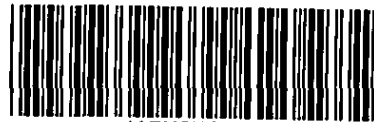


NORCROS (HOLDINGS) LIMITED

Balance sheet as at 3 June 2007

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Statement of Directors' Responsibilities

The Board of Directors is required each year to prepare financial statements which give a true and fair view of the state of affairs of the Company. The financial statements must comply with the provisions of the Companies Act 1985 and with applicable Accounting Standards.

In preparing the financial statements, the directors have responsibility for adopting accounting policies appropriate to the Company's business. These policies must be applied consistently, taking a reasonable and prudent view where judgements and estimates are necessary. The Directors must maintain adequate accounting records and take reasonable steps to protect the assets of the Company and to deter and detect fraud and other irregularities.

The Directors confirm their compliance with these requirements and that the financial statements have been prepared on the going concern basis.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the independent auditors to Norcros (Holdings) Limited for the purpose of section 43(3)(c) of the Companies Act 1985

We have audited the balance sheet and related notes of Norcros (Holdings) Limited as at 3 June 2007 set out on pages 3 to 8 which have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the balance sheet in accordance with applicable law and United Kingdom Accounting Standards

Our responsibility is to audit the balance sheet in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

This report, including the opinion, has been prepared for and only for the directors in accordance with Section 43 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the balance sheet and related notes, 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 balance sheet is 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 balance sheet

Opinion

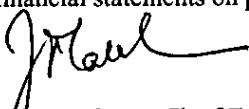
In our opinion the balance sheet as at 3 June 2007 has been properly prepared in accordance with the provisions of the Companies Act 1985, which would have applied had the balance sheet been prepared for a financial year of the company


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
14 June 2007

Balance sheet

	Note	3 June 2007 £m	31 March 2007 £m
Fixed Assets			
Investments	3	177.3	177.3
Current assets			
Debtors	4	-	11.0
Cash at bank and in hand		-	-
		-	11.0
Creditors : amounts falling due within one year			
Borrowings – bank and other loans	5	(3.4)	(3.4)
Other	6	(19.4)	(79.6)
		(22.8)	(83.0)
Net current liabilities		(22.8)	(72.0)
Total assets less current liabilities		154.5	105.3
Financed by			
Creditors : amounts falling due after more than one year			
Borrowings – bank and other loans	5	66.8	66.6
Shareholder loans	5	36.5	35.9
		103.3	102.5
Capital and reserves			
Share capital	8	0.1	0.1
Share premium account	9	5.7	5.5
Profit and loss account	9	45.4	(2.8)
Total shareholders' funds	9	51.2	2.8
		154.5	105.3

The financial statements on pages 3 to 8 were approved on 14 June 2007 and signed on behalf of the board by


J Matthews, Group Chief Executive


N P Kelsall, Group Finance Director

Notes to the financial statements

1. Statement of accounting policies

Norcros (Holdings) Limited prepares its accounts on the historical cost basis of accounting and in accordance with both applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies which have been applied consistently is set out below.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Borrowings

Borrowings are recognised net of transaction costs (any such costs that are incremental and directly attributable to the issue of the financial instrument) which are amortised through the income statement over the duration of the borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Foreign currency transactions

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates applicable at the period end. Exchange gains and losses are dealt with in arriving at the operating profit.

Taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is recognised only when the transfer of economic benefits is more likely than not to occur.

2. Other information

Other than the directors, who receive no emoluments from the Company, the Company has no employees.

Notes to the financial statements

3. Investments

	Shares in subsidiaries £m
At 31 March 2007 and 3 June 2007	177.3

The Company owns 100% of the share capital of Norcros Limited, a company incorporated in England and Wales. The principal activity of the subsidiary is to act as an intermediate holding company.

Principal subsidiaries and associated company are disclosed below.

United Kingdom

Norcros Limited – Holding company
H & R Johnson Tiles Ltd* - Tiles and adhesives
Triton Plc* - Showers

Overseas

Johnson Tiles Pty Ltd* - Tile and adhesives
Incorporated in Australia

Philkeram-Johnson SA* - Tiles and adhesives
Associated company – 50%, Incorporated in Greece

Norcros SA (Pty) Ltd – Tiles and adhesives
Incorporated in South Africa

TAL (Pty) Ltd* - Tiles and adhesives
Incorporated in South Africa

Tile Africa Group (Pty) Ltd* - Tiles and adhesives
Incorporated in South Africa

* The Group interest is owned by Group companies other than Norcros (Holdings) Limited

Notes

Unless otherwise stated, all companies are 100% owned and all UK companies are incorporated and operate in Great Britain and are registered in England and Wales. Overseas companies operate in the countries in which they are incorporated.

Only the principal subsidiary undertakings and associated companies indirectly owned by the Company are included above.

4. Debtors

Amounts due within one year	3 June 2007 £m	31 March 2007 £m
Group relief receivable	-	2.0
Dividends receivable from subsidiary undertakings	-	9.0
	-	11.0

Dividends receivable from subsidiary undertakings were approved on 30th March 2007.

Notes to the financial statements

5. Borrowings

	3 June 2007 £m	31 March 2007 £m
Loans and bank overdrafts - secured	73.9	73.9
Shareholder loans – unsecured	36.5	35.9
Costs of raising finance	(3.7)	(3.9)
	106.7	105.9
Repayable		
Within one year	4.4	4.4
Costs of raising finance	(1.0)	(1.0)
	3.4	3.4
After more than one year		
Between one and two years	4.9	4.9
Between two and five years	21.5	21.5
Over five years by instalments	79.6	79.0
Costs of raising finance	(2.7)	(2.9)
	103.3	102.5
	106.7	105.9

Loans and bank overdrafts are secured on the group's assets and principally carry interest based on LIBOR. Bank loans are repayable in instalments with the final payment on 31 March 2014.

Shareholder loans comprise interest bearing loan stock which is redeemable at par between 1 April 2009 and 30th September 2009. Interest is currently rolled up, annually, and is payable on redemption.

6. Creditors – amounts falling due within one year

	3 June 2007 £m	31 March 2007 £m
Amounts owed to group undertakings	19.1	79.3
Other creditors	0.3	0.3
	19.4	79.6

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements

7. Deferred tax

No deferred tax is provided in the financial statements

The full potential asset for deferred taxation is as follows

	3 June 2007 £m	31 March 2007 £m
Tax losses	4.9	4.9
Other timing differences	4.7	4.7
	9.6	9.6

8. Share capital

	3 June 2007 £'000	31 March 2007 £'000
Authorised		
781,250 'A' ordinary shares of 1p each	8	8
5,468,750 'B' ordinary shares of 1p each	55	55
	63	63
Issued and fully paid		
720,000 (31 March 2007 600,000) 'A' ordinary shares of 1p each	7	6
5,250,000 'B' ordinary shares of 1p each	52	52
	59	58

On 17 May 2007 the company issued 120,000 A ordinary shares of 1 pence each, allotted and full paid. Each share was issued at a price of £1.666.

9. Shareholders' Funds

	Share capital £m	Share premium £m	Profit and loss account £m	Total £m
At beginning of period	0.1	5.5	(2.8)	2.8
Issued in the period	-	0.2	-	0.2
Profit for the period	-	-	48.2	48.2
At end of period	0.1	5.7	45.4	51.2

Notes to the financial statements

10. Contingent liabilities

The company has entered into a guarantee and debenture which effectively means that all of its assets, property or otherwise, and undertakings are charged in favour of the Security agent acting on behalf of the lending banks to the Company

11. Post balance sheet events

On 6 June 2007 the Company issued 30,000 "A" ordinary shares of 1 pence each in the capital of the Company, allotted and issued as full paid Each share was issued at a price of £1 666 per share