

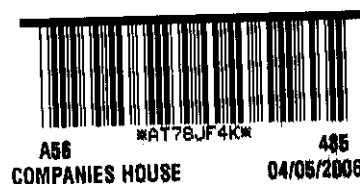
# REGISTRAR

**LELIEVRE (UK) LIMITED**

**Registered no. 1446023**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**



**BYRNE PALMER & CO  
14 QUEENS ROAD  
HERSHAM  
WALTON ON THAMES  
SURREY KT12 5LS**

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 a 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.

**Directors**

P Lelievre

J Bayldon - Resigned April 2005

A P Kehyaian - Appointed April 2005

**Secretary**

A P Kehyaian

**Registered Office**

108 - 110 Chelsea Harbour Design Centre  
London  
SW10 0XE

**Principal Activity**

The principal activity of the company throughout the year was that of selling agents for the furnishing fabric trade.

**Review of Business**

The results for the year and the financial position at the year end were considered satisfactory by the directors.

**Future Developments**

The directors aim to maintain the management policies which have resulted in the company's steady growth in recent years. They consider that the current year will show further growth in sales.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

### Fixed Assets

In the opinion of the directors, the market value of leasehold land and buildings was not significantly different from book value.

### Results and Dividends

The results of the year's trading and the financial position of the company are shown in the annexed accounts.

The company's profit for the year, after taxation, amounted to £9,098 (2004 - £38,259).

The directors recommend that no dividend be paid.

### Directors

The present directors are as shown above. All served on the board throughout the year.

The company's Articles of Association do not require directors to retire by rotation.

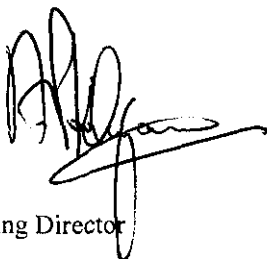
### Directors' Interests

P Lelievre is a director of the parent company, his interests in the shares of the parent company are shown in the report of that company.

### Auditors

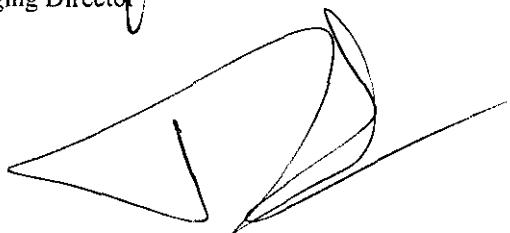
The auditors, Byrne Palmer & Co, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

On behalf of the board



A P Kehyaian - Managing Director

Date: 27th April 2006



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LELIEVRE (UK)  
LIMITED**

We have audited the financial statements of Lelievre (UK) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

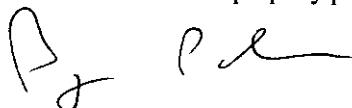
# REGISTRAR

LELIEVRE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LELIEVRE (UK)  
LIMITED (CONT)

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BYRNE PALMER & CO  
Registered Auditors

Date: 21/5/2006

14 Queens Road  
Hersham  
Walton on Thames  
Surrey KT12 5LS

## LELIEVRE (UK) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>	2	521,558	512,826
Cost of sales		1,187	3,979
<b>GROSS PROFIT</b>		520,371	508,847
Net operating expenses	3	508,507	466,518
<b>OPERATING PROFIT</b>	4	11,864	42,329
Profit on sale of fixed assets		-	7,813
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		11,864	50,142
Other interest receivable and similar income		1,929	1,961
Interest payable and similar charges	6	(625)	(1,016)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		13,168	51,087
Tax on profit on ordinary activities	7	4,070	12,828
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		9,098	38,259
Retained profit brought forward		110,487	72,227
<b>RETAINED PROFIT CARRIED FORWARD</b>		119,585	110,486

The company's turnover and expenses all relate to continuing operations.

There are no recognised gains or losses other than the profit for the financial year shown above.

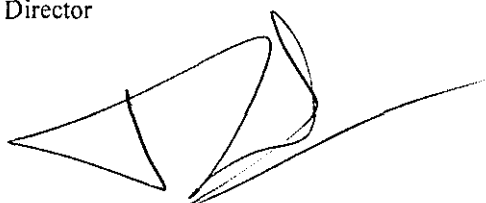
The annexed notes form part of these financial statements.

### BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	40,194	33,727
<b>CURRENT ASSETS</b>			
Debtors	9	112,789	152,530
Cash at bank and in hand		34,797	30,056
		<u>147,586</u>	<u>182,586</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	65,976	99,371
<b>NET CURRENT ASSETS</b>		<u>81,610</u>	<u>83,215</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>121,804</u>	<u>116,942</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(2,119)	(6,356)
<b>NET ASSETS</b>		<u><u>119,685</u></u>	<u><u>110,586</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account		119,585	110,486
<b>SHAREHOLDERS' FUNDS</b>	13	<u><u>119,685</u></u>	<u><u>110,586</u></u>

These financial statements were approved by the board on 27th April 2006  
On behalf of the board

P Lelievre - Director



The annexed notes form part of these financial statements.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	38,528	9,433
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE TAXATION	19	1,304 (12,819)	945 (4,496)
CAPITAL EXPENDITURE	19	(18,036)	(11,661)
		<u>8,977</u>	<u>(5,779)</u>
FINANCING	19	(4,236)	(4,451)
INCREASE (DECREASE) IN CASH	20	<u>4,741</u>	<u>(10,230)</u>

The annexed notes form part of these financial statements.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005****1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

**Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and applicable accounting standards.

The effect of events in relation to the year ended 31 December 2005 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2005 and of the results for the year ended on that date.

**Depreciation**

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Leasehold property	- 20% per annum of cost
Office equipment	- 25% per annum of cost
Fixtures and fittings	- 20% per annum of cost
Motor vehicles	- 25% per annum of cost

**Leasing**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension Costs**

The company operates a pension scheme for the benefit of its employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

**2. TURNOVER**

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

#### 3. NET OPERATING EXPENSES

	2005 £	2004 £
Distribution costs	31,899	25,242
Administrative expenses	515,867	492,752
Other operating income	(39,259)	(51,476)
	<u>508,507</u>	<u>466,518</u>

#### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Directors' emoluments	72,412	69,336
Directors' pension contributions in respect of money purchase benefits	375	1,500
Total directors' emoluments	<u>72,787</u>	<u>70,836</u>
Compensation to directors or past directors in respect of loss of office	5,000	-
Hire of other assets - operating leases	113,973	108,653
Depreciation and amortisation of owned assets	6,705	4,331
Depreciation of assets held under finance leases and hire purchase	4,865	4,401
Auditors remuneration	2,650	2,500
	<u></u>	<u></u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)****5. STAFF COSTS**

The average number of persons employed by the company, including directors, during the year was as follows:

	<b>2005 Number</b>	<b>2004 Number</b>
Management and administration	6	5
Sales	2	2
	<u>8</u>	<u>7</u>
	<u>      </u>	<u>      </u>

The aggregate payroll costs of these persons were as follows:

	<b>2005 £</b>	<b>2004 £</b>
Wages and salaries	267,459	246,171
Social security	30,799	28,131
Other pension costs	4,625	4,500
	<u>302,883</u>	<u>278,802</u>
	<u>      </u>	<u>      </u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2005 £</b>	<b>2004 £</b>
Finance charges payable - finance leases and hire purchase	<u>625</u>	<u>1,016</u>
	<u>      </u>	<u>      </u>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

### 7. TAXATION

Analysis of charge in period	2005 £	2004 £
Current tax:		
UK corporation tax on profits of the year	4,070	12,819
Adjustments in respect of prior periods	-	9
Total current tax	4,070	12,828
Tax on profit on ordinary activities	4,070	12,828

#### Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	13,168	51,087
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30%)	2,502	15,326
Effects of		
Expenses not deductible for tax purposes	2,014	3,547
Capital allowances for year in excess of depreciation	(451)	(2,403)
Small companies marginal tax rate adjustment	-	(3,651)
Adjustments to charge in respect of previous periods	5	9
Current tax charge for year	4,070	12,828

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

#### 8. TANGIBLE FIXED ASSETS

	Land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2005	13,616	29,625	54,285	19,461	116,987
Additions	-	1,579	16,457	-	18,036
At 31 December 2005	<u>13,616</u>	<u>31,204</u>	<u>70,742</u>	<u>19,461</u>	<u>135,023</u>
<b>Depreciation</b>					
At 1 January 2005	2,073	27,060	51,693	2,433	83,259
Charge for the year	2,723	1,214	2,768	4,865	11,570
At 31 December 2005	<u>4,796</u>	<u>28,274</u>	<u>54,461</u>	<u>7,298</u>	<u>94,829</u>
<b>Net book value</b>					
At 31 December 2005	<u>8,820</u>	<u>2,930</u>	<u>16,281</u>	<u>12,163</u>	<u>40,194</u>
At 31 December 2004	<u>11,543</u>	<u>2,565</u>	<u>2,591</u>	<u>17,028</u>	<u>33,727</u>

Net book value of land and buildings at 31 December 2005 comprised:

	2005 £	2004 £
Short leasehold property	<u>8,820</u>	<u>11,543</u>

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

Included in the total net book value of tangible fixed assets held at 31 December 2005 was £12,163 (2004 - £17,029) in respect of assets held under finance leases and hire purchase contracts.

#### 9. DEBTORS

##### Receivable within one year:

	2005 £	2004 £
Trade debtors	4,382	3,631
Amounts owed by group undertakings	36,928	81,471
Other debtors	9,584	10,122
Prepayments and accrued income	39,124	34,535
	<u>90,018</u>	<u>129,759</u>

##### Receivable after one year:

	2005 £	2004 £
Other debtors	<u>22,771</u>	<u>22,771</u>
<b>Total debtors</b>	<u>112,789</u>	<u>152,530</u>

#### 10. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	4,237	4,236
Trade creditors	23,148	40,945
Amounts owed to group undertakings	-	6,534
Social security and other taxes	10,675	9,106
Corporation tax payable	4,070	12,819
Accruals and deferred income	23,846	25,731
	<u>65,976</u>	<u>99,371</u>

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

#### 11. CREDITORS - AMOUNTS DUE AFTER ONE YEAR

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	2,119	6,356
	<u>2,119</u>	<u>6,356</u>

Obligations under finance leases and hire purchase contracts are secured by related assets.

#### Obligations under finance leases and hire purchase contracts

	2005 £	2004 £
Amounts payable:		
Within two to five years	2,119	6,356
After five years	-	-
	<u>2,119</u>	<u>6,356</u>

#### 12. SHARE CAPITAL

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>



**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)****13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Profit for the financial year	9,098	38,259
Opening shareholders' funds	110,586	72,327
Closing shareholders' funds	<u>119,685</u>	<u>110,586</u>

**14. LEASING COMMITMENTS**

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as detailed below:

	Land and buildings £	2005 Other £	Land and buildings £	2004 Other £
Operating leases which expire:				
Within one year	-	-	-	4,999
Within two to five years	-	711	-	711
After more than five years	67,500	-	67,500	-
	<u>67,500</u>	<u>711</u>	<u>67,500</u>	<u>5,710</u>

**15. PENSION COSTS**

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £4,625 (2004 - £4,500).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)****16. RELATED PARTIES**

The company is a wholly owned subsidiary of Lelievre S.A.S., a company incorporated in France. P Lelievre is also a director of the parent company.

Transactions with the parent during the year were:

**Income**

Commission	£506,461
Expenses	£246

**Expenditure**

Purchase of goods for resale	£16
Expenses	£480

Debtor balances include £36,928 due from the parent.

**17. CONTROLLING PARTY**

The company is controlled by the parent company, Lelievre S.A.S.

**18. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating profit	11,864	42,329
Depreciation charge	11,570	8,733
Decrease in stocks	-	705
Decrease/(increase) in debtors	39,741	(69,603)
(Decrease)/increase in creditors	(24,647)	27,269
Net cash inflow/outflow from operating activities	38,528	9,433

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

#### 19. GROSS CASH FLOWS

	2005 £	2004 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,929	1,961
Interest element of finance lease rental payments	(625)	(1,016)
	<u>1,304</u>	<u>945</u>
<b>Capital expenditure</b>		
Payments to acquire fixed assets	(18,036)	(23,411)
Receipts from sales of fixed assets	-	11,750
	<u>(18,036)</u>	<u>(11,661)</u>
<b>Financing</b>		
Capital element of finance lease repayments	(4,236)	(4,451)

#### 20. ANALYSIS OF NET FUNDS

	2004 £	Cash flow £	Other changes £	2005 £
Cash at bank and in hand	30,056	4,741	-	34,797
Finance leases	(10,592)	4,236	-	(6,356)
Total	<u>19,464</u>	<u>8,977</u>	<u>-</u>	<u>28,441</u>

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT)

#### 21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase/(decrease) in cash in the year	4,741	(10,230)
Cash outflow from decrease in lease financing	4,236	4,451
Cash inflow from decrease in liquid resources		(1)
Change in net funds resulting from cash flows	8,977	(5,780)
New finance leases	-	(12,711)
Movement in net funds in the year	8,977	(18,490)
Net funds at 1 January 2005	19,464	37,954
Net funds at 31 December 2005	28,441	19,464

#### 22. PARENT UNDERTAKINGS

The ultimate parent company is Lelievre S.A.S, a company incorporated in France.