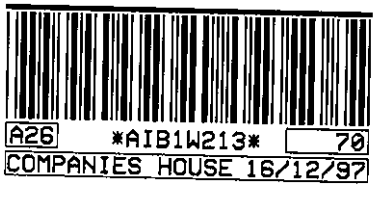
CERAMICA IMPEX LIMITED

DIRECTORS' REPORT
AND ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 1997

COMPANY NUMBER: 1479217

HAINES WATTS
CHARTERED ACCOUNTANTS
LEEDS



CERAMICA IMPEX LIMITED

COMPANY INFORMATION

DIRECTORS:	H L Namli Mrs N Baban
SECRETARY:	Mrs N Namli
COMPANY NUMBER:	1479217 (England and Wales)
REGISTERED OFFICE:	Sterling House 1 Sheepscar Court Meanwood Road Leeds LS7 2BB
AUDITORS:	Haines Watts Registered Auditors and Chartered Accountants Sterling House 1 Sheepscar Court Meanwood Road Leeds LS7 2BB
BANKERS:	Barclays Bank plc PO Box 100 28 Park Row LEEDS LS1 1PA

CERAMICA IMPEX LIMITED

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CERAMICA IMPEX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1997

The directors present their report and the financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity continues to be the import and distribution of ceramic tiles. The directors consider that both the profit and year end financial position are satisfactory and that the company will continue to develop its established activities.

RESULTS AND DIVIDENDS

An interim dividend of £128,000 was paid during the year. The directors do not recommend a final dividend and it is proposed that the retained profit of £94,539 be transferred to reserves.

FIXED ASSETS

The movements in tangible fixed assets are shown in note 7 to the financial statements.

DIRECTORS

The directors who served during the year and their beneficial interest in the company's issued ordinary share capital were:-

	Class of shares	Number of shares 1997	1996
H L Namli	Ordinary shares of £1 each	100	100
Mrs N Baban	Ordinary shares of £1 each	-	-

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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;

- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

CERAMICA IMPEX LIMITED

DIRECTORS' REPORT (CONTINUED)

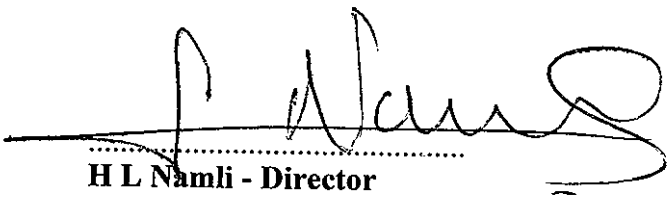
FOR THE YEAR ENDED 31 MARCH 1997

AUDITORS

The auditors, Haines Watts will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on 10 December 1997.

Signed on behalf of the board of directors.



.....

H L Namli - Director

AUDITORS' REPORT TO CERAMICA IMPEX LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of the company for the year ended 31 March 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

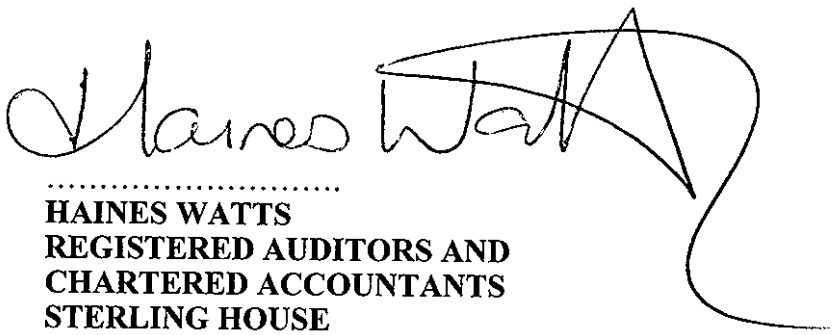
Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.



.....

HAINES WATTS
REGISTERED AUDITORS AND
CHARTERED ACCOUNTANTS
STERLING HOUSE
1 SHEEPSCAR COURT
MEANWOOD ROAD
LEEDS
LS7 2BB

10 December 1997

CERAMICA IMPEX LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
GROSS PROFIT		2924084	2349242
Administrative expenses		(2758198)	(2008893)
OPERATING PROFIT	2	165886	340349
Interest payable		(229)	-
Interest receivable		133887	82799
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		299544	423148
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(77005)	(122500)
PROFIT FOR THE FINANCIAL YEAR		222539	300648
Dividend	6	(128000)	(210000)
RETAINED PROFIT FOR THE YEAR	12	94539	90648

None of the company's activities were acquired or discontinued during the above two financial years.

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

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.

The notes on pages 7 to 14 form part of these financial statements.

CERAMICA IMPEX LIMITED

BALANCE SHEET

AS AT 31 MARCH 1997

	Notes	1997 £	1997 £	1996 £	1996 £
FIXED ASSETS	7		137734		95690
CURRENT ASSETS					
Stocks		640035		461811	
Debtors	8	2214910		1883711	
Cash at bank and in hand		2360157		1824470	
		5215102		4169992	
CREDITORS: amounts falling due within one year	9	4515985		3523370	
NET CURRENT ASSETS			699117		646622
TOTAL ASSETS LESS CURRENT LIABILITIES			836851		742312
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		836751		742212
Equity shareholders' funds	13		836851		742312

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Approved by the board of directors on 10 December 1997 and signed on its behalf.

.....

H L Namli - Director

The notes on pages 7 to 14 form part of these financial statements.

CERAMICA IMPEX LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Net cash inflow from operating activities	15	728081	223881
Returns on investments and servicing of finance	16	133658	82799
Taxation	16	(120411)	(61250)
Capital expenditure	16	(77641)	(66626)
Equity dividends paid		(128000)	(210000)
		535687	(31196)
Management of liquid resources		-	-
Financing		-	-
Increase/(decrease) in cash	17	535687	(31196)

The notes on pages 7 to 14 form part of these financial statements

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

1.1. Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing.

1.2. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	25% reducing balance basis
Fixture, fittings and equipment	15% reducing balance basis

1.4. Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5. Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6. Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.7. Pensions

The company operates two defined contribution pension schemes and the pension charge represents the amounts payable by the company to the funds in respect of the year.

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

2. OPERATING PROFIT

The operating profit is stated after charging:

	1997 £	1996 £
Depreciation of tangible fixed assets - owned by the company	40401	26180
Operating lease rentals - land and buildings	12575	12219
Pension costs	16920	17920
Directors' emoluments	2296858	1636563
Auditors' remuneration	4300	4000

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1997 £	1996 £
Wages and salaries	2340430	1661683
Social security costs	231144	169005
Pension costs	16920	17920
	2588494	1848608

The average monthly number of employees, including directors, during the year was as follows:

	1997	1996
Operational	3	3
Administrative	3	3
	6	6

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

4. DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Emoluments for services as directors	2296858	1636563
Pension contributions paid to accrue money purchase benefits	16920	17920
	2313778	1654483

Included in the above are emoluments of £2,271,858 (1996 - £1,636,563) and pension contributions of £16,920 (1996 - £17,920), paid to the highest paid director.

There is one director to whom retirement benefits are accruing under a money purchase retirement benefit scheme.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK current year taxation		
Corporation tax at 24% (1996: 25 %)	77547	122500
Overprovision in prior year	(542)	-
	77005	122500

6. DIVIDENDS

	1997 £	1996 £
Dividend paid	128000	210000

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

7. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost or valuation			
At 1 April 1996	44715	94858	139573
Additions	5258	133250	138508
Disposals	(750)	(90082)	(90832)
At 31 March 1997	49223	138026	187249
Depreciation			
At 1 April 1996	8279	35604	43883
Eliminated on disposal	(359)	(34410)	(34769)
Charge for the year	6194	34207	40401
At 31 March 1997	14114	35401	49515
Net book value			
At 31 March 1997	35109	102625	137734
At 31 March 1996	36436	59254	95690

8. DEBTORS

Due within one year

	1997	1996
	£	£
Trade debtors	2207976	1877367
Prepayments and accrued income	6934	6344
	2214910	1883711

The director's current account of Mr H L Namli was overdrawn during part of the year, the liabilities in respect of which are set out below.

	£
Liability at beginning of year	-
Maximum liability during the year	106191
Liability at end of year	-

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

9. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	1816243	1494963
Corporation tax	77504	120910
Other taxation and social security	178872	161455
Accruals and deferred income	2443366	1743312
Director's current account	-	2730
	4515985	3523370

10. DEFERRED TAXATION

	Provided		Maximum potential (asset)/liability	
	1997 £	1996 £	1997 £	1996 £
Accelerated capital allowances	-	-	(7153)	4927

11. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted		
Ordinary shares of £1 each, fully paid	100	100

12. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Balance at 1 April 1996	742212	651564
Profit for the year	94539	90648
Balance at 31 March 1997	836751	742212

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the year	222539	300648
Dividend	(128000)	(210000)
Retained profit for the year	94539	90648
Shareholders' funds at 1 April 1996	742312	651664
Shareholders' funds at 31 March 1997	836851	742312

14. OTHER COMMITMENTS

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings 1997 £	1996 £
Expiry date:		
Within two to five years	12575	-
In more than five years	-	12575

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	165886	340349
Depreciation	40401	26180
Profit on disposal of tangible fixed assets	(4804)	(6383)
(Increase) in stocks	(178224)	(206831)
(Increase) in debtors	(331199)	(491969)
Increase in creditors	1036021	562535
Net cash inflow from operating activities	728081	223881

CERAMICA IMPEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

16. GROSS CASH FLOWS

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	133887	82799
Interest paid	(229)	-
	133658	82799
Taxation		
Corporation tax paid	(120411)	(61250)
Capital expenditure		
Payments to acquire tangible fixed assets	(138508)	(95726)
Receipts from sales of tangible fixed assets	60867	29100
	(77641)	(66626)

CERAMICA IMPEX LIMITED

TRADING PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 96 £	Cash flows £	Other changes £	At 31 Mar 97 £
Cash in hand, at bank	1824470	535687	-	2360157

18. RELATED PARTY TRANSACTIONS

Throughout the year the company was controlled by Mr H L Namli, the major shareholder and managing director of the company.