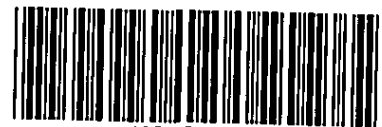


HARCROS DORMANTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Registered No. 00037342

Year ended 31 December 2006

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HARCROS DORMANTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2006

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HARCROS DORMANTS LIMITED
DIRECTORS' REPORT
Year ended 31 December 2006

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The directors present their report and the audited financial statements of the Company for the Year ended 31 December 2006

RESULTS AND DIVIDENDS

The results for the period and the financial position of the Company are shown in the annexed financial statements. The directors do not propose a dividend for the year (Year ended 31 December 2005 £nil)

REVIEW OF THE BUSINESS

The Company is a wholly-owned subsidiary of H&C Timber and Building Supplies Limited. The principal activity of the Company is that of intermediate holding company.

DIRECTORS

The directors who served during the year are as follows

R Lazard
A R Oxenham

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the year (2005 £nil)

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware, and each director has taken all 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 auditors are aware of that information.

AUDITORS

As the Company was dormant in the prior year, there were no auditors in place for that period. KPMG Audit Plc were appointed as auditors during the year.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Aldwych House
81 Aldwych
London
WC2B 4HQ

Registered No 00037342

BY ORDER OF THE BOARD


A R Oxenham
Director

9 October 2007

HARCROS DORMANTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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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 IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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.

KPMG Audit Plc

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Report of the independent auditors to the members ofHarcros Dormants Limited

We have audited the financial statements of Harcros Dormants Limited for the year ended 31 December 2006 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement 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 International Financial Reporting Standards (IFRSs) as adopted by the EU 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 whether the financial statements have been 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.

Report of the independent auditors to the members ofHarcros Dormants Limited
(Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the CompaniesAct 1985, of the state of the company's affairs as at 31 December 2006 and of its profit for the period 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
Chartered Accountants
Registered Auditor

23 October 2007

HARCROS DORMANTS LIMITED
INCOME STATEMENT
for the year ended 31 December 2006

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	Note	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Distribution expenses		-	-
Administrative expenses		-	-
Operating loss		-	-
Financial income	4	289	-
Financial expenses	4	(189)	-
Net financing income		100	-
Profit before taxation		100	-
Taxation	5	-	-
Profit for the year		100	-

STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 31 December 2006

	Note	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Profit for the year		100	-
Total recognised income and expense	9	100	-

HARCROS DORMANTS LIMITED
BALANCE SHEET
As at 31 December 2006

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	Note	31 December 2006 £'000	31 December 2005 £'000
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Investments in subsidiaries	6	9,264	9,453
Other financial assets	7	588	588
		<u>9,852</u>	<u>10,041</u>
Total assets		<u>9,852</u>	<u>10,041</u>
Equity			
Share capital	8	100	100
Retained earnings	9	258	158
Total equity		<u>358</u>	<u>258</u>
Non-current liabilities			
Deferred tax liabilities		-	-
Current liabilities			
Trade and other payables	10	9,494	9,783
Tax payable		-	-
		<u>9,494</u>	<u>9,783</u>
Total liabilities		<u>9,494</u>	<u>9,783</u>
Total equity and liabilities		<u>9,852</u>	<u>10,041</u>

Approved by the Board on 9 October 2007


A R Oxenham
Director

HARCROS DORMANTS LIMITED
CASH FLOW STATEMENT
Year ended 31 December 2006

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	Note	Year ended 31 December 2006	Year ended 31 December 2005
		£'000	£'000
Cash flows from operating activities			
Profit for the year		100	-
<i>Adjustments for</i>			
Financial expenses		189	-
Financial income		(289)	-
Operating loss before changes in working capital and provisions		-	-
Increase in trade and other receivables		-	-
Increase in stocks		-	-
Decrease in trade payables		(289)	-
Net cash from operating activities		(289)	-
Cash flows from investing activities			
Interest received		-	-
Dividend received	4	289	-
Net cash from/(used in) investing activities		289	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

1 ACCOUNTING POLICIES

Harcros Dormants Limited is a company incorporated in the United Kingdom

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13

Transition to Adopted IFRSs

The Company is preparing its financial statements in accordance with Adopted IFRS's for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 16.

Measurement convention

The financial statements are prepared under the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

1 ACCOUNTING POLICIES (continued)

Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment. Financial instruments held for trading or designed upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss recognised in the income statement.

Trade and other receivables

Trade and other receivables are stated at their nominal amounts (discounted if material) less impairment losses.

Impairment

The carrying amounts of the Company's assets other than stocks and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

1 ACCOUNTING POLICIES (continued)

Impairment (continued)

Calculation of recoverable amount

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1 ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Adopted IFRS's not yet applied

The following IFRS's were available for early application but have not been applied by the company in these financial statements,

- IFRS 7 'Financial Instruments: Disclosure' applicable for years commencing on or after 1 January 2007. The application of IFRS 7 in the current year would not have affected the balance sheet or income statement as the standard is only concerned with disclosures. The company plans to adopt it in 2007.
- IFRS 8 'Operating Segments' applicable for years commencing on or after 1 January 2009. The application of IFRS 8 in the current year would not have affected the balance sheet or income statement as the standard is concerned only with disclosure. The company plans to adopt it in 2009.

2 EXPENSES AND AUDITORS' REMUNERATION

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Auditors' remuneration		
Audit	<u>-</u>	<u>-</u>

3 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year (December 2005: £nil).

No directors (year ended 31 December 2005: no directors) accrued benefits under money purchase pension schemes.

HARCROS DORMANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

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4 FINANCE INCOME AND EXPENSE

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Dividend income from subsidiary undertakings	<u>289</u>	<u>-</u>
Financial income	<u>289</u>	<u>-</u>
Impairment of investments	<u>189</u>	<u>-</u>
Financial expenses	<u>189</u>	<u>-</u>
Net financing income	<u>100</u>	<u>-</u>

5 TAXATION

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Current tax expense		
Current period	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total tax in income statement	<u>-</u>	<u>-</u>
Reconciliation of effective tax rate		
Profit before tax	<u>100</u>	<u>-</u>
Tax using the UK corporation tax rate of 30% (2005 30%)	30	-
Non-deductible expenses	57	-
Tax exempt revenues	(87)	-
Depreciation on non-qualifying assets	-	-
Over provision in prior years	-	-
Total tax in income statement	<u>-</u>	<u>-</u>

HARCROS DORMANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

13

6 INVESTMENTS IN SUBSIDIARIES

	£'000
Cost:	
At 1 January 2005, 31 December 2005 and 31 December 2006	<u>9 453</u>
Provisions:	
At 1 January 2005, 31 December 2005 and 1 January 2006	-
Charge in year	<u>189</u>
At 31 December 2006	<u>189</u>
Net book value:	
At 31 December 2006	<u>9,264</u>
At 31 December 2005	<u>9,453</u>
At 1 January 2005	<u>9,453</u>

The Company is the beneficial owner of the entire issued share capital of several dormant and non-trading companies. The Company has elected not to list all subsidiary companies in the notes to the financial statements, as the list will be of excessive length. A complete listing of the company's investments will be submitted together with its annual return to Companies House.

During the year, Billian (Andover) Limited, a subsidiary, entered Members Voluntary Liquidation.

7 OTHER FINANCIAL ASSETS

	31 December 2006 £'000	31 December 2005 £'000
Non-trade receivables due from parent undertaking	<u>588</u>	<u>588</u>
	<u>588</u>	<u>588</u>

8 SHARE CAPITAL

	31 December 2006 £'000	31 December 2005 £'000
<i>Authorised</i>		
100,000 shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
99,707 ordinary shares of £1 each		
- shares classified in shareholders' funds	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

9 CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2005	100	158	258
Total recognised income and expense	-	-	-
At 31 December 2005	<u>100</u>	<u>158</u>	<u>258</u>
At 1 January 2006	100	158	258
Total recognised income and expense	-	100	100
At 31 December 2006	<u>100</u>	<u>258</u>	<u>358</u>

10 TRADE AND OTHER PAYABLES

	31 December 2006 £'000	31 December 2005 £'000
Non-trade payables owed to subsidiary undertakings	<u>9,494</u>	<u>9,783</u>
	<u>9,494</u>	<u>9,783</u>

11 RELATED PARTY TRANSACTIONS

Harcros Dormants Limited had the following transactions with other Group companies

Dividends received of £288,619 (2005 £Nil) from subsidiary undertakings

The Company has an amount due from its immediate holding company, H&C Timber and Building Supplies Limited of £587,643 (31 December 2005 £587,643) No interest is charged on this balance

The Company has amounts due to dormant subsidiary undertakings of £9,494,000 (31 December 2005 £9,783,000) No interest is charged on these balances

12 SUBSEQUENT EVENTS

On 24 April 2007, the following subsidiaries entered Members Voluntary Liquidation -

- Ashbee Sons & Co Limited
- Beves Trussed Rafters Limited
- Billian (Plywood) Limited
- Billian (South East) Limited
- Brewster & Co (Woking) Limited
- Charles Black & Sons Limited
- Crossley Merchanting Limited
- Elliott Paisley Limited
- FR Saunders (Timber) Limited
- GH Williams & Co (Timber) Limited
- GT & F Clark Limited
- Gregor Brothers Limited
- Harcros Timber & Building Supplies (North West) Limited
- Harcros Timber & Building Supplies (Scotland) Limited
- Harcros Timber & Building Supplies (South East) Limited
- Harcros Timber & Building Supplies (Western) Limited
- Henry Williamson and Company Limited
- Hollingworth & Co Limited
- Hooper & Adlard Limited
- James Chew & Company Limited
- James W Southern & Sons Limited
- James Watt & FH Heaton Limited
- Roberts Adlard (Builders Merchants) Limited
- Southern – Evans (Cardiff) Limited
- Southern – Evans (Northampton) Limited

On 30 July 2007, the following subsidiaries entered Members Voluntary Liquidation-

- Baker Yuile Limited
- Beves and Company Limited
- Billian Timber Limited
- Edward Boase & Son Limited
- ID Wiltshire Limited
- Ipswich Cargo Services Limited
- JW Jackson Limited
- John Kay Group Limited

13 ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no key assumptions concerning the future or key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year

14 FINANCIAL INSTRUMENTS

At 31 December 2005 and at 31 December 2006 the only balances outstanding were amounts owed to subsidiary undertakings. No interest is payable on these balances

15 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The ultimate and controlling party parent company is Compagnie de Saint-Gobain, which is incorporated in France and listed on the Paris, London, Frankfurt and other major European stock exchanges

The largest and smallest group in which the results of the Company are consolidated is that headed by Compagnie de Saint-Gobain. No other group financial statements include the results of the Company

Copies of the Compagnie de Saint-Gobain Group financial statements may be obtained from the Company Secretary, Les Miroirs, 18 Avenue d'Alsace, 92096 Paris, La Defense, France

16 EXPLANATION OF TRANSITION TO ADOPTED IFRS

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2006, the comparative information presented in these financial statements for the year ended 31 December 2005 and in preparation of an opening IFRS balance sheet at 1 January 2005 (the Company's date of transition)

In preparing its comparative income statement, no adjustments were necessary to those amounts reported previously in accordance with its old basis of accounting (UK GAAP)

An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Company's financial position is set out in the following table.

16 EXPLANATION OF TRANSITION TO ADOPTED IFRS (continued)

Reconciliation of equity at 1 January 2005 and 31 December 2005

	UK GAAP as previously reported £'000	Effect of transition to adopted IFRSs £'000	Adopted IFRSs £'000
Non Current Assets			
Investments in subsidiaries	9,453	-	9,453
Other financial assets	-	588 a	588
Total Assets	<u>9,453</u>	<u>588</u>	<u>10,041</u>
Equity			
Share capital	100	-	100
Retained earnings	158	-	158
	<u>258</u>	<u>-</u>	<u>258</u>
Non Current Liabilities			
Trade and other payables	9,195	(9,195) b	-
	<u>9,195</u>	<u>(9,195)</u>	<u>-</u>
Current Liabilities			
Trade and other payables	-	9,783	9,783
	<u>-</u>	<u>9,783</u>	<u>9,783</u>
Total liabilities	<u>9,195</u>	<u>588</u>	<u>9,783</u>
Total equity and liabilities	<u>9,453</u>	<u>588</u>	<u>10,041</u>

a Recognition of an intra-group debtor expected to be settled in more than one year as a non-current asset as required under IAS1 "Presentation of Financial Statements"

b Recognition of an intra-group creditor as a current liability as required under IAS1 "Presentation of Financial Statements"

Under UK GAAP, the company was not required to, and did not, prepare a cash flow statement