

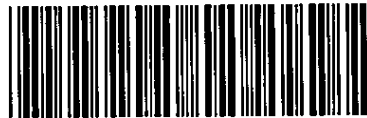
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Addis Housewares Limited

Report and Financial Statements

31 December 2006

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COMPANIES HOUSE

Addis Housewares Limited

Registered No 2881663

Directors

R J Tucker
W Jones
M Lee-Smith

Secretary

R J Tucker

Auditors

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

Bankers

Halifax Bank of Scotland
New Ubertor 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

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

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

The year has seen the business complete its relocation from Swansea to a new distribution centre and offices in Bridgend, South Wales

At the same time operations have been restructured to enable Addis to be very competitive for the future. The subcontract of part of our manufacturing locally in South Wales has put Addis in good shape to concentrate efforts and resources on trading in its UK markets

With Martyn Lee-Smith joining the team as Managing Director in April 2007, efforts and resources have been refocused on product and new business development. It is pleasing to report following our successful finance and operational restructuring of recent years, our year on year sales decline is being halted by the new initiatives of 2007

Dividends and transfers to reserves

The directors do not propose the payment of a dividend for the year (2005 £nil). The loss for the year of £798,000 (2005 profit £294,000) was transferred to reserves

Directors' and their interests

The directors who held office during the year were as follows

F Schepers (resigned 30 03 07)

R Tucker

W Jones (appointed 08 05 06)

P Silk (appointed 08 05 06 - resigned 23 03 07)

J Barrell (appointed 08 05 07 - resigned 31 12 06)

M Lee-Smith (appointed 01 04 07)

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.

Directors' report

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 25/10/2007

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 2006 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

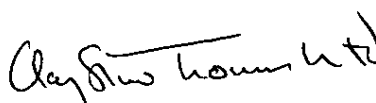
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 and of the group as at 31 December 2006 and of the profit of the group for the year then ended, have been properly prepared in accordance with the Companies Act 1985, and the information given on the directors' report is consistent with the financial statements.

Ty Atebion
Bocam Park
Bridgend
CF35 5LJ
Date 25/10/2007


CLAY SHAW THOMAS LIMITED
Chartered Accountants &

Profit and loss account

for the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Turnover	2	16,880	17,597
Cost of sales		(12,821)	(12,447)
Gross profit		4,059	5,150
Distribution costs		(3,944)	(3,932)
Administration expenses		(1,095)	(1,095)
Operating (loss)/profit	3	(980)	123
Profit on disposal of fixed assets	4	172	167
Interest receivable and similar income	5	84	109
Interest payable and similar charges	6	(74)	(105)
(Loss)/ Profit on ordinary activities before taxation		(798)	294
Tax on profit/(loss) on ordinary activities	9	-	-
(Loss) /Profit for the year	16	(798)	294

Statement of total recognised gains and losses

for the year ended 31 December 2006

	2006 £000	2005 £000
(Loss)/profit for the financial year being total recognised gains and losses relating to the year	(798)	294
Actuarial gain (loss) on defined benefit pension scheme	1,500	(400)
	702	(106)

Balance sheet

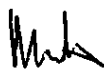
at 31 December 2006

	Notes	2006 £000	2005 £000
Fixed assets			
Tangible assets	10	573	751
Current assets			
Stocks	11	1,193	1,636
Debtors	12	7,300	7,902
Cash at bank and in hand		2	2
		<u>8,495</u>	<u>9,540</u>
Creditors amounts falling due within one year	13	(8,002)	(7,620)
Net current assets		<u>493</u>	<u>1,920</u>
Total assets less current liabilities		<u>1,066</u>	<u>2,671</u>
Creditors amounts falling due after more than one year	14	(77)	-
Provisions for liabilities and charges	18	-	(305)
Net assets excluding pension liability		<u>989</u>	<u>2,366</u>
Pension liability	19	(5,149)	(7,228)
Net assets including pension liability		<u>(4,160)</u>	<u>(4,862)</u>
Capital and reserves			
Called up share capital	15	6,000	6,000
Profit and loss account	16	(10,160)	(10,862)
Equity shareholders' funds	16	<u>(4,160)</u>	<u>(4,862)</u>

These financial statements were approved by the board of directors on 25/10/2007 and were signed on its behalf by



Director



Director

Notes to the financial statements

at 31 December 2006

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

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

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

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 2006

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 2006

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

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

Notes to the financial statements

at 31 December 2006

3. Operating loss

The operating loss is stated after charging/(crediting)

	2006 £000	2005 £000
Auditors' remuneration		
Audit	17	17
Non-audit services	3	3
Depreciation of tangible fixed assets		
Owned	341	417
Under finance lease	24	26
Redundancy costs	-	305
Amount payable under operating leases in respect of		
Plant and machinery	206	170
Government grants	-	(29)
	<u> </u>	<u> </u>

4. Profit on disposal of fixed assets

	2006 Total £000	2005 Total £000
Profit on disposal of fixed assets	172	167
	<u> </u>	<u> </u>

The exceptional profit of £172,000 arises from the disposal of machinery and equipment

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

5. Interest receivable and similar income

	2006 £000	2005 £000
Pensions finance return	80	-
Bank interest	4	109
	<u>84</u>	<u>109</u>

6. Interest payable and similar charges

	2006 £000	2005 £000
On finance lease agreements	3	1
Pensions finance costs	-	100
Bank interest	71	4
	<u>74</u>	<u>105</u>

Notes to the financial statements

at 31 December 2006

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>	
	<i>2006</i>	<i>2005</i>
Manufacturing	49	64
Distribution	46	55
Administration	6	7
	<u>101</u>	<u>126</u>

The aggregate payroll costs in respect of the above were as follows

	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	2,645	2,949
Redundancy costs	-	305
Social security costs	254	292
	<u>2,899</u>	<u>3,546</u>

8. Remuneration of directors

	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Directors' emoluments	<u>251</u>	<u>71</u>

Notes to the financial statements

at 31 December 2006

9. Taxation

a) There was no corporation tax payable in this or the previous period due to the availability of trading losses

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% (2005 30%)

The differences are explained below

	2006 £000	2005 £000
Profit/(loss) on ordinary activities before tax	(798)	294
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2005 30%)	(239)	88
Effect of		
Disallowed expenses and non taxable income	-	4
Capital allowance/depreciation timing difference	50	(26)
Other timing differences	-	(25)
Pension contribution FRS 17	(156)	(82)
Group relief surrendered	160	-
Unrelieved tax losses	185	66
Capital gains (indexation relief)	-	(25)
	-	-

c) Factors that may affect future tax charges

There is an unrecognised deferred tax asset of £3,150,000 (2005 - £3,759,000) that consists of tax trading losses in the main Addis Houseware's trade of £3,852,000 (2005 - £3,619,000), tax losses in the Emsa trade of £211,000 (2005 - £211,000) and the pension liability of £5,100,000 (2005 £7,228,000) 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

Notes to the financial statements

at 31 December 2006

10. Tangible fixed assets

	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures and fittings £000</i>	<i>Construction in progress £000</i>	<i>Total £000</i>
Cost					
At 1 January 2006	5,319	147	422	46	5,934
Additions	-	-	-	302	302
Transfer	170	-	178	(348)	-
Disposals	(349)	-	-	-	(349)
At 31 December 2006	5,140	147	600	-	5,887
Depreciation					
At 1 January 2006	4,703	113	367	-	5,183
Charge for year	295	27	43	-	365
On disposals	(234)	-	-	-	(234)
At 31 December 2006	4,764	140	410	-	5,314
Net book value					
At 31 December 2006	376	7	190	-	573
At 31 December 2005	616	34	55	46	751

The total net book value above includes £139,000 (2005 17,000) in respect of plant and machinery and motor vehicles acquired under finance leases

11. Stocks

	<i>2006 £000</i>	<i>2005 £000</i>
Raw materials and consumables	141	348
Work in progress	59	84
Finished goods and goods for resale	993	1,204
	1,193	1,636

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 2006

12. Debtors

	2006 £000	2005 £000
Trade debtors	2,879	2,866
Amounts owed by group undertakings	4,261	4,766
Corporation tax	62	62
Group relief receivable		-
Other debtors	33	121
Prepayments and accrued income	65	87
	<u>7,300</u>	<u>7,902</u>

13. Creditors: amounts falling due within one year

	2006 £000	2005 £000
Bank loans and overdrafts	1,045	628
Trade creditors	1,809	1,938
Amounts owed to group and related undertakings	2,962	2,987
Other taxes and social security	454	434
Other creditors	14	14
Accruals	1,676	1,618
Obligations under finance leases and hire purchase contracts (note 14)	42	1
	<u>8,002</u>	<u>7,620</u>

Bank loans and overdrafts are secured by fixed and floating charges over the assets of the company

Notes to the financial statements

at 31 December 2006

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

	2006 £000	2005 £000
Obligations under finance leases and hire purchase contracts	77	-

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

	2006 £000	2005 £000
Within one year (note 13)	42	1
Within two to five years	77	-
	119	1

15. Called up share capital

	2006 £000	2005 £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 2005	6,000	(10,756)	(4,756)
Profit for the year	-	294	294
Actuarial losses on defined benefit pension scheme	-	(400)	(400)
At 1 January 2006	6,000	(10,862)	(4,862)
Loss for the year	-	(798)	(798)
Actuarial gains on defined benefit pension scheme	-	1,500	1,500
At 31 December 2006	6,000	(10,160)	(4,160)

Notes to the financial statements

at 31 December 2006

17. Commitments

Annual commitments under non-cancellable operating leases are as follows

	<i>Land and buildings</i>		<i>Plant and machinery</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£00</i>
Operating leases which expire				
Within one year	-	200	-	1
In the second to fifth years inclusive	220	-	22	136
After 5 years	-	-	99	-
	<u>220</u>	<u>200</u>	<u>121</u>	<u>137</u>

18. Provisions for liabilities and charges

	<i>2006</i>
	<i>£000</i>
Provision for restructuring	
At 1 January 2006	305
Movement for the year	(305)
At 31 December 2006	<u>-</u>

The provision represented 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 were spent in 2006.

Notes to the financial statements

at 31 December 2006

19. Pension scheme

The Company contributed £47,000 per month into the scheme from 31 December 2005 to 31 January 2006, and £36,000 per month from 1 February 2006. In addition the company paid in contributions to cover the PPF levy.

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 2006	31 December 2005
	(% p a)	(% p a)
Inflation	3.1	2.9
Rate of increase to pensions in payment	3.0 and 3.6	3.0 and 3.6
Discount rate for scheme liabilities	5.25	4.8

The Scheme's net pension liabilities and expected rate of return on its investments at 31 December 2006 and 31 December 2005 were analysed as follows:

	Long term rate of return expected at 31 December 2006 (% p a)	Value at 31 December 2006 £M	Long term rate of return expected at 31 December 2005 (% p a)	Value at 31 December 2005 £M
Equities	7.5	18.0	7.5	16.4
Bonds	4.8	1.2	4.0	1.4
Other	4.0	0.7	4.0	0.5
Total market value of assets/ average return	7.1	19.9	7.2	18.3
Present value of scheme liabilities		25.0		25.5
Surplus (deficit) in scheme		(5.1)		(7.2)

Analysis of amount charged to operating profits

	2006 £M	2005 £M
Current service cost	-	-
Past service costs	-	-
Curtailments/settlements	-	-
Total operating charges	-	-

Notes to the financial statements

at 31 December 2006

19. Pension scheme (continued)

Analysis of amount credited/(charged) to other finance income/ (charges)

	2006 £M	2005 £M
Expected return on pension scheme assets	1 3	1 1
Interest on pension scheme liabilities	(1 2)	(1 2)
Net return/(expense)	0 1	(0 1)

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

	2006 £M	2005 £M
Actual return less expected return on pension scheme assets	0 9	2 4
Experience gains and losses arising on the scheme liabilities	-	(0 4)
Changes in assumptions underlying the present value of the scheme liabilities	0 6	(2 4)
Actuarial loss recognised in STRGL	1 5	(0 4)

Analysis of movement in deficit during the year

	2006 £M	2005 £M
Deficit in scheme at the beginning of the year	(7 2)	(7 4)
Current service cost	-	-
Contributions	0 5	0 7
Other finance income/(expense)	0 1	(0 1)
Actuarial gain /(loss)	1 5	(0 4)
Deficit in scheme at the end of the year	(5 1)	(7 2)

Notes to the financial statements

at 31 December 2006

20. Related party transactions

During the year, the company purchased goods in the normal course of business from Emsa Holding GmbH, for £1,220,926 (2005 £1,404,000). In addition, the company sold goods to Emsa Holding GmbH in the normal course of business for £152,532 (2005 £120,000). All transactions were undertaken at normal market prices. In 2005 the company 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 £216,000 (2005 - £232,000). Emsa Holding GmbH owns a 24.9% interest in Addis Group Limited and is itself controlled by Herr Wulf together with his family interests.

21. 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.