,800</u>	<u>16,600</u>
		<u>1,465,328</u>	<u>1,097,117</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	21,338
Revaluation reserve	14	868,858	475,734
Capital redemption reserve	14	34,811	34,811
Profit and loss account	14	540,321	565,234
SHAREHOLDERS' FUNDS	14	<u>1,465,328</u>	<u>1,097,117</u>

These consolidated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

These consolidated financial statements were approved by the directors and authorised for issue on 12/01/08, and are signed on their behalf by


MR K S TAYLOR-BOTTOMLEY

The notes on pages 7 to 12 form part of these consolidated financial statements

TAYLOR TILES HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	1,670,728	1,270,618
Investments	7	15,337	15,337
		<u>1,686,065</u>	<u>1,285,955</u>
CURRENT ASSETS			
Stocks		701,421	712,645
Debtors	8	587,055	848,616
Cash at bank and in hand		25,990	5,688
		<u>1,314,466</u>	<u>1,566,949</u>
CREDITORS: Amounts falling due within one year	9	<u>1,285,822</u>	<u>1,537,624</u>
NET CURRENT ASSETS		<u>28,644</u>	<u>29,325</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,714,709</u>	<u>1,315,280</u>
CREDITORS: Amounts falling due after more than one year	10	<u>250,256</u>	<u>207,002</u>
		<u>1,464,453</u>	<u>1,108,278</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	6,800	16,600
		<u>1,457,653</u>	<u>1,091,678</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	21,338
Revaluation reserve	14	868,858	475,734
Capital redemption reserve	14	34,811	34,811
Profit and loss account	14	532,646	559,795
SHAREHOLDERS' FUNDS		<u>1,457,653</u>	<u>1,091,678</u>

These consolidated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

These consolidated financial statements were approved by the directors and authorised for issue on 21/01/08, and are signed on their behalf by


MR K S TAYLOR-BOTTOMLEY

The notes on pages 7 to 12 form part of these consolidated financial statements

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

1 ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. 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 consolidated financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

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:

Freehold property	- Buildings 2% per annum, Land - nil
Leasehold property	- over term of lease
Plant & Machinery	- 20% per annum
Fixtures & Fittings	- 10% - 33% per annum
Motor Vehicles	- 15% - 25% per annum

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.

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts.

Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

1 ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2 OTHER OPERATING INCOME

	2007	2006
	£	£
Commission receivable	16,383	7,077
Management charges receivable	12,000	6,000
Other operating income	53,006	49,830
	<u>81,389</u>	<u>62,907</u>

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Directors' emoluments	172,589	178,796
Amortisation of government grants re fixed assets	(969)	(969)
Depreciation of owned fixed assets	140,567	104,712
Depreciation of assets held under hire purchase agreements	28,995	46,600
Profit on disposal of fixed assets	(1,775)	(393,495)
Auditor's fees	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

4 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £6,851 (2006 - £377,736)

5 DIVIDENDS

Equity dividends

	2007	2006
	£	£
Paid		
Equity dividends on ordinary shares	<u>34,000</u>	<u>63,000</u>

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

6 TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2006	950,910	86,023	422,633	186,682	1,646,248
Additions	82,754	–	73,291	25,740	181,785
Disposals	–	–	–	(45,665)	(45,665)
Revaluation	370,000	–	–	–	370,000
At 31 March 2007	1,403,664	86,023	495,924	166,757	2,152,368
DEPRECIATION					
At 1 April 2006	32,454	38,795	183,983	113,626	368,858
Charge for the year	31,195	15,794	84,142	38,431	169,562
On disposals	–	–	–	(35,683)	(35,683)
Revaluation adjustment	(23,124)	–	–	–	(23,124)
At 31 March 2007	40,525	54,589	268,125	116,374	479,613
NET BOOK VALUE					
At 31 March 2007	1,363,139	31,434	227,799	50,383	1,672,755
At 31 March 2006	918,456	47,228	238,650	73,056	1,277,390

The freehold and leasehold properties occupied by the company were valued by external valuers, Rowland Jones and Partners, as at 31 March 2007, on the basis of Existing Use value in accordance with the RICS Appraisal and Valuation Standards

Hire purchase agreements

Included within the net book value of £1,672,755 is £90,452 (2006 - £132,957) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £28,995 (2006 - £46,600)

Company	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2006	950,910	74,434	420,766	136,844	1,582,954
Additions	82,754	–	73,291	25,740	181,785
Disposals	–	–	–	(39,099)	(39,099)
Revaluation	370,000	–	–	–	370,000
At 31 March 2007	1,403,664	74,434	494,057	123,485	2,095,640
DEPRECIATION					
At 1 April 2006	32,454	28,485	182,937	68,460	312,336
Charge for the year	31,195	14,858	83,722	35,041	164,816
On disposals	–	–	–	(29,116)	(29,116)
Revaluation adjustment	(23,124)	–	–	–	(23,124)
At 31 March 2007	40,525	43,343	266,659	74,385	424,912
NET BOOK VALUE					
At 31 March 2007	1,363,139	31,091	227,398	49,100	1,670,728
At 31 March 2006	918,456	45,949	237,829	68,384	1,270,618

Hire purchase agreements

Included within the net book value of £1,670,728 is £90,452 (2006 - £130,576) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £28,995 (2006 - £45,501)

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

7. INVESTMENTS

Company	Group companies £
COST	
At 1 April 2006 and 31 March 2007	<u>15,337</u>
NET BOOK VALUE	
At 31 March 2007	<u>15,337</u>
At 31 March 2006	<u>15,337</u>

Taylor Tiles Holdings Limited owns 100% of the issued share capital of the following subsidiaries, which were incorporated in Great Britain

Name	Activity
TT Specialist Fixing Limited	Supplying and fixing of ceramic tiles and tiling materials
Taylor Tiles (South Wales) Limited	Dormant
Taylor Design and Tools Limited	Dormant
Ceramic Tiles On-Line Limited	Dormant

8 DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	234,588	452,958	49,250	236,342
Amounts owed by group undertakings	381,655	375,459	467,807	492,409
Directors current accounts	27,137	16,514	27,137	16,514
Other debtors	44,113	102,847	42,861	103,351
	<u>687,493</u>	<u>947,778</u>	<u>587,055</u>	<u>848,616</u>

9 CREDITORS Amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	283,203	280,519	271,563	268,784
Trade creditors	870,064	1,024,264	861,074	1,020,357
Hire purchase agreements	43,128	51,833	43,128	51,424
Other creditors	123,113	187,494	97,606	152,583
Accruals and deferred income	54,635	89,583	12,451	44,476
	<u>1,374,143</u>	<u>1,633,693</u>	<u>1,285,822</u>	<u>1,537,624</u>

Barclays Bank Plc holds a fixed and floating charge over the groups assets

10 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	217,029	154,876	217,029	154,876
Hire purchase agreements	33,227	52,126	33,227	52,126
	<u>250,256</u>	<u>207,002</u>	<u>250,256</u>	<u>207,002</u>

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

11 DEFERRED TAXATION

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2007		2006	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>6,800</u>	<u>-</u>	<u>16,600</u>	<u>-</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of

Company	2007		2006	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>6,800</u>	<u>-</u>	<u>16,600</u>	<u>-</u>

12 RELATED PARTY TRANSACTIONS

Mr K Taylor-Bottomley, a director and shareholder of Taylor Tiles Holdings Limited, also has a 26% interest in Stacks Limited

The group had the following transactions with Stacks Limited (all on normal trading terms)

Profit and Loss Account

Sales to Stacks Limited	£486,542
Purchases from Stacks Limited	£2,999
Management charge receivable from Stacks Limited	£12,000
Hire charges receivable from Stacks Limited	£5,880

Balance Sheet

Amounts due from Stacks Limited	£381,655
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13 SHARE CAPITAL

Authorised share capital

	2007 £	2006 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>21,338</u>	<u>21,338</u>	<u>21,338</u>	<u>21,338</u>

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total share-holders' funds
	£	£	£	£	£
Balance brought forward	21,338	475,734	34,811	565,234	1,097,117
Profit for the year	—	—	—	9,087	9,087
Equity dividends	—	—	—	(34,000)	(34,000)
Other gains and losses					
- Revaluation of fixed assets	—	393,124	—	—	393,124
Balance carried forward	<u>21,338</u>	<u>868,858</u>	<u>34,811</u>	<u>540,321</u>	<u>1,465,328</u>

Company	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total share-holders' funds
	£	£	£	£	£
Balance brought forward	21,338	475,734	34,811	559,795	1,091,678
Profit for the year	—	—	—	6,851	6,851
Equity dividends	—	—	—	(34,000)	(34,000)
Other gains and losses					
- Revaluation of fixed assets	—	393,124	—	—	393,124
Balance carried forward	<u>21,338</u>	<u>868,858</u>	<u>34,811</u>	<u>532,646</u>	<u>1,457,653</u>