

**EBOR GROUP HOLDINGS LIMITED****DIRECTORS' REPORT AND FINANCIAL STATEMENTS****For the year ended 31 December 2006** **Horwath Clark Whitehill**

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**EBOR GROUP HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

S Boocock  
J Whiteley  
R Wivell  
D Beckett  
S J Boocock

**SECRETARY**

J Whiteley

**COMPANY NUMBER**

03877687

**REGISTERED OFFICE**

Trans Pennine Way Trading Estate  
Gorrels Way  
Rochdale  
Lancashire  
OL11 2PX

**AUDITORS**

Horwath Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2HP

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**EBOR GROUP HOLDINGS LIMITED**

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## **EBOR GROUP HOLDINGS LIMITED**

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### **DIRECTORS' REPORT** **For the year ended 31 December 2006**

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The directors present their report and the financial statements for the year ended 31 December 2006

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

#### **PRINCIPAL ACTIVITIES**

Since February 2000 the company has primarily acted as a holding company for its subsidiary Ebor Equipment Limited and has not actively traded. The principal activity of Ebor Equipment Limited and its subsidiary companies is as a supplier of tools, machines and equipment to the glass and natural stone industries.

#### **BUSINESS REVIEW**

On 12 June 2002 Ebor Equipment Limited, a wholly owned subsidiary of Ebor Group Holdings Limited, brought legal proceedings against Intemac Spa and Biesse Spa, seeking in view of Intemac's failure to fulfil the distribution contracts between the parties, an order to pay compensation for damages suffered by Ebor an amount of not less than six million Euro's plus costs together with a declaration that Intemac had committed acts of unlawful competition against Ebor. These legal proceedings are ongoing at the time of signing these accounts.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £3,250 (2005 - Loss £23,579)

The directors do not recommend the payment of a dividend.

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**EBOR GROUP HOLDINGS LIMITED**

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**DIRECTORS' REPORT**  
**For the year ended 31 December 2006**

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**DIRECTORS**

The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	31/12/06	1/1/06
S Boocock	144,000	144,000
J Whiteley	117,000	117,000
R Wivell	-	-
D Beckett	94,500	94,500
S J Boocock	94,500	94,500

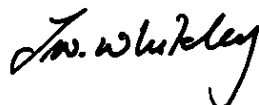
**AUDITORS**

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on

*10<sup>th</sup> April 2007*

and signed on its behalf



**J Whiteley**  
Secretary

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## **EBOR GROUP HOLDINGS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EBOR GROUP HOLDINGS LIMITED**

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We have audited the financial statements of Ebor Group Holdings Limited for the year ended 31 December 2006 set out on pages 5 to 15. These financial statements have been prepared in accordance with 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 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 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.

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**EBOR GROUP HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EBOR GROUP HOLDINGS LIMITED**

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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss 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



**HORWATH CLARK WHITEHILL LLP**

Chartered Accountants  
Registered Auditors

Arkwright House  
Parsonage Gardens  
Manchester  
M3 2HP

Date

8 May 2007

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**EBOR GROUP HOLDINGS LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2006**

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	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
Administrative expenses		<b>(9,250)</b>	<b>(8,354)</b>
Other operating income	<b>2</b>	<b>19,425</b>	<b>-</b>
		<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>10,175</b>	<b>(8,354)</b>
Interest payable	<b>6</b>	<b>(13,425)</b>	<b>(15,225)</b>
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(3,250)</b>	<b>(23,579)</b>
Tax on loss on ordinary activities	<b>7</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>12</b>	<b>(3,250)</b>	<b>(23,579)</b>
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements



**EBOR GROUP HOLDINGS LIMITED**

**BALANCE SHEET**  
**As at 31 December 2006**

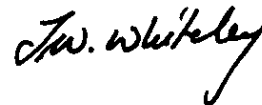
	Note	£	2006 £	As restated 2005 £
<b>FIXED ASSETS</b>				
Fixed asset investments	8		2,510,914	2,510,914
<b>CREDITORS</b> amounts falling due within one year	9		(1,257,743)	(1,094,493)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,253,171	1,416,421
<b>CREDITORS:</b> amounts falling due after more than one year	10		(830,000)	(990,000)
<b>NET ASSETS</b>			423,171	426,421
<b>CAPITAL AND RESERVES</b>				
Called up share capital	11		450,000	450,000
Share premium account	12		600,000	600,000
Profit and loss account	12		(626,829)	(623,579)
<b>SHAREHOLDERS' FUNDS - All equity</b>	14		423,171	426,421

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
10 April 2007

S Boocock  
Director



J Whiteley  
Director



The notes on pages 8 to 15 form part of these financial statements

**EBOR GROUP HOLDINGS LIMITED**

**CASH FLOW STATEMENT**  
For the year ended 31 December 2006

	Note	2006 £	2005 £
Net cash flow from operating activities	15	84,417	319,618
Returns on investments and servicing of finance	16	(13,425)	(15,225)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>70,992</b>	<b>304,393</b>
Financing	16	(160,000)	(70,000)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(89,008)</b>	<b>234,393</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT**  
For the year ended 31 December 2006

	2006 £	As restated 2005 £
(Decrease)/Increase in cash in the year	(89,008)	234,393
Cash outflow from decrease in debt and lease financing	160,000	70,000
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>70,992</b>	<b>304,393</b>
Net debt at 1 January 2006 (as restated)	(1,060,992)	(1,365,385)
<b>NET DEBT AT 31 DECEMBER 2006</b>	<b>(990,000)</b>	<b>(1,060,992)</b>

The notes on pages 8 to 15 form part of these financial statements

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## EBOR GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Investments

Investments in subsidiaries are valued at cost less provision for impairment

#### 2. OTHER OPERATING INCOME

	2006 £	2005 £
Other operating income	19,425	-

#### 3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	2006 £	2005 £
Auditors' remuneration	3,250	-

During the year, no director received any emoluments (2005 - £NIL)

#### 4. STAFF COSTS

The company has no employees other than the directors

#### 5. DIRECTORS REMUNERATION

	2006 £	2005 £
Directors Remuneration	174,601	153,727
	-	-

Paid by subsidiary company Ebor Equipment Limited

**EBOR GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2006

**6. INTEREST PAYABLE**

	2006 £	2005 £
On bank loans and overdrafts	13,425	15,225

**7. TAXATION**

	2006 £	2005 £
Tax on profit on ordinary activities	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	(3,250)	(23,579)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	(975)	(7,074)
<b>Effects of.</b>		
Difference between capital allowances and depreciation	-	203
Group loss relief	975	6,871
<b>Current tax charge for the year (see note above)</b>	-	-

**Factors that may affect future tax charges**

The company has £82,280 of unused losses available for set off against future profits

**8. FIXED ASSET INVESTMENTS**

	Shares in group under- takings £
<b>Cost or valuation</b>	
At 1 January 2006 and 31 December 2006	2,510,914

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**EBOR GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2006**

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**8. FIXED ASSET INVESTMENTS (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the company

Ebor Equipment Limited  
Ebor Machinery Limited  
Quartz Stone UK Limited  
Ebor Ireland Limited (incorporated in Ireland and results  
denoted in Euros)  
Vitrobar Limited

The aggregate of the share capital and reserves as at 31 December 2006 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

	<b>Aggregate of share capital and reserves</b>	<b>Profit/(loss)</b>
	<b>£</b>	<b>£</b>
Ebor Equipment Limited	197,087	244,462
Ebor Machinery Limited	71,459	58,645
Quartz Stone UK Limited (formerly Caesar Stone Limited)	40,126	-
Ebor Ireland Limited (incorporated in Ireland and results denoted in Euros)	3,616	-
Vitrobar Limited	2	-
	<hr/>	<hr/>

Ebor Equipment Limited owns 100% of the ordinary share capital of the four companies noted above  
Ebor Equipment Limited is a 100% subsidiary of Ebor Group Holdings

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Unsecured loan notes	20,000	20,000
Bank loans and overdrafts	140,000	50,992
Amounts owed to group undertakings	1,069,093	1,008,276
Accruals and deferred income	28,650	15,225
	<hr/>	<hr/>
	<b>1,257,743</b>	<b>1,094,493</b>
	<hr/>	<hr/>

The bank loans and overdrafts disclosed above are secured by a fixed and floating charge on the company's assets and undertakings

**EBOR GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2006

**10 CREDITORS:**  
Amounts falling due after more than one year

	2006 £	<i>As restated</i> 2005 £
Unsecured loan notes	120,000	140,000
Bank loans	210,000	350,000
Share capital treated as debt (Note 11)	500,000	500,000
	<u>830,000</u>	<u>990,000</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 11

The bank loan is repayable at £35,000 per quarter until the end of 2008 and on request thereafter. No interest is charged on the loan.

Unsecured loan notes are repayable at £20,000 per annum in respect of £40,000 of the balance (2005 £60,000). This balance relates to an unsecured loan due to Mr Hodgen, formally a director of Ebor Group Holdings Limited. The remaining loan of £100,000 is repayable after full repayment of the £40,000. Interest is charged at 9% per annum and is payable after full repayment of the £40,000.

The bank loan disclosed above is secured by a fixed and floating charge on the company's assets.

**11 SHARE CAPITAL**

	2006 £	<i>As restated</i> 2005 £
<b>Shares classified as capital</b>		
<b>Authorised</b>		
536,018 Ordinary shares of £1 each	536,018	536,018
150,000 Ordinary A shares of £1 each	150,000	150,000
	<u>686,018</u>	<u>686,018</u>
<b>Allotted, called up and fully paid</b>		
300,000 Ordinary shares of £1 each	300,000	300,000
150,000 Ordinary A shares of £1 each	150,000	150,000
	<u>450,000</u>	<u>450,000</u>

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**EBOR GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2006**

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**11. SHARE CAPITAL (continued)****Shares classified as debt****Authorised**

500,000 Redeemable Preference shares of £1 each	<u>500,000</u>	<u>500,000</u>
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**Allotted, called up and fully paid**

500,000 Redeemable Preference shares of £1 each	<u>500,000</u>	<u>500,000</u>
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The preference shares are redeemable at par by 31 December 2010, or earlier on a sale or listing of the company

The preference shares have no rights to dividends, take priority over the ordinary shareholders in respect of payment of the nominal value of their shares on winding up and have no voting rights on a poll, with the exception of those circumstances as noted in the Articles of Association

**12. RESERVES**

	Share premium account £	Profit and loss account £
At 1 January 2006	600,000	(623,579)
Loss retained for the year		(3,250)
At 31 December 2006	<u>600,000</u>	<u>(626,829)</u>

**13. PRIOR YEAR ADJUSTMENT**

For accounting periods beginning on or after 1 January 2005, the company is required to account for preference shares and preference share dividends in accordance with Financial Reporting Standard 25 'Financial Instruments'. As a result, the preference shares issued by the company are to be treated as a debt of the company rather than as equity. The £500,000 of preference shares in issue are therefore now shown within creditors, resulting in a reduction in Shareholders' funds of £500,000.

**EBOR GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2006

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2006 £	2005 £
Opening shareholders' funds (as previously stated)	926,421	950,000
Reclassification of preference shares	(500,000)	(500,000)
Opening shareholders' funds (as restated)	426,421	450,000
Loss for the year	(3,250)	(23,579)
Closing shareholders' funds	423,171	426,421

**15. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2006 £	2005 £
Operating profit/(loss)	10,175	(8,354)
Increase/(decrease) in creditors	13,425	(3,802)
Increase in amounts owed to group undertakings	60,817	331,774
Net cash inflow from operations	84,417	319,618

**16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(13,425)	(15,225)
<b>Financing</b>		
Issue of ordinary shares	-	600,000
Purchase of non-equity shares	-	(600,000)
Repayment of loans	(140,000)	(50,000)
Repayment of unsecured loan notes	(20,000)	(20,000)
Net cash outflow from financing	(160,000)	(70,000)



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**EBOR GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2006**

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**17 ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Bank overdraft	(50,992)	(89,008)	-	(140,000)
	<u>(50,992)</u>	<u>(89,008)</u>	<u>-</u>	<u>(140,000)</u>
<b>Debt</b>				
Debts due within one year	(20,000)	160,000	(160,000)	(20,000)
Debts falling due after more than one year	(990,000)	-	160,000	(830,000)
	<u>(1,060,992)</u>	<u>70,992</u>	<u>-</u>	<u>(990,000)</u>

**18. CONTINGENT LIABILITIES**

There is an unlimited cross guarantee given by Ebor Group Holdings to cover the bank borrowings of Ebor Equipment Limited and Ebor Machinery Limited. At 31 December 2006 this liability amounted to £318,985 (2005 £441,204)

**19. TRANSACTIONS WITH DIRECTORS**

Directors of the company hold unsecured loan notes with the company which are included within creditors due within one year and within more than one year. The interest due on these loan notes is at a rate of 9% per annum. The balance due to the directors in respect of the unsecured loan notes is £100,000 (2005 - £100,000) to Mr S Boocock. The associated interest due is £28,650.

**20 DIRECTORS' PERSONAL GUARANTEES**

The directors have guaranteed the following borrowings in respect of the company as at 31 December 2006

S Boocock - £150,000 in respect of bank borrowings and £25,000 in respect of the invoice discounting facility

D Beckett - £5,000 in respect of the invoice discounting facility

J Whiteley - £15,000 in respect of bank borrowings and £25,000 in respect of the invoice discounting facility

S Boocock - £5,000 in respect of the invoice discounting facility

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## **EBOR GROUP HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2006**

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#### **21 RELATED PARTY TRANSACTIONS**

The company was under the control of Mr S Boocock, Mr J Whiteley, Mr D Becket and Mr S J Boocock, directors and shareholders of the company throughout the current period, who owned 100% of the ordinary share capital of the company

At 31 December 2006 amounts owed to Ebor Equipment Limited amounted to £698,195 (2005 £635,220) and amounts owed to Ebor Machinery Limited amounted to £370,898 (2005 -£373,056)

The company has secured the borrowings of Ebor Equipment Limited with GMAC Commercial Finance Plc by way of a composite guarantee and debenture over the fixed and floating charges over the assets of the company