Colefax Group plc

Annual Report and Accounts 2007

Colefax Group is an international designer and distributor of furnishing fabrics and wallpapers and a leading international decorating company. Sales are made under the brand names Colefax and Fowler, Cowtan and Tout, Jane Churchill, Larsen and Manuel Canovas. The Group has offices in the UK, USA, France, Germany and Italy which form part of an expanding worldwide distribution network.

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2001

THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT

COLEFAX & FOWLER LTD

FINANCIAL HIGHLIGHTS

	2007 **£'000**	2006 £'000	Increase
Turnover	**71,013**	68,361	4%
Operating profit	**5,946**	4,419	35%
Profit before taxation	**5,926**	4,094	45%
Profit attributable to shareholders	**3,971**	2,824	41%
Basic earnings per share	**25.3p**	17.4p	45%
Diluted earnings per share	**24.3p**	16.8p	45%
Dividends per share	**4.00p**	3.75p	7%
Shareholders' funds	**15,691**	15,506	1%
Operating cash flow	**8,034**	7,556	6%
Net funds/(debt)	**363**	(300)	221%

CHAIRMAN'S STATEMENT

Financial Results

The Group's pre-tax profit for the year to 30th April 2007 increased by 45% to £5.93 million (2006 – £4.09 million) on sales up 4% at £71.01 million (2006 – £68.36 million). Earnings per share increased by 45% to 25.3p (2006 – 17.4p). Net funds at the year-end were £363,000 (2006 net borrowings of £300,000).

The increase in profitability resulted in strong cash generation during the year of £4.36 million before dividends and share buybacks. During the year the Group bought for cancellation 1.51 million shares at a total cost of £3.09 million and representing 9% of the issued share capital at the start of the year.

The Board has decided to recommend that the final dividend is increased by 8% to 2.55p (2006 – 2.37p), making a total for the year of 4.00p (2006 – 3.75p), an increase of 7%. The final dividend will be paid on 11th October 2007 to shareholders on the register at the close of business on 14th September 2007.

The principal reason for the improvement in profitability was favourable trading conditions in all the Group's main geographical markets. This reflects growing demand for luxury household goods. On a constant currency basis Group sales increased by 8% (2006 – 3%). The increased profitability has been achieved in spite of a significant deterioration in the US dollar exchange rate which adversely impacts margins in the US, our major market which accounts for 43% of total Group sales (2006 – 46%).

Product Division

- **Fabric – Portfolio of Brands: "Colefax and Fowler", "Cowtan & Tout", "Jane Churchill", "Manuel Canovas", and "Larsen".**

Sales in the Fabric Division, which represent 82% of Group sales, increased by 4% to £58.29 million (2006 – £56.01 million) and by 9% on a constant currency basis.

Sales in the US, which represent 52% (2006 – 57%) of the Fabric Division's sales, increased by 5% on a constant currency basis (2006 – 6%). The continued growth in the US reflects the strength of the high end housing market which does not seem to have been affected by the housing slowdown in the wider economy.

UK sales, which represent 21% (2006 – 18%) of the Fabric Division's turnover, increased by an exceptional 16% (2006 – 4%). The key factor driving sales growth has been the strength of the high end housing market.

Sales in Continental Europe, which represent 24% (2006 – 23%) of the Fabric Division's turnover, increased by 11% (2006 – 2%) on a constant currency basis. In France, our largest European market, sales increased by just 4% on a constant currency basis and this has reduced the overall rate of increase in Europe. Most European countries are performing well reflecting the continued growth of the European economy.

Sales in the rest of the world, which represents 3% (2006 – 2%) of the Fabric Division's sales, increased by 32% although it is still a small proportion of overall sales. The majority of our sales growth came from Australia, Russia and the Middle East and we consider that there are good opportunities for further growth in these markets.

- **Furniture – Kingcome Sofas**

Sales of Kingcome furniture, which account for 4% (2006 – 3%) of Group sales, increased by 26% to £2.65 million (2006 – £2.09 million) and this growth has resulted in significantly improved profitability. The majority of furniture sales are in the UK and the exceptional sales growth reflects the very strong high end housing market, particularly in London. The current year has started well with a healthy level of deposits.

CHAIRMAN'S STATEMENT

- **Accessories – Manuel Canovas**

Manuel Canovas is based in Paris and sales comprise beachwear and scented candles which account for 4% (2006 – 4%) of Group revenue. During the year, sales increased by 1% (2006 – 2%) to £2.82 million (2005 – £2.80 million). Approximately 35% of sales are invoiced in US dollars and the weakness of the US dollar has adversely impacted reported sales and margins although the division achieved a small profit for the year.

Decorating Division

Interior decorating and antique sales which together account for 10% of Group sales (2006 – 11%), decreased by 2% to £7.26 million (2006 – £7.40 million) during the year. Antiques sales increased by 9% which is encouraging after several years of difficult trading. Decorating sales decreased by 4% but this reflects the timing of the completion of contracts rather than market conditions. The decorating order book is extremely healthy with deposits up by 46% over last year.

Prospects

The Group has achieved very good growth in most major markets this year reflecting the buoyant trading conditions which have continued into the current year. We believe that the trend of rising interest rates in the UK and Europe will have some impact on the high end housing market and this is likely to impact our overall growth rates. In addition the extreme weakness of the US dollar will have a significant adverse impact on our margins in the US if it remains at this level for the remainder of the year. We will continue to invest in our strong portfolio of brands which will benefit the Group and its shareholders in the future.

This year's results reflect the dedication and talent of all our staff and I would like to thank them for their hard work and support

David B. Green
Chairman
23rd July 2007

OPERATING AND FINANCIAL REVIEW

Key Performance Indicators

	2007	2006
Constant Currency Sales Growth	**8.1%**	3.2%
Gross Profit Margin	**55.5%**	55.3%
Operating Profit Margin	**8.4%**	6.5%
Basic Earnings Per Share	**25.3p**	17.4p
Operating Cash Flow	**£8.0m**	£7.6m
Stock Turn (days)	**139**	131
Cost of Equity Capital	**10.4%**	11.0%

Sales Growth

Group sales increased by 3.9% to £71.01 million (2006 – £68.36 million) and by 8.1% on a constant currency basis. This compares to a 3.2% constant currency increase in 2006 and 4.9% in 2005. All of the Group's major geographical markets have performed well and the growth is consistent with other companies specialising in the sale of luxury household goods. In prior years growth has often depended on taking market share from competitors but this year there has been real increase in demand. Most competitors have been reporting significantly improved sales, profits and cash flow. Sales have remained strong into the current year and whilst rising interest rates will impact the housing market in the UK and Europe we believe this will be less pronounced at the high end.

Gross Profit Margin

Gross profit margins increased very slightly from 55.3% to 55.5% in spite of the continued weakening of the US dollar. This was partly due to profits on forward contracts to sell the US dollar which amounted to £302,000 and are included in the cost of goods sold. The U.S. represents 42.8% of the Group's sales and although most of these sales are invoiced in U.S. dollars a high proportion of the goods are sourced in Sterling or Euros. This means that gross margins in the US are adversely affected by a weakening dollar. At a rate of $2 to £1 the currency exposure is approximately £60,000 per one cent movement in the dollar. During the year the group has utilised all of its forward contracts to hedge the US dollar. If the dollar were to average $2 per pound sterling for the whole of 2008 the profit difference with 2007 would be a profit reduction of approximately £800,000. For this reason we expect profits in 2008 to be below those achieved in 2007. There is significant profit upside for the Group if the dollar does strengthen although rising UK interest rates make this unlikely in the short term.

The average and closing US dollar and euros rates were as follows:

	2007	2006	% change
US dollar average	**1.92**	1.77	8.5%
US dollar closing	**2.00**	1.80	11.1%
Euro average	**1.47**	1.46	0.6%
Euro closing	**1.47**	1.44	2.1%

Operating Profit Margin

Group operating profits increased by 34.6% to £5.95 million (2006 – £4.42 million) demonstrating how relatively modest sales increases can have a significant impact on operating profits. This is because operating expenses comprise mainly salaries and premises costs and are relatively fixed. The operating profit margin was 8.4% (2006 – 6.5%) which is closer to our 10% target although the weak dollar means that this is not a viable target for the current year.

Taxation

The Group tax charge was 33.0% (2006 – 31.0%) which is consistent with the mix of profits between the US and the UK where corporate tax rates are 41.0% and 30.0% respectively. A similar overall tax rate is expected in 2008. The prior year effective rate was lower than usual due to the utilisation of tax losses in France. The Group balance sheet includes a significant deferred tax asset of £1.8 million nearly all of which relates to short term timing differences in the US.

OPERATING AND FINANCIAL REVIEW

Basic Earnings Per Share

Group earnings per share increased by 45.4% to 25.3p (2006 – 17.4p). This follows a 32.8% increase in EPS in 2006 and is partly explained by the effect of share buybacks in the current and prior years. During the year the Group bought for cancellation 1.51 million shares representing 8.8% of the share capital for a cost of £3.09 million or £2.05 per share. This has reduced the weighted average number of shares in issue and increased earnings per share by 3.3%

Cost of Equity Capital

The Group Board is in favour of share buybacks for so long as they continue to enhance shareholder value through their effect on earnings per share, net assets per share and return on capital employed. The Group's cost of equity capital measured in terms of earnings per share as a percentage of the share price is 10.4% down from 11.0% in 2006 but this is still well in excess of the Group's post tax cost of debt of 4.7%. The Group was ungeared at 30th April 2007 and the Board is prepared to borrow to replace higher cost equity with lower cost debt.

At our AGM in September the Group will seek approval to buy back up to 15% of the issued share capital of the company or 2.35 million shares. This year the renewal of the authority has implications under Rule 9 of the Takeover Code due to the percentage of shares held by David Green and the Colefax Group ESOP. Independent shareholders will be asked to approve a waiver of Rule 9 at an Extraordinary General Meeting to be held immediately after our Annual General Meeting on 18th September 2007 and we will be sending a circular to shareholders concerning this matter.

Dividends

The Board has proposed a 7.6% increase in the final dividend to 2.55p (2006 – 2.37p) making a total for the year of 4.00p (2006 – 3.75p) which is an increase of 6.7%. This is consistent with the Group's progressive dividend policy. The total cost of the dividend is £600,000 which represents dividend cover of 6.2 times (2006 – 4.6 times). This is a high level of cover but currently the Board's opinion is that the interests of shareholders are best served by utilising the Group's distributable reserves for share buybacks or to fund acquisitions which fit with the Group's existing brand portfolio.

Cashflow

Operating cashflow is one of the Group's key performance indicators. The business model for the core fabric division requires the company to hold significant amounts of stock in order to satisfy customer service expectations. Stock control is therefore the most important influence on Group operating cashflow. During the year increased market demand coupled with longer supplier lead times resulted in an increase in stock of £1.10 million and stock turn increased from 131 to 139 days. This trend is likely to continue in the current year. In spite of the stock increase the Group achieved a healthy operating cashflow of £8.03 million (2006 – £7.56 million). Tax payments increased to £1.83 million from £1.40 million in line with rising profits and capital expenditure was relatively low at £1.65 million. The cash generation before dividends of £600,000 and share buybacks of £3.09 million was £4.36 million. As a result the Group is now ungeared and had net funds of £363,000 at 30th April 2007.

IFRS

The Group will adopt IFRS for the year ending 30th April 2008 and the first reporting under the new accounting rules will be for the interim period ending 31st October 2007.

OPERATING AND FINANCIAL REVIEW

Going Concern
The Directors are confident having made appropriate enquiries that the Group and the Company have adequate resources to continue in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Rob Barker
Group Finance Director

DIRECTORS, BANKERS AND ADVISERS

Directors

D. B. Green, *Chairman and Chief Executive*
R. M. Barker BSc ACA, *Finance Director*
W. Nicholls, *Decorating Managing Director*
K. Hall, *Chief Executive Officer – USA*
A. K. P. Smith, *Non-Executive Director*

Secretary and Registered Office

R. M. Barker BSc ACA
39 Brook Street, London W1K 4JE

Registered in England No. 1870320

Nominated Advisers and Stockbrokers

KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

Auditors

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8 Baker Street
London W1U 3LL

Solicitors

SJ Berwin
10 Queen Street Place
London EC4R 1BE

Bankers

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31 Holborn
London EC1N 2HR

HSBC Bank USA
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New York
NY 10018
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JP Morgan Chase Bank
1166 Avenue of the Americas
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U.S.A.

Registrars and Transfer Office

Computershare Investor Services PLC
P.O. Box 82
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Bridgwater Road
Bristol BS99 7NH

DIRECTORS' REPORT

The Directors submit their report and Group financial statements for the year ended 30th April 2007.

Principal Activities
The principal activities of the Group are the design, marketing, distribution and retailing of furnishing fabrics, wallpapers, trimmings, related products and upholstered furniture in the UK and overseas and the sale of antiques; interior and architectural design, project management, decoration and furnishing for private and commercial clients.

Review of the Business and Future Developments
Details of the Group's activities during the year and of future plans are contained in the Chairman's Statement on pages 2 and 3, and in the Operating and Financial Review on pages 4 to 6.

Financial Instruments
Details of the use of financial instruments by the Group are contained in note 17 on pages 26 to 28 of the financial statements.

Share Capital
At the forthcoming Annual General Meeting, certain resolutions are to be proposed relating to the allotment and purchase of shares.

Resolution Number 6, proposed as an ordinary resolution, would authorise the Directors to allot shares in the Company up to a maximum of the authorised but unissued share capital of the Company (this represents 25% of the issued share capital as at 23rd July 2007) for a period expiring on the date of the next Annual General Meeting or 15 months after the passing of the resolution, whichever occurs first.

Resolution Number 7, proposed as a special resolution, would authorise the Directors to allot shares for cash, other than to existing shareholders in proportion to their existing holdings, in respect of a maximum of 5% of the existing issued share capital of the Company, for a period again expiring on the date of the next Annual General Meeting or 15 months after the passing of the resolution, whichever occurs first.

Resolution Number 8, proposed as a special resolution, would authorise the Directors to purchase up to a total nominal value of £234,809 of the Company's ordinary shares at prices from 10p up to a maximum of 5% above the middle market quotations for the preceding five business days. This represents 15% of the issued share capital as at 23rd July 2007. This power will only be exercised by the Board when it is satisfied that any purchase would have a beneficial impact on earnings per share, would not have a material adverse impact upon attributable assets and would be in the interests of shareholders. Excluding the Company's ESOP share options the number of options for ordinary shares which were outstanding at 23rd July 2007, the latest practical date prior to publication of this report, was 35,000 (0.2% of the current issued ordinary share capital). If the proposed authority for the Company to purchase its own shares is used in full, the total number of such options will represent 0.3% of the issued ordinary share capital.

Results and Dividends
The Group's profit on ordinary activities after taxation was £3,971,000 (2006 – £2,824,000). An interim dividend of 1.45p (2006 – 1.38p) per share was paid to shareholders on 12th April 2007. The Directors recommend the payment of a final dividend of 2.55p (2006 – 2.37p) per share to be paid on 11th October 2007 to shareholders on the register at the close of business on 14th September 2007. The total dividend is 4.00p (2006 – 3.75p) per share and the total of the interim and proposed final dividend is £596,000 (2006 – £609,000).

Employees
The Group values the involvement of its employees and keeps them informed on matters affecting them and on factors affecting the performance of the Group. Information is given at formal and informal meetings throughout the year.

Disabled Persons
It is the policy of the Group to employ disabled persons wherever appropriate. Such disabled employees are given the same opportunities for training and promotion as other employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

DIRECTORS' REPORT

Payment to Suppliers
It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. At 30th April 2007, the Group had an average of 38 days purchases outstanding to trade creditors (2006 – 38 days). The company makes no payments to suppliers.

Charitable Donations
During the year the Group made various charitable donations totalling £34,442 (2006 – £28,129).

Directors
The Directors listed on page 7 have held office throughout the year to 30th April 2007.

In accordance with Article 14.1 of the Company's Articles of Association, R. M. Barker will retire by rotation at the Annual General Meeting. Resolution 5 proposes his re-election as Director. R. M. Barker has a service contract, which is terminable by one year's notice by either the Company, or the Director.

R. M. Barker joined the Group in 1989 and since 1994 has been Finance Director of the Group.

Non-Executive Directors
A. K. P. Smith was appointed as non-executive Director in February 1994. He is also the non-executive Chairman of Space NK Ltd.

Substantial Shareholdings
Interests amounting to 3% or more in the issued share capital of the Company were as follows as at 23rd July 2007:

	Number of shares	%
D. B. Green	4,442,862	28.4
Discretionary Unit Fund Managers	3,000,000	19.2
Schroder Investment Management	2,544,019	16.3
Hunter Hall Investment Management	1,870,000	11.9
Colefax Group Plc ESOP	847,422	5.4

Directors' Interests
The Directors' interests in the share capital of the Company at the end of the financial year were as follows:

	Ordinary shares of 10p each	
	2007	2006
D. B. Green	**4,442,862**	4,442,862
R. M. Barker	**125,000**	125,000
W. Nicholls	**260,354**	305,354
A. K. P. Smith	**20,000**	20,000
K. Hall	**50,000**	35,000

D. B. Green's shareholding included 400,000 (2006 – 102,400) ordinary shares in which his interest was non-beneficial. No Director was interested in the shares of any subsidiary company. On 8th March 2007, K. Hall acquired 15,000 shares through the exercise of ESOP share options.

Share Options

	Exercise Price	At 1st May 2006 No.	Exercised during the year No.	**At 30th April 2007 No.**	Date of Grant	Exercisable from	Expiry Date
K. Hall	111p	20,000	(20,000)	—	24.07.97	24.07.00	23.07.07
K. Hall	83p	100,000	(100,000)	—	06.04.99	06.04.02	05.04.09

On 27th April 2007 the Company agreed to make a cash payment of £145,600 in lieu of the exercise of the above executive share options. The amount of the cash payment is equivalent to the difference between the exercise price of the shares and the closing mid-market price of an ordinary share of 10p each in the Company on 26th April 2007 of 209.0p.

DIRECTORS' REPORT

In addition to the above executive share options, the following options are outstanding in respect of the Colefax Group plc Employee Share Ownership Plan Trust. The options each have an exercise price of £1 in total.

	Exercise price	At 1st May 2006	Granted/ (Exercised) during the year	**At 30th April 2007**	Date of Grant	Exercisable from	Expiry Date
D. B. Green	£1	100,000	—	**100,000**	28.04.06	28.04.06	27.04.16
D. B. Green	£1	—	50,000	**50,000**	27.04.07	27.04.07	26.04.17
R. M. Barker	£1	75,000	—	**75,000**	28.04.06	28.04.06	27.04.16
R. M. Barker	£1	—	50,000	**50,000**	27.04.07	27.04.07	26.04.17
K. Hall	£1	100,000	—	**100,000**	28.04.06	28.04.06	27.04.16
K. Hall	£1	15,000	(15,000)	—	14.11.01	14.11.01	13.11.11
K. Hall	£1	—	50,000	**50,000**	27.04.07	27.04.07	26.04.17

The market price of the Company's shares at 30th April 2007 was 244.5p. The range of market prices during the financial year was between 147.5p and 244.5p.

Corporate Governance

Although it is not a requirement of AIM listed companies, the Group seeks within the practical confines of a smaller company to act in compliance with the principles of good governance and the code of best practice as set out in the Combined Code on Corporate Governance. The Audit Committee and Remuneration Committee are headed by the Group's non-executive director. The whole Board acts as a Nomination Committee. The Board has identified the principal business and financial risks facing the Group and documented the key control procedures that are in place to manage these risks. This document is subject to review by the Audit Committee and updated on a regular basis.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

R. M. Barker

R. M. Barker BSc ACA
Secretary
23rd July 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 Group and of the profit or loss of the Group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

We have audited the group and parent company financial statements (the ''financial statements'') of Colefax Group Plc for the year ended 30th April 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Operating and Financial Review and the Financial Highlights. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 group's and 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.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 April 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 April 2007;
- 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.

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
London
23rd July 2007

GROUP PROFIT AND LOSS ACCOUNT
For the year ended 30th April 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	**71,013**	68,361
Cost of sales		**31,602**	30,575
Gross profit		**39,411**	37,786
Operating expenses	3	**33,465**	33,367
Operating profit	4	**5,946**	4,419
Profit/(loss) on disposal of fixed assets		**16**	(177)
Profit on ordinary activities before interest and taxation		**5,962**	4,242
Interest	6	**(36)**	(148)
Profit on ordinary activities before taxation		**5,926**	4,094
Tax on profit on ordinary activities			
— UK		**(1,250)**	(933)
— Overseas		**(705)**	(337)
	7	**(1,955)**	(1,270)
Profit for the financial year	19	**3,971**	2,824
Basic earnings per share	9	**25.3p**	17.4p
Diluted earnings per share	9	**24.3p**	16.8p

All activity has arisen from continuing operations.

The notes on pages 17 to 32 form part of these accounts.

GROUP BALANCE SHEET

At 30th April 2007

	Notes	**2007** **£'000**	2006 £'000
Fixed assets:			
Tangible assets	10	**5,135**	5,403
Current assets:			
Stocks and contracts in progress	12	**12,045**	10,942
Debtors	13	**11,384**	11,498
Cash at bank and in hand	14	**4,113**	2,347
		27,542	24,787
Creditors: amounts falling due within one year	15	**16,831**	14,493
Net current assets		**10,711**	10,294
Total assets less current liabilities		**15,846**	15,697
Provision for liabilities:			
Deferred taxation	16	**35**	57
Net assets excluding pension liability		**15,811**	15,640
Pension liability	23	**120**	134
Net assets including pension liability		**15,691**	15,506
Capital and reserves:			
Called up share capital	18	**1,565**	1,709
Share premium account	19	**11,141**	11,087
Capital redemption reserve	19	**1,308**	1,157
ESOP share reserve	19	**(157)**	(287)
ESOP capital reserve	19	**508**	228
Profit and loss account	19	**1,326**	1,612
Shareholders' funds	20	**15,691**	15,506

The financial statements were approved by the board of directors and authorised for issue on 23rd July 2007.

D. B. Green Director
R. M. Barker Director

The notes on pages 17 to 32 form part of these accounts.

COMPANY BALANCE SHEET

At 30th April 2007

	Notes	2007 £'000	As restated 2006 £'000
Fixed assets:			
Investments	11	**27,270**	25,960
Current assets:			
Debtors	13	**4,052**	3,333
Creditors: amounts falling due within one year	15	**2,599**	2,248
Net current assets		**1,453**	1,085
Net assets		**28,723**	27,045
Capital and reserves:			
Called up share capital	18	**1,565**	1,709
Share premium account	19	**11,141**	11,087
Merger reserve	19	**10,762**	10,762
Capital redemption reserve	19	**1,308**	1,157
ESOP share reserve	19	**(157)**	(287)
ESOP capital reserve	19	**508**	228
Profit and loss account	19	**3,596**	2,389
Shareholders' funds		**28,723**	27,045

The financial statements were approved by the board of directors and authorised for issue on 23rd July 2007.

D. B. Green Director
R. M. Barker Director

The notes on pages 17 to 32 form part of these accounts.

GROUP CASH FLOW STATEMENT

For the year ended 30th April 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	4(b)	**8,034**	7,556
Returns on investments and servicing of finance:			
Interest received		**129**	80
Interest paid		**(150)**	(247)
		(21)	(167)
Taxation:			
UK Corporation tax paid		**(1,432)**	(988)
Overseas tax paid		**(393)**	(411)
		(1,825)	(1,399)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		**(1,648)**	(1,781)
Receipts from sales of tangible fixed assets		**45**	64
		(1,603)	(1,717)
Equity dividends paid		**(600)**	(574)
Cash inflow before financing		**3,985**	3,699
Financing:			
Purchase of own shares		**(3,093)**	—
Repayment of long-term loans		**(500)**	(500)
Net cash outflow from financing		**(3,593)**	(500)
Increase in cash in the period	14	**392**	3,199

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30th April 2007

		2007 £'000	2006 £'000
Profit for the financial year		**3,971**	2,824
Currency translation differences on foreign currency net investments		**(133)**	127
Currency translation differences on foreign currency loans		**(753)**	453
Deferred tax on long-term loan foreign currency movements		**322**	(189)
Total recognised gains and losses relating to the year	20	**3,407**	3,215

NOTES TO THE ACCOUNTS

At 30th April 2007

1. **Accounting Policies**

(a) Accounting Convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

In preparing these financial statements the Group has adopted for the first time UITF 44 'Group and Treasury Share Transactions'. UITF 44 requires the fair value of the award of share options to subsidiary employees to be treated as a capital contribution.

The change in accounting policy has resulted in an increase of £439,000 in the cost of investments in subsidiaries at 30th April 2006 and a decrease in amounts due from subsidiary undertakings in the parent company books. There is no impact on profit for the year or net assets at 30th April 2006.

(b) Basis of Consolidation
The Group financial statements consolidate the financial statements of Colefax Group PLC and its subsidiaries for the year ended 30th April 2007. No profit and loss account is presented for the Company as provided in S.230 of the Companies Act 1985. The profit dealt with in the financial statements of the holding company was £4,900,000 (2006 – £1,180,000).

Acquisitions are accounted for using the acquisition or merger method as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Where merger accounting is used, the investment is recorded in the company's balance sheet at the nominal value of the shares issued, together with the fair value of any additional consideration paid.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. Any difference between the nominal value of the shares acquired by the company and those issued by the company to acquire them is taken to reserves.

(c) Goodwill
Goodwill arising on acquisitions prior to 30th April 1998 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

(d) Investments
Investments are stated at cost less any provision for impairment.

(e) Depreciation
Depreciation and amortisation are provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost less estimated residual value based on prices prevailing at date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	— 30-50 years
Leasehold land and buildings and leasehold improvements	— 50 years or, if shorter, over the period of the lease or life of the asset
Furniture, fixtures and equipment	— 5-10 years
Motor vehicles	— 4 years
Screens and originations	— 4 years

Assets in the course of construction are not depreciated.
The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(f) Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolescent, slow moving and defective stocks.

(g) Contracts in Progress
Short term contracts in progress are valued at cost less progress payments received and receivable. Cost includes all direct expenditure on material, external services, labour and related overheads that have been incurred in bringing the contracts in progress to their present location and condition. Provision is made for any losses expected to arise on completion of the contracts entered into at the date of the balance sheet, whether or not work on these has commenced.

NOTES TO THE ACCOUNTS

At 30th April 2007

1. **Accounting Policies** *continued*

(h) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exception:

- Provision is made for tax on gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be again rolled over into replacement assets and charged to tax only where those replacement assets are sold.

Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(i) Leasing Commitments

Rentals in respect of operating leases are charged on a straight line basis over the lease term.

(j) Pension Scheme Arrangements

The Group operates defined contribution pension schemes which are externally administered. Payments made to the funds are charged when payable to the profit and loss account as part of employment costs. The funds are valued on a daily basis by the managers of the pension scheme. There are no outstanding or prepaid contributions at the year end.

One Group company operates a defined benefit pension scheme for employees. The scheme's funds are administered by trustees and are independent of Group finances. Annual contributions are based on external actuarial advice.

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax balance following the principles described in the deferred tax accounting policy note above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement benefits'.

(k) Foreign Currencies

Group

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date and the results of overseas subsidiaries are translated at the average rate of exchange for the year. The exchange differences arising on the retranslation of opening net assets and on loans which are as permanent as equity are taken directly to reserves.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(l) Financial Instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates associated with the Group's underlying business activities. It is the Group's policy not to undertake any trading activity in financial instruments. Gains or losses resulting from changes in exchange rates on contracts designated as hedges of forecast foreign exchange are deferred until the financial period in which they are realised. Financial instruments are disclosed in note 17.

(m) Comparative Amounts

Comparative amounts are restated where necessary to conform to current presentation.

NOTES TO THE ACCOUNTS

At 30th April 2007

1. Accounting Policies

continued

(n) Employee Share Option Plan
The cost of the Group's shares held by the ESOP is debited to the ESOP Share Reserve and is deducted from shareholders' funds in the Group and company balance sheet. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in shareholders' funds.

Any shares held by the ESOP are treated as cancelled for the purposes of calculating earnings per share.

(o) Share Options
When share and share options are granted to employees a charge is made to the profit and loss account and a corresponding entry made in reserves to the ESOP Capital Share Reserve, to record the fair value of the award in accordance with FRS 20. This change is spread over the period of performance relating to the grant.

When shares and share options are granted to employees of subsidiary companies, the fair value of the award made is treated as a capital contribution spread over the period of performance relating to the grant. The corresponding entry is made in reserves.

Some share options give the Group a choice to settle either in cash or by issuing shares. When the Group assesses that that share options are likely to be settled in cash, it accounts for the transaction as a cash-settled share-based payment transaction and recognises a liability for the fair value of the expected cash settlement. The fair value of the liability is remeasured at each reporting date with any changes being recognised in the profit and loss account.

(p) Dividends
Final dividends are not accrued until the proposed dividend has been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised in the year in which they are paid.

(q) Finance Costs
Finance costs are charged to the profit and loss account over the term of the debt, so the amount charged is at a constant rate on the carrying amount.

2. Turnover and Segmental Analysis

Turnover represents the value of goods sold and services provided during the accounting period which fall within the Group's ordinary activities, stated net of value added tax. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer, which is generally on delivery. Turnover for services provided is recognised on completion of the project.

Turnover, net assets and operating profit are:

	Turnover		Net Assets		Operating Profit	
	2007	2006	**2007**	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Business Activity:						
Product division	**63,756**	60,961	**16,073**	15,657	**5,570**	4,081
Decorating division	**7,257**	7,400	**784**	1,402	**376**	338
Total	**71,013**	68,361	**16,857**	17,059	**5,946**	4,419
Geographical Area:						
Country of Origin:						
United Kingdom	**37,788**	33,979	**9,772**	9,674		
United States	**30,407**	31,582	**5,234**	5,498		
Europe	**2,818**	2,800	**1,851**	1,887		
Total	**71,013**	68,361	**16,857**	17,059		
Country of Destination:						
United Kingdom	**20,294**	17,712				
United States	**31,594**	33,039				
Europe	**16,364**	15,184				
Rest of World	**2,761**	2,426				
Total	**71,013**	68,361				

Net assets are stated before cash, bank overdrafts and loans of £363,000 (2006 – net debt of £300,000) and net tax payable of £1,529,000 (2006 – £1,253,000).

In the opinion of the Directors, it would be seriously prejudicial to the Group to disclose an analysis of profit by geographical area.

NOTES TO THE ACCOUNTS

At 30th April 2007

		2007 £'000	2006 £'000
3. **Operating Expenses**	Distribution and marketing costs	**22,322**	22,518
	Administrative costs	**11,143**	10,849
	Total operating expenses	**33,465**	33,367

		2007 £'000	2006 £'000
4. **Operating Profit**	(a) This is stated after charging:		
	Auditors' remuneration — audit (UK)	**63**	60
	— audit (overseas)	**60**	60
	— non audit – taxation (UK only)	**102**	27
	Depreciation of owned fixed assets	**1,629**	2,116
	Operating lease rentals — land and buildings	**2,852**	3,054
	— plant and machinery	**70**	65
	Exchange differences	**392**	(47)
	Pension costs	**297**	276
	Share-based payment (see note 21 on page 30)	**410**	439
	(b) Cash flow statement		
	Reconciliation of operating profit to net cash inflow from operating activities:		
	Operating profit	**5,946**	4,419
	Depreciation charges	**1,629**	2,116
	(Increase)/decrease in stocks	**(1,355)**	1,442
	Decrease/(increase) in debtors	**394**	(1,615)
	Increase in creditors	**1,420**	1,194
	Net cash inflow from operating activities	**8,034**	7,556

		2007 £'000	2006 £'000
5. **Staff Costs**	Staff costs, including Executive Directors, were as follows:		
	Wages and salaries	**13,257**	12,745
	Social security costs	**1,716**	1,696
	Other pension costs	**297**	269
		15,270	14,710

The average monthly number of employees during the year, including Executives Directors, was made up as follows:

	No.	No.
Distribution and marketing	**336**	331
Administration	**74**	80
	410	411

The Company did not have any employees during the year.

NOTES TO THE ACCOUNTS

At 30th April 2007

			2007 £'000	2006 £'000
5.	**Staff Costs** *continued*	Directors' remuneration was as follows:		
		Directors' emoluments	**962**	1,052
		Pension contributions	**42**	36
		Payment in lieu of option exercise	**146**	—
		Gain on the exercise of share options	**—**	19
			1,150	1,107
		Emoluments of the highest paid Director:		
		Emoluments	**523**	476
			523	476

Four Directors participated in the Group's defined contribution pension scheme in 2007 (2006 – four). No Directors participated in the Group's defined benefit pension scheme in 2007 (2006 – nil).

During the year, one Director received payment in lieu of the exercise of executive share options amounting to £145,600 representing the difference between the market value of the shares and the exercised price of the options (see Directors' Report on page 9).

Out of the share based payment charge (see note 4 on page 20), £359,000 relates to share based payments to directors (2006 – £370,000)

			2007 £'000	2006 £'000
6.	**Interest**	Interest payable:		
		Bank loans and overdrafts repayable within five years	**174**	228
		Interest receivable:		
		Bank and other interest receivable	**(138)**	(80)
			36	148

			2007 £'000	2006 £'000
7.	**Tax on Profit on ordinary activities**	(a) Analysis of charge for the year		
		UK corporation tax		
		UK corporation tax on profits of the year	**1,696**	1,484
		Double tax relief	**—**	(409)
		Adjustments in respect of previous years	**41**	(68)
			1,737	1,007
		Overseas tax		
		Overseas tax on profits of the year	**392**	612
		Adjustments in respect of previous years	**—**	(15)
			392	597
		Total current tax	**2,129**	1,604
		Deferred tax		
		Origination and reversal of timing differences	**(174)**	(334)
			1,955	1,270

NOTES TO THE ACCOUNTS

At 30th April 2007

7. Tax on Profit on ordinary activities *continued*

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.

The differences are explained below.

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	**5,926**	4,094
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	**1,778**	1,228
Effect of:		
Disallowed expenses and non-taxable income	**119**	164
Depreciation (less than)/in excess of capital allowances	**(73)**	235
Short-term timing differences	**243**	95
Adjustments in respect of previous periods	**41**	(83)
Excess foreign tax on overseas income	**21**	126
Utilisation of tax losses	**—**	(161)
	2,129	1,604

(c) Factors that may affect future tax charges

A deferred tax asset amounting to £17,000 (2006 – £35,000) primarily for capital losses has not been recognised. This is because in the opinion of the Directors there will be no suitable taxable gains in the foreseeable future, and it cannot be regarded as more likely than not that there will be suitable taxable profits from which any future reversal of the underlying timing differences can be deducted.

The Group's overseas tax rates are higher than those in the UK primarily because profits earned in the United States are taxed at a rate in excess of 30%. There is no indication that these rates are likely to change in the near future.

8. Dividends

	2007	2006
	£'000	£'000
Final (paid) of 2.37p (2006 – 2.16p) on 12th October 2006	**382**	350
Interim (paid) of 1.45p (2006 – 1.38p) on 12th April 2007	**218**	224
	600	574
Final dividend proposed for the year of 2.55p (2006 – 2.37p)	**378**	385

The proposed final dividend has not been accrued for because the dividend was declared after the year-end.

NOTES TO THE ACCOUNTS

At 30th April 2007

9. Earnings per share

Basic earnings per share have been calculated on the basis of profit on ordinary activities after tax of £3,971,000 (2006 – £2,824,000) and on 15,719,278 (2006 – 16,227,578) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Shares owned by the Colefax Group Plc Employees' Share Ownership Plan (ESOP) Trust are excluded from the basic earnings per share calculation.

Diluted earnings per share have been calculated on the basis of profit on ordinary activities after tax of £3,971,000 (2006 – £2,824,000) and on 16,339,872 (2006 – 16,728,940) being the weighted average number of shares in issue during the year, calculated as follows:

	2007	2006
Basic weighted average number of shares	**15,719,278**	16,227,578
Dilutive potential ordinary shares, including shares under option owned by the Colefax Group Plc ESOP Trust	**620,594**	501,362
	16,339,872	16,728,940

10. Tangible Fixed Assets

	Freehold Property £'000	Short Leasehold £'000	Furniture, Fixtures and Equipment £'000	Motor Vehicles £'000	Screens and Originations £'000	Total £'000
Group						
Cost:						
At 1st May 2006	231	6,515	4,220	398	4,843	16,207
Exchange adjustment	—	(432)	(251)	–	(448)	(1,131)
Additions	—	263	357	189	839	1,648
Disposals	—	(30)	(216)	(131)	(170)	(547)
At 30th April 2007	**231**	**6,316**	**4,110**	**456**	**5,064**	**16,177**
Depreciation:						
At 1st May 2006	39	4,154	3,209	196	3,206	10,804
Exchange adjustment	—	(329)	(226)	—	(318)	(873)
Charge for the year	3	402	320	99	805	1,629
Disposals	—	(18)	(215)	(115)	(170)	(518)
At 30th April 2007	**42**	**4,209**	**3,088**	**180**	**3,523**	**11,042**
Net Book Value:						
At 30th April 2007	**189**	**2,107**	**1,022**	**276**	**1,541**	**5,135**
At 1st May 2006	192	2,361	1,011	202	1,637	5,403

11. Investments

	Shares £'000	Loans £'000	Total £'000
Company:			
At 1st May 2006 as previously stated	17,871	7,650	**25,521**
Prior year adjustment in respect of share options granted to subsidiary employees	439	—	**439**
At 1st May 2006 as restated	18,310	7,650	**25,960**
Reversal of impairment	900	—	**900**
Share options granted to subsidiary employees	410	—	**410**
At 30th April 2007	19,620	7,650	**27,270**

NOTES TO THE ACCOUNTS
At 30th April 2007

11. **Investments**
continued

The Group has the following principal subsidiary undertakings:

Name of Company	**Country of Registration or Incorporation and Principal Country of Operation**	**Effective % of Issued Share Capital held by the Group**	**Principal Products**
Jane Churchill Limited*	England and Wales	100%	Fabrics and Wallpapers
Sibyl Colefax and John Fowler Limited*	England and Wales	100%	Interior and Architectural Design
Kingcome Sofas Limited*	England and Wales	100%	Upholstered Furniture
Colefax and Fowler Holdings Limited*	England and Wales	100%	Holding Company for Colefax and Fowler Inc
Cowtan & Tout Incorporated*	USA	100%	Fabrics and Wallpapers
Manuel Canovas SAS*	France	100%	Fabrics, Wallpapers and Accessories
Colefax and Fowler GmbH	Germany	100%	Fabrics and Wallpapers
Colefax and Fowler Srl	Italy	100%	Fabrics and Wallpapers

*Owned directly by parent company

There was no movement in the number of shares held in subsidiary undertakings during the year.

The carrying values of the investment in Kingcome Sofas Limited has been reviewed at 30th April 2007 by reference to its value in use to the Group. The value in use was calculated using future expected cashflow projections, discounted at 6.5% on a post tax basis, and is not intended to reflect a realisable value on disposal. The review has resulted in a reversal of an amount previously provided of £900,000 to investments in subsidiary undertakings held by the Group.

At 30th April 2007, the ESOP Trust owned 847,422 (2006 – 862,422) ordinary shares of 10p in the Company at cost, with a market value of £2,071,947 (2006 – £1,366,939). Dividends on these shares have been waived.

The independent trustees of the ESOP can provide benefits to all employees of the Group.

600,000 shares in the ESOP were under option at the balance sheet date:

Number of shares	Number of option holders	Exercise price	Date of grant	Exercisable from	Expiry Date
50,000	2	£1 total	21.10.02	21.10.03	20.10.12
25,000	1	£1 total	29.03.04	29.03.05	28.03.14
325,000	5	£1 total	28.04.06	28.04.06	27.04.16
200,000	6	£1 total	27.04.07	27.04.07	26.04.17

12. **Stocks and Contracts in Progress**

	Group **2007** **£'000**	Group 2006 £'000
Finished goods for resale	**11,716**	10,792
Contracts in progress	**1,676**	965
Less: progress payments received and receivable	**(1,347)**	(815)
	12,045	10,942

The difference between purchase price and replacement cost of stocks is not material.

NOTES TO THE ACCOUNTS
At 30th April 2007

		Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company As restated 2006 £'000
13. **Debtors**	Amounts owed by subsidiary undertakings	**—**	—	**4,052**	3,333
	Trade debtors	**8,073**	8,517	**—**	—
	Other debtors	**460**	268	**—**	—
	Prepayments and accrued income	**1,025**	1,249	**—**	—
	Deferred taxation	**1,826**	1,464	**—**	—
		11,384	11,498	**4,052**	3,333

All amounts shown under debtors fall due for payment within one year, except for deferred taxation.

Deferred tax asset is discussed in note 16 on page 26.

The restatement of the Company's debtors at 30 April 2006 is discussed in (a) of note 1.

		Group 2007 £'000	Group 2006 £'000
14. **Cash and Financing**	**Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)**		
	Increase in cash	**392**	3,199
	Repayment of bank loan	**500**	500
	Movement in net debt resulting from cash flows	**892**	3,699
	Translation differences	**(229)**	52
	Movement in net debt in the period	**663**	3,751
	Net debt at 1st May	**(300)**	(4,051)
	Net funds/(debt) at 30th April	**363**	(300)

	At 1st May 2006 £'000	Cash flow £'000	Exchange differences £'000	**At 30th April 2007 £'000**
Analysis of Net Funds/(Debt)				
Cash at bank and in hand	2,347	1,995	(229)	**4,113**
Overdrafts	(2,147)	(1,603)	—	**(3,750)**
	200	392	(229)	**363**
Debt due within one year	(500)	500	—	**—**
Net funds/(debt)	(300)	892	(229)	**363**

		Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
15. **Creditors: amounts falling due within one year**	Current instalments due on loans	**—**	500	**—**	500
	Bank overdraft	**3,750**	2,147	**2,298**	1,426
	Amounts owed to subsidiary undertakings	**—**	—	**—**	26
	Trade creditors	**4,647**	4,584	**—**	—
	Accruals	**3,575**	3,066	**42**	33
	Payments received on account	**1,227**	1,033	**—**	—
	Corporation tax	**1,529**	1,253	**259**	263
	Other taxes and social security costs	**1,132**	1,034	**—**	—
	Other creditors	**971**	876	**—**	—
		16,831	14,493	**2,599**	2,248

The Group's overdraft facilities are secured by an unlimited multilateral company guarantee and a first fixed and floating charge over all assets of the Company.

NOTES TO THE ACCOUNTS

At 30th April 2007

16. Deferred Taxation

	Group 2007 £'000	Group 2006 £'000
Deferred taxation has been provided as follows:		
Accelerated capital allowances on tangible fixed assets	**96**	57
Excess of depreciation over capital allowances on tangible fixed assets	**(386)**	(402)
Short-term timing differences	**(1,501)**	(1,062)
	(1,791)	(1,407)
This is made up as follows:		
Deferred taxation included in debtors	**(1,826)**	(1,464)
Deferred taxation included in provision for liabilities and charges	**35**	57
	1,791	(1,407)

	Deferred taxation £'000	£'000
Movements in provisions:		
At 1st May 2006	**(1,407)**	(1,209)
Movement in year	**(496)**	(140)
Translation adjustment	**112**	(58)
At 30th April 2007	**(1,791)**	(1,407)

17. Financial Instruments

In the numerical disclosures that follow, short term debtors and creditors have been excluded as permitted by FRS 13 except in the currency exposure disclosure.

Currency Exposures

The table below shows the Group's currency exposures that give rise to net currency gains or losses recognised in the profit and loss account. Such exposures comprise the monetary assets of the Group that are not denominated in the functional currency of the unit involved.

At 30th April 2007

	Net foreign currency monetary assets/(liabilities)				
	Sterling £'000	**US Dollar £'000**	**Eurozone £'000**	**Other £'000**	**Total £'000**
Functional Currency of group unit					
Sterling	**—**	**4**	**(2,029)**	**286**	**(1,739)**
US Dollar	**(318)**	**—**	**—**	**—**	**(318)**
Total	**(318)**	**4**	**(2,029)**	**286**	**(2,057)**

At 30th April 2006

	Net foreign currency monetary assets/(liabilities)				
	Sterling £'000	US Dollar £'000	Eurozone £'000	Other £'000	Total £'000
Functional Currency of group unit					
Sterling	—	(49)	(2,586)	256	(2,379)
US Dollar	1,017	—	—	—	1,017
Total	1,017	(49)	(2,586)	256	(1,362)

NOTES TO THE ACCOUNTS
At 30th April 2007

17. **Financial Instruments** *continued*

Borrowing Facilities
The Group has various borrowing facilities available to it amounting to £7.3 million (2006 – £7.8 million). The undrawn committed facilities available at 30th April 2007 in respect of which all conditions had been met at that date total £7.3 million (2006 – £7.5 million). Group borrowing facilities are reviewed annually with HSBC.

Gains and losses on hedges
The Group enters into forward foreign currency contracts to eliminate transactional currency exposures on future expected sales denominated in US Dollars. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on instruments used for hedging are as follows:

		2007	
	Gains £'000	**Losses £'000**	**Total £'000**
Unrecognised gains on hedges at 1st May 2006	**131**	**—**	**131**
Gains arising on hedges taken out in previous years that were recognised in the current year	**302**	**—**	**302**
Gains arising on hedges taken out in the year that were not recognised in the current year	**—**	**—**	**—**
Unrecognised gains on hedges at 30th April 2007	**—**	**—**	**—**
of which Expected to be recognised in the year ended 30th April 2008	**—**	**—**	**—**

		2006	
	Gains £'000	Losses £'000	Total £'000
Unrecognised gains on hedges at 1st May 2005	728	—	728
Gains arising on hedges taken out in previous years that were recognised in the current year	190	(81)	109
Gains arising on hedges taken out in the year that were not recognised in the current year	131	—	131
Unrecognised gains on hedges at 30th April 2006	131	—	131
of which Expected to be recognised in the year ended 30th April 2007	131	—	131

Financing
The Group's financial instruments, other than derivatives, comprise cash, bank overdrafts, bank loans and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions in the form of forward foreign currency contracts. The purpose of such transactions is to manage the currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since 1st May 1998.

NOTES TO THE ACCOUNTS

At 30th April 2007

17. **Financial Instruments** *continued*

Interest rate risk

The interest rate profile of the Group is as follows:

At 30th April 2007	**Floating Rate Financial Assets £'000**	**Floating Rate Financial Liabilities £'000**	**Total net Financial Liabilities £'000**
Sterling	**8**	**(3,558)**	**(3,550)**
US Dollar	**3,194**	**—**	**3,194**
Euro Currencies	**823**	**(192)**	**631**
Swedish Kronor	**33**	**—**	**33**
Other	**55**	**—**	**55**
	4,113	**(3,750)**	**363**

At 30th April 2006	Floating Rate Financial Assets £'000	Floating Rate Financial Liabilities £'000	Total net Financial Liabilities £'000
Sterling	8	(1,895)	(1,887)
US Dollar	1,808	—	1,808
Euro Currencies	467	(752)	(285)
Swedish Kronor	26	—	26
Other	38	—	38
	2,347	(2,647)	(300)

The floating rate financial assets comprise solely of cash balances at interest rates tied to UK base rates and US Libor rates. The floating rate financial liabilities comprise of bank loans and overdrafts with interest rates linked to UK base rates and US Libor rates.

Liquidity risk

The Group's objective is to maintain an appropriate balance between continuity of funding and flexibility through the use of multi-currency overdrafts and bank loans.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally to assess credit risk of new customers before entering contracts. Such credit ratings are then factored into the credit assessment process to determine the appropriate credit limit for each customer.

Foreign currency risk

Due to the international nature of its operations, the Group faces currency exposure in respect of exchange rate fluctuation against sterling. The most significant of these is the US which represents 44% of total Group sales.

The majority of the US subsidiary's turnover is sourced by imports from the UK and Europe. These sales are invoiced in US dollars. The Group minimises the currency translation exchange risk by the use of forward contracts.

About 27% of the sales of the Group are to customers in countries other than the UK and US. Most of these sales are invoiced in the currencies of the countries involved. The Group does not hedge currency exposures on these sales using forward foreign currency contracts as any exchange rate risk is considered to be insignificant due to the offsetting effect of imports.

At 30th April 2007, the Group has no outstanding forward contracts (2006 – £131,000).

The Group has continued its policy of not hedging balance sheet translation exposures except to the extent that overseas liabilities, including borrowings, provide a natural hedge. It is also the Group's policy not to hedge profit and loss account translation exposures.

The balance sheet of overseas operations are translated into sterling at the closing rates of exchange for the year and any exchange difference is dealt with as a movement in reserves. The profit and loss accounts of overseas business are translated at an average rate of exchange.

Fair values of financial assets and financial liabilities

The Group's financial assets comprise of cash at bank and in hand. The financial liabilities comprise of bank loans and overdrafts. The cash, bank loans and overdrafts are all at floating rates of interest and hence there is no difference between their book value and their fair value.

The fair value of outstanding forward contracts is the same as the unrecognised gain. The book value is nil.

NOTES TO THE ACCOUNTS

At 30th April 2007

		Authorised		Allotted, called up and fully paid	
		2007	2006	**2007**	2006
18. **Called Up Share Capital**	Ordinary shares of 10p each	**£3,300,000**	£3,300,000	**£1,565,393**	£1,709,000
	Number of shares	**33,000,000**	33,000,000	**15,653,932**	17,090,000

Pursuant to the Company's Executive Share Option Scheme, the following options, including options held by Directors, have been granted and were outstanding at 30th April 2007:

Number of shares	Number of option holders	Exercise price	Date of grant	Exercisable from	Expiry Date
25,000	3	83p	06.04.99	06.04.02	05.04.09
10,000	1	72p	20.10.00	20.10.03	20.10.10

Details of share options and shareholdings of Directors are shown in the Directors' Report on pages 8 to 10.

Share options over the ESOP shares are shown in note 11 on page 23.

74,000 ordinary shares of 10p each were issued during the year to satisfy the exercise of employee share options at an exercise price of 83p.

During the year the Company purchased 1,510,070 ordinary shares in the market for cancellation, for a consideration of £3,093,000, representing approximately 9% of the issued share capital.

		Merger Reserve £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	ESOP Share Reserve £'000	ESOP Capital Share Reserve £'000	Profit and Loss Account £'000
19. **Reserves**	Group:						
	At 1st May 2006	—	11,087	1,157	(287)	228	1,612
	Share buybacks	—	—	151	—	—	(3,093)
	ESOP shares granted	—	—	—	130	280	—
	ESOP option exercised	—	54	—	—	—	—
	Foreign Currency translation	—	—	—	—	—	(564)
	Dividends paid	—	—	—	—	—	(600)
	Profit retained	—	—	—	—	—	3,971
	At 30th April 2007	**—**	**11,141**	**1,308**	**(157)**	**508**	**1,326**
	Company:						
	At 1st May 2006	10,762	11,087	1,157	(287)	228	2,389
	Share buybacks	—	—	151	—	—	(3,093)
	ESOP shares granted	—	—	—	130	280	—
	ESOP option exercised	—	54	—	—	—	—
	Profit retained	—	—	—	—	—	4,900
	Dividends paid	—	—	—	—	—	(600)
	At 30th April 2007	**10,762**	**11,141**	**1,308**	**(157)**	**508**	**3,596**

The cumulative amount of goodwill written off on all acquisitions to date is £23,062,000 (2006 – £23,062,000).

The profit and loss reserve includes £120,000 (2006 – £134,000), stated after deferred taxation of £83,000 (2006 – £93,000), in respect of the pension scheme liability of the Group's defined benefit pension scheme.

NOTES TO THE ACCOUNTS
At 30th April 2007

20. Group Reconciliation of Movements in Shareholders' Funds

	2007 £'000	2006 £'000
Total recognised gains and losses relating to the year	**3,407**	3,215
Dividends	**(600)**	(574)
Repurchase of shares	**(3,093)**	—
Exercise of ESOP shares	**61**	—
ESOP shares granted	**410**	439
Net increase in shareholders' funds	**185**	3,080
Shareholders' funds at 1st May as previously stated	**15,506**	12,076
Prior year adjustments	**—**	350
Shareholders' funds at 1st May as restated	**15,506**	12,426
Shareholders' funds at 30th April	**15,691**	15,506

21. Share Based Payment

The Group operates an equity-settled share based remuneration scheme for directors and employees. In certain circumstances, the conditions are that the shares cannot be sold for a minimum of three years. The shares in this scheme are disclosed in the table below.

	2007 Weighted average exercise price	2007 Number	2006 Weighted average exercise price	2006 Number
Outstanding at 1st May	**£1 total**	**425,000**	£1 total	130,000
Granted during the year	**£1 total**	**200,000**	£1 total	325,000
Exercised during the year	**£1 total**	**(15,000)**	£1 total	(30,000)
Lapsed during the year	**£1 total**	**(10,000)**	—	—
Outstanding at 30th April	**£1 total**	**600,000**	£1 total	425,000

All of the options outstanding at the end of the year had vested and were exercisable (2006 – all).

The weighted average share price (at date of exercise) of options exercised during the year was 209.0p (2006 – 119.8p).

The weighted average fair value of each option granted during the year was 241.0p (2006 – 158.5p).

The weighted average share price of each option which lapsed during the year was 196.5p (2006 – nil).

Share based payment charge
In calculating the share based payment charge for the current year, the market value of the shares at the date of grant was used as an approximation of the fair value of the share options issued. This charge has been discounted at a rate of 15% to take into account of the fact that the shares under option cannot be sold within three years of the date of grant.

	2007 £'000	2006 £'000
The equity-settled share-based remuneration expense (note 4) comprises:		
Employee share option scheme	**410**	439

The Group also operates an approved executive share option scheme. No options have been granted since October 2000 and there are currently no plans to grant options under this scheme. The share options outstanding under this scheme are disclosed in note 18 on page 29.

The Group did not enter into any share based payment transactions with parties other than employees during the current or previous year.

NOTES TO THE ACCOUNTS

At 30th April 2007

22. Commitments Under Operating Leases

At 30th April 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	2007		2006	
	Land and Buildings £'000	**Other £'000**	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	**364**	**24**	—	6
In two to five years	**546**	**33**	1,190	54
After five years	**1,789**	**—**	1,808	—
	2,699	**57**	2,998	60

The majority of leases of land and buildings are subject to rent reviews every 5 years.

23. Pension Commitments

Group companies operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund during the year and amounted to £16,085 (2006 – £23,641).

Group companies also make pension contributions for eligible employees to group personal pension schemes. These schemes are independently administered. The pension cost charge represents contributions payable by Group companies to the schemes during the year and amounted to £281,284 (2006 – £251,866).

The Group's US subsidiary Cowtan & Tout operates a funded benefit pension scheme. This scheme relates to the acquisition of Jack Lenor Larsen on lst July 1997. The scheme was closed to new members on 31st December 1997. Existing members' current pension contributions were transferred to a defined contribution scheme and hence all future benefits became fixed on the date the scheme was closed. The most recent actuarial valuation of the fund was on 30th April 2006 using the projected unit method. As the scheme is closed to new members and all benefits have been frozen, assumptions concerning inflation and the rate of increase of salaries, pensions and deferred pensions are not applicable. The rate used to discount scheme liabilities was 5% (2006, 2005 – 5%). The market value of investments at 30th April 2007 was £674,042 (2006 – £769,097, 2005 – £761,422), all of which have an expected long term rate of return of 5% (2006, 2005 – 5%). Due to the nature of the investments, the actuarial value of the assets and the market value are the same. The present value of scheme liabilities at 30th April 2007 was £877,056 (2006 – £996,004, 2005 – £950,778), resulting in an unfunded actuarial accrued liability of £203,014 (2006 – £226,907, 2005 – £189,356). An accrual of £203,000 (2006 – £227,000, 2005 – £189,000) covering the unfunded actuarial accrued liability is included in the Group balance sheet together with a related deferred tax asset of £83,000 (2006 – £93,000, 2005 – £77,650).

The fair value of the assets in the scheme and the expected rate of return at 30 April 2007 were:

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Cash and cash equivalents	**21**	25	762	892	1,065
Fixed income	**334**	395	—	—	—
Equities	**319**	349	—	—	—
Total market value of assets	**674**	769	762	892	1,065
Present value of scheme liabilities	**(877)**	(996)	(951)	(1,051)	(1,180)
Deficit in scheme	**(203)**	(227)	(189)	(159)	(115)
Related deferred tax asset	**83**	93	77	65	72
Net pension liability	**(120)**	(134)	(112)	(94)	(43)

NOTES TO THE ACCOUNTS

At 30th April 2007

23. Pension Commitments *continued*

	2007 £'000	2006 £'000
Movement in deficit during the year:		
Deficit in scheme at 1st May 2006	**(227)**	(189)
Finance charge	**(11)**	(10)
Actuarial gains and losses	**12**	(17)
Currency translation differences	**23**	(11)
Deficit in scheme at 30th April 2007	**(203)**	(227)

	2007 £'000	**% scheme assets/ liabilities**	2006 £'000	% scheme assets/ liabilities	2005 £'000	% scheme assets/ liabilities	2004 £'000	% scheme assets/ liabilities	2003 £'000	% scheme assets/ liabilities
History of experience gains and losses:										
Actual return less expected return on pension scheme assets	**19**	**(2.5%)**	3	(0.5%)	(32)	4.2%	(30)	(3.4%)	117	11.0%
Experience losses arising on the pension scheme liabilities	**(7)**	**0.7%**	(20)	2.0%	(4)	0.4%	(20)	1.9%	(132)	11.2%
Actuarial loss	**12**	**(1.2%)**	(17)	1.7%	(36)	3.7%	(50)	4.8%	(15)	1.3%

24. Guarantees

The Company has given an unlimited guarantee to HSBC to secure all the present and future indebtedness and liabilities to the Bank of the Company, Colefax and Fowler Incorporated and Cowtan & Tout Incorporated. There is a cross guarantee between the Company and each of its U.K. subsidiaries in respect of their overdraft facilities. At 30th April 2007, the value of subsidiary overdrafts covered by the guarantee amounted to £1,530,779 (2006 – £1,611,689).

FIVE YEAR REVIEW

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Turnover	**71,013**	68,361	64,455	63,381	64,422
Operating profit	**5,946**	4,419	3,427	3,187	3,037
Profit before taxation	**5,926**	4,094	3,147	2,910	2,801
Profit attributable to shareholders	**3,971**	2,824	2,209	1,933	1,794
Basic earnings per share	**25.3p**	17.4p	13.1p	10.4p	8.9p
Diluted earnings per share	**24.3p**	16.8p	13.0p	10.2p	8.8p
Dividends per share	**4.00p**	3.75p	3.50p	3.40p	3.40p
Shareholders' funds	**15,691**	15,506	12,426	12,745	13,331
Operating cash flow	**8,034**	7,556	4,786	6,499	6,191
Net funds/(debt)	**363**	(300)	(4,051)	(2,773)	(5,042)

NOTICE OF MEETING

Notice is hereby given that the 2007 Annual General Meeting of Colefax Group plc will be held at 19-23 Grosvenor Hill, London W1K 3QD on 18th September 2007 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive, and if thought fit, to adopt the audited Annual Accounts of the Company for the year ended 30th April 2007, together with the reports of the Directors and of the auditors thereon.

2. To declare a final dividend of 2.55p per ordinary share.

3. To re-appoint BDO Stoy Hayward LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next general meeting of the Company at which accounts are laid.

4. To authorise the Directors to determine the remuneration of the auditors.

5. To re-elect R. Barker, who retires by rotation, as a Director.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 and 8, will be proposed as special resolutions.

6. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the "Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) of the Company up to an aggregate nominal amount of £426,533 (being the amount of the authorised but unissued share capital of the Company) for a period expiring (unless previously renewed varied substituted or revoked by the Company in general meeting) fifteen months after the passing of this resolution or at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution, whichever first occurs, save that the Company may prior to such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement and so that all previous authorities given by the Company in general meeting pursuant to Section 80 of the Act are revoked (save to the extent relied upon prior to the passing of this resolution).

7. THAT, subject to the passing of Resolution 6, the Directors be and are hereby generally empowered pursuant to Section 95 of the Act to allot or make offers or agreements to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company pursuant to the authority conferred by Resolution 6 as if Section 89(1) of the Act did not apply to such allotment provided that this power:

   (a) shall expire fifteen months after the passing of this resolution or at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution, whichever first occurs, save that the Company may prior to such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement; and

   (b) shall be limited to:

      (i) allotments of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be) to their existing holdings subject only to the Directors having a right to make such exclusions or other arrangements in connection with such offering as they deem appropriate, necessary or expedient,

         (A) to deal with equity securities representing fractional entitlements; and

         (B) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

      (ii) allotments of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal amount of £78,270.

NOTICE OF MEETING

8. THAT the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of s163 (3) of the Act) of ordinary shares of 10p each in the capital of the Company("ordinary shares") provided that:

   (a) the maximum aggregate number of ordinary shares authorised to be purchased is 2,348,090 (representing 15% of the issued ordinary share capital);

   (b) the minimum price which may be paid for an ordinary share is 10p;

   (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;

   (d) this authority expires at the conclusion of the next Annual General Meeting of the Company or within twelve months from the date of the passing of this resolution, whichever is earlier; and

   (e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board
R. M. Barker BSc ACA
Secretary
23rd July 2007

Registered Office
39 Brook Street
London W1K 4JE

Notes:

1. Only those members entered in the register of members of the Company as at 6.00 p.m. on 14th September 2007 shall be entitled to attend and vote at the above meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 14th September 2007 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote, on a poll, on his/her behalf. A proxy need not be a member of the Company. A Form of Proxy is enclosed.

3. Members who are unable to be present at the Annual General Meeting are invited to complete and return the Form of Proxy, which in order to be effective, must reach the Company's registrars not less than 48 hours before the time appointed for the meeting. The lodgement of a Form of Proxy will not preclude a shareholder from attending and voting at the meeting in person.

4. Further details of the resolutions proposed at this Annual General Meeting can be found in the Directors' Report on pages 8 to 10.

5. The following documents will be available for inspection at the registered office of the Company during normal business hours on each business day from the date of the notice convening the Annual General Meeting up to the close of the meeting:

   (i) the Register of Interests of Directors (and their families) in the capital of the Company; and

   (ii) copies of all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries.

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