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Addis Housewares Limited

Report and Financial Statements

31 December 2005

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COMPANIES HOUSE

Addis Housewares Limited

Registered No: 2881663

Directors

R J Tucker
F Schepers

Secretary

R J Tucker

Auditors

Clay Shaw Thomas
Ty Atebion
2 Ffordd Yr Hen Gae
Bocarn Park
Bridgend
CF35 5LJ

Bankers

Halifax Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

Registered Office

Zone 3 Waterton Point
Brocastle Avenue
Waterton Industrial Estate
Bridgend
CF31 3US

Statement of directors' responsibilities in respect of the financial statements

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

Principal activities

The principal activity of the company continues to be the manufacture and sale of household and light commercial products.

Business review

Details of the trading activities and financial position of the company are shown on pages 6 and 7.

Dividends and transfers to reserves

The directors do not propose the payment of a dividend for the year (2004: £nil). The profit for the year of £294,000 (2004: loss £642,000) was transferred to reserves.

Directors' and their interests

The directors who held office during the year were as follows:

A Messink	(resigned 31 March 2005)
F Schepers	
R Tucker	(appointed 16 March 2005)

No directors had any interests in the share capital of the company at the year end.

Post balance sheet events

During the post balance sheet period, the company successfully relocated its operations to Bridgend. The operation is fully functional with customer availability at its usual high level.

Planning permission was obtained on the company's former site, involving the partial demolition of a CADW listed building. This has resulted in the receipt of an additional £84,000 of proceeds, which has been accrued to the profit and loss account.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The company does not use derivative financial instruments and as such no hedge accounting is applied.

Statement of directors' responsibilities in respect of the financial statements

Employee information

The company continued its procedures for communicating and consulting with employees during the year, including involving them in matters which affect their interest as employees.

The policy of the company is to achieve a high standard of health, safety and welfare at work for all employees.

The engagement and continuing employment of disabled persons remained part of the company's policy. Where such individuals have the appropriate experience, ability and qualifications to do the job, they are offered equal opportunities for training, career development and promotion as are offered to those who are not disabled.



Secretary

Date 26/3/2007.

Statement of directors' responsibilities in respect of the financial statements

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;
- 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 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.

Independent auditors' report

to the members of Addis Housewares Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of 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 auditors' 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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

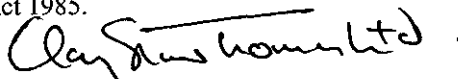
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company 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.



CLAY SHAW THOMAS LIMITED
Chartered Accountants
& Registered Auditors

Ty Atebion
Bocam Park
Bridgend CF35 5LJ

Date 26 March 2007.

Profit and loss account

for the year ended 31 December 2005

		2005	Restated 2004
	Notes	£000	£000
Turnover	2	17,597	20,283
Continuing operations		17,597	19,859
Discontinued operations		-	424
Cost of sales	3	(12,447)	(15,887)
Gross profit		5,150	4,396
Distribution costs	3	(3,932)	(5,168)
Administration expenses	3	(1,095)	(1,513)
Operating loss	4	123	(2,285)
Continuing operations		123	(2,368)
Discontinued operations		-	83
Profit on disposal of fixed assets	5	167	1,574
Continuing operations		167	974
Discontinued operations		-	600
Interest receivable and similar income		109	210
Interest payable and similar charges	6	(105)	(104)
Profit/(Loss) on ordinary activities before taxation		294	(605)
Tax on profit/(loss) on ordinary activities	9	-	(37)
Profit/(Loss) for the year	16	294	(642)

Statement of total recognised gains and losses

for the year ended 31 December 2005

	2005	Restated 2004
	£000	£000
Profit for the financial year being total recognised gains and losses relating to the year.	294	(642)
Actuarial losses on defined benefit pension scheme	(400)	(100)
Prior year adjustment FRS 17	-	(8,119)
	(106)	(8,861)

Balance sheet

at 31 December 2005

	Notes	2005 £000	Restated 2004 £000
Fixed assets			
Tangible assets	10	751	1,123
Current assets			
Stocks	11	1,636	1,728
Debtors	12	7,902	2,582
Cash at bank and in hand		2	6,156
		<u>9,540</u>	<u>10,466</u>
Creditors: amounts falling due within one year	13	(7,620)	(8,923)
Net current assets		<u>1,920</u>	<u>1,543</u>
Total assets less current liabilities		<u>2,671</u>	<u>2,666</u>
Creditors: amounts falling due after more than one year	14	-	(22)
Provisions for liabilities and charges	18	(305)	-
Net assets excluding pension liability		<u>2,366</u>	<u>2,644</u>
Pension liability	19	(7,228)	(7,400)
Net assets including pension liability		<u>(4,862)</u>	<u>(4,756)</u>
Capital and reserves			
Called up share capital	15	6,000	6,000
Profit and loss account	16	(10,862)	(10,756)
Equity shareholders' funds	16	<u>(4,862)</u>	<u>(4,756)</u>

These financial statements were approved by the board of directors on 26/3/2007, and were signed on its behalf by:

Director

Director

Notes to the financial statements

at 31 December 2005

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

The company has adopted FRS17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date' and FRS25, 'Financial instruments: disclosure and presentation', in these financial statements. The adoption of these financial statements represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease staff costs by £396,000 (2004: £396,000), increase other finance charges by £100,000 (2004: £100,000), increase the profit for the year by £296,000 (2004: £296,000).

The effect of the change in accounting policy to adopt FRS21 and FRS25 was nil.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is 90% owned and its parent publishes a consolidated cash flow statement.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	3 to 10 years
Plant and machinery	-	3 to 7 years
Motor vehicles	-	4 years

A prior year adjustment has been made to fixed assets to reduce the cost brought forward by £17,095,000 and the depreciation brought forward by £17,095,000. The effect of this adjustment on the profit and loss was nil. This adjustment is as a result of impairment in fixed assets identified during the company's relocation to Bridgend in 2006.

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Leased assets

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Revenue grants receivable are credited to the profit and loss account in the period in which they become receivable.

Pension costs

The company operates a defined benefit pension scheme, the Addis Housewares Limited Pension Scheme, covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the company's finances. The scheme contributions are paid to the scheme in accordance with the recommendations of independent actuaries.

The company also operates a stakeholder pension scheme. Contributions to such a scheme are charged to the profit and loss account when incurred.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred. Upon completion of a formal launch plan, development costs on the project are capitalised within plant and machinery and depreciated on the basis set out above.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Stocks held on consignment are those where the risks and rewards are not passed on to the company. These stocks are not included in the balance sheet and are expensed in the profit and loss account in the period in which they are consumed.

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Deferred tax

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 will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and 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 rolled into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted 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.

Turnover

Turnover represents the amounts derived from the provision of goods and services to customers, excluding value added tax and trade discounts.

Related parties

The company has taken advantage of the exemption under Financial Reporting Standard 8 from the requirement to disclose transactions with Addis group companies.

2. Turnover

Turnover arises solely from the principal activities of the company.

The company has not disclosed an analysis of turnover by market as the directors consider that this will be seriously prejudicial to the company.

3. Cost of sales and operating expenses

	<i>Continuing operations</i>	<i>Discontinued operations</i>	<i>2005 Total</i>	<i>Continuing operations</i>	<i>Discontinued operations</i>	<i>2004 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost of sales	12,447	-	12,447	15,608	279	15,887
Distribution costs	3,932	-	3,932	5,127	41	5,168
Administration expenses	1,095	-	1,095	1,492	21	1,513

Notes to the financial statements

at 31 December 2005

4. Operating loss

The operating loss is stated after charging/(crediting):

	2005 £000	2004 £000
Auditors' remuneration:		
Audit	17	39
Non-audit services	3	15
Depreciation of tangible fixed assets:		
Owned	417	781
Under finance lease	26	108
Redundancy costs	305	437
Amount payable under operating leases in respect of:		
Plant and machinery	170	212
Government grants	(29)	(25)

5. Profit on disposal of fixed assets

	<i>Continuing operations</i> £000	<i>Discontinued operations</i> £000	2005 <i>Total</i> £000	2004 <i>Total</i> £000
Profit on disposal of fixed assets	167	-	167	1,574

The exceptional profit of £167,000 arises from the disposal machinery and equipment as well as £84,000 from 'retention' of £200,000 contingent consideration in relation to a CADW listed building which formed part of the company's former site, sold in 2004. These monies were accrued as part of the CADW listed building was approved for demolition during 2006.

There is no tax effect in the profit and loss account relating to these exceptional non-operating items due to the availability of current year tax losses.

Notes to the financial statements

at 31 December 2005

6. Interest payable and similar charges

	2005 £000	2004 £000
On finance lease agreements	1	4
Pensions finance costs	100	100
Bank interest	4	-
	<u>105</u>	<u>104</u>

7. Staff numbers and costs

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

	<i>Number of employees</i>	
	2005	2004
Manufacturing	64	105
Distribution	55	66
Administration	7	12
	<u>126</u>	<u>183</u>

The aggregate payroll costs in respect of the above was as follows:

	2005 £000	<i>Restated</i> 2004 £000
Wages and salaries	2,949	4,277
Redundancy costs	305	437
Social security costs	292	421
Pension costs	-	100
	<u>3,546</u>	<u>5,235</u>

Notes to the financial statements

at 31 December 2005

9. Taxation (continued)

b) Factors affecting the current tax credit for the year

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2004: 30%)

The differences are explained below:

	2005 £000	Restated 2004 £000
Profit/(loss) on ordinary activities before tax	294	(605)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	88	(182)
Effect of:		
Disallowed expenses and non taxable income	4	23
Capital allowance/depreciation timing difference	(26)	860
Other timing differences	(25)	(210)
Pension contribution FRS 17	(82)	(58)
Adjustments in respect of prior periods	-	5
Unrelieved tax losses	66	435
Capital gains (indexation relief)	(25)	(914)
	-	(41)

c) Factors that may affect future tax charges

There is an unrecognised deferred tax asset of £3,759,000 (2004 - £3,701,000) that consists of tax trading losses in the main Addis Houseware's trade of £3,619,000 (2004 - £3,083,000), tax losses in the Emsa trade of £211,000 (2004 - £211,000) and the pension liability of £7,228,000 (2004: £7,400,000). The related deferred tax asset has not been recognised as the directors consider that the recognition criteria as set out in FRS 19 have not been met.

The movement on the deferred tax account is as follows:

	2005 £000	2004 £000
Deferred tax (asset)/liability:		
At 1 January	-	(78)
Charge/(credit) for the year	-	78
At 31 December	-	-

Notes to the financial statements

at 31 December 2005

10. Tangible fixed assets

	<i>Plant and machinery</i> £000	<i>Motor vehicles</i> £000	<i>Fixtures and fittings</i> £000	<i>Construction in progress</i> £000	<i>Total</i> £000
Cost:					
At 1 January 2005	5,651	161	395	-	6,208
Additions	-	-	-	74	74
Transfer	1	-	27	(28)	-
Disposals	(334)	(14)	-	-	(348)
At 31 December 2005	5,319	147	422	46	5,934
Depreciation:					
At 1 January 2005	4,689	88	307	-	5,084
Charge for year	347	36	60	-	443
On disposals	(333)	(11)	-	-	(344)
At 31 December 2005	4,703	113	367	-	5,183
Net book value:					
At 31 December 2005	616	34	55	46	751
At 1 January 2005 as restated	962	73	88	-	1,123

The total net book value above includes £17,000 (2004: £46,000) in respect of plant and machinery and motor vehicles acquired under finance leases.

A prior year adjustment has been made to fixed assets to reduce the cost brought forward by £17,095,000 and the depreciation brought forward by £17,095,000. The effect of this adjustment on the profit and loss was nil. This adjustment is as a result of impairment in fixed assets identified during the company's relocation to Bridgend in 2006.

11. Stocks

	<i>2005</i> £000	<i>2004</i> £000
Raw materials and consumables	348	238
Work in progress	84	92
Finished goods and goods for resale	1,204	1,398
	1,636	1,728

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

Notes to the financial statements

at 31 December 2005

12. Debtors

	2005 £000	Restated 2004 £000
Trade debtors	2,866	2,344
Amounts owed by group undertakings	4,766	-
Corporation tax	62	30
Group relief receivable	-	41
Other debtors	121	83
Prepayments and accrued income	87	84
	<u>7,902</u>	<u>2,582</u>

13. Creditors: amounts falling due within one year

	2005 £000	Restated 2004 £000
Bank loans and overdrafts	628	-
Trade creditors	1,938	2,745
Amounts owed to group and related undertakings	2,987	3,892
Other taxes and social security	434	385
Other creditors	14	17
Accruals	1,618	1,841
Obligations under finance leases and hire purchase contracts (note 14)	1	27
Deferred government grants	-	16
	<u>7,620</u>	<u>8,923</u>

Notes to the financial statements

at 31 December 2005

14. Creditors: amounts falling due after more than one year

	2005 £000	2004 £000
Obligations under finance leases and hire purchase contracts	-	3
Deferred government grants	-	19
	<u>-</u>	<u>22</u>

Obligations under finance leases and hire purchase contracts are repayable as follows:

	2005 £000	2004 £000
Within one year (note 13)	1	27
Within one to two years	-	3
	<u>1</u>	<u>30</u>

15. Called up share capital

	2005 £000	2004 £000
Authorised, allotted, called up and fully paid: 6,000,000 Ordinary shares of £1 each	6,000	6,000

16. Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2004 as previously stated	6,000	(1,895)	4,105
Loss for the year	-	(642)	(642)
Actuarial losses on defined benefit pension scheme	-	(100)	(100)
Prior year adjustment FRS 17	-	(8,119)	(8,119)
At 1 January 2005	6,000	(10,756)	(4,756)
Profit for the year	-	294	294
Actuarial losses on defined benefit pension scheme	-	(400)	(400)
At 31 December 2005	<u>6,000</u>	<u>(10,862)</u>	<u>(4,862)</u>

Notes to the financial statements

at 31 December 2005

17. Commitments

Annual commitments under non-cancellable operating leases for plant and machinery are as follows:

	<i>Land and buildings</i>		<i>Plant and machinery</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£00</i>
Operating leases which expire:				
Within one year	200	162	1	12
In the second to fifth years inclusive	-	-	136	146
	<u>200</u>	<u>162</u>	<u>137</u>	<u>158</u>

18. Provisions for liabilities and charges

	<i>2005</i>
	<i>£000</i>
Provision for restructuring:	
Movement for the year	305
	<u>305</u>

The provision represents redundancy costs relating to the relocation of the company to new premises in Bridgend. The provision for redundancy costs reflected announced restructuring plans. All of these costs are expected to be spent in 2006.

Notes to the financial statements

at 31 December 2005

19. Pension scheme

The Company contributed £65,000 per month into the scheme from 31 December 2004 to 30 June 2005, and £47,000 per month from 1 July 2005.

The latest actuarial valuation of the Addis Housewares Limited Pension Scheme took place on 31 March 2005. The principal assumptions used by the independent qualified actuary in updating the valuation for FRS 17 purposes were:

Main financial assumptions

	31 December 2005 (% p.a.)	31 December 2004 (% p.a.)
Inflation	2.9	2.8
Rate of increase to pensions in payment	3.0 and 3.6	3.0 and 3.6
Discount rate for scheme liabilities	4.8	5.3

The Scheme's net pension liabilities and expected rate of return on its investments at 31 December 2005 and 31 December 2004 were analysed as follows:

	Long term rate of return expected at 31 December 2005 (% p.a.)	Value at 31 December 2005 £M	Long term rate of return expected at 31 December 2004 (% p.a.)	Value at 31 December 2004 £M
Equities	7.5	16.4	7.5	13.0
Bonds	4.0	1.4	4.8	1.4
Other	4.0	0.5	5.0	0.6
Total market value of assets/ average return	7.1	18.3	7.2	15.0
Present value of scheme liabilities		25.5		22.4
Surplus (deficit) in scheme		(7.2)		(7.4)

Analysis of amount charged to operating profits:

	2005 £M	2004 £M
Current service cost	-	0.1
Past service costs	-	-
Curtailments/settlements	-	-
Total operating charges	-	0.1

Notes to the financial statements

at 31 December 2005

19. Pension scheme (continued)

Analysis of amount charged to other finance charges:

	2005 £M	2004 £M
Expected return on pension scheme assets	1.1	1.0
Interest on pension scheme liabilities	(1.2)	(1.1)
Net expense	(0.1)	(0.1)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	2005 £M	2004 £M
Actual return less expected return on pension scheme assets	2.4	0.3
Experience gains and losses arising on the scheme liabilities	(0.4)	-
Changes in assumptions underlying the present value of the scheme liabilities	(2.4)	(0.4)
Actuarial loss recognised in STRGL	(0.4)	(0.1)

Analysis of movement in deficit during the year:

	2005 £M	2004 £M
Deficit in scheme at the beginning of the year	(7.4)	(7.9)
Current service cost	-	(0.1)
Contributions	0.7	0.8
Other finance expense	(0.1)	(0.1)
Actuarial loss	(0.4)	(0.1)
Deficit in scheme at the end of the year	(7.2)	(7.4)

Notes to the financial statements

at 31 December 2005

19. Related party transactions

During the year, the company purchased goods in the normal course of business from Emsa Holding GmbH, for £1,404,000 (2004: £1,000,000). In addition, the company sold goods to Emsa Holding GmbH in the normal course of business for £120,000 (2004: £84,000). All transactions were undertaken at normal market prices. The company have also provided for a management charge from Emsa Holding GmbH for services relating to previous periods of £240,000. At the balance sheet date, the amount due to Emsa Holding GmbH was £232,000 (2004 - £536,000). Emsa Holding GmbH owns a 24.9% interest in Addis Group Limited and is itself controlled by Herr Wulf together with his family interests.

20. Ultimate parent company and controlling party

In the opinion of the directors the ultimate controlling party is Herr Wulf, who together with his family interests, holds a 75.1% controlling interest in the company's immediate parent undertaking, Addis Group Limited.

The smallest and largest groups into which the results of the company are consolidated are Addis Group Limited. Copies of the group financial statements which include the company are available from Addis Group Limited, Zone 3 Waterton Point, Brocastle Avenue, Waterton Industrial Estate, Bridgend, CF31 3US.