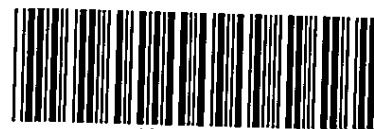


Addis Housewares Limited

Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

Addis Housewares Limited

Registered No 2881663

Directors

R J Tucker
W Jones
M Lee-Smith
M Godfrey

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 Ubertior 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 2007

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 5 and 6

The year was the first full year for the company following the relocation of its operation to Bridgend. The operation was improved substantially during the year, resulting in a reduction in stock levels and an improvement in service levels to greater than 99%. A reduction in complexity, improvement in quality of sales and new product introductions has resulted in an improvement in the gross margin and hence a profitable year.

Dividends and transfers to reserves

The directors do not propose the payment of a dividend for the year (2006 £nil). The profit for the year of £348,000 (2006 £798,000 loss) was transferred to reserves.

Directors' and their interests

The directors who held office during the year were as follows

R Tucker
W Jones
P Silk (resigned 23 03 07)
M Lee-Smith (appointed 01 04 07)
M Godfrey (appointed 02 01 07)
T Seviour (appointed 26 02 08)
R Cash (appointed 26 02 08)
S Grainger (appointed 26 02 08)

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.

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.



Mr R Tucker - Secretary

Date 13/3/08

Directors report

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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Clay Shaw Thomas Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Independent auditors' report

to the members of Addis Housewares Limited

We have audited the financial statements of Addis Housewares Limited for the year ended 31 December 2007 on pages 5 to 17, which have been prepared on the basis of the accounting policies set out on pages 7 to 9

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

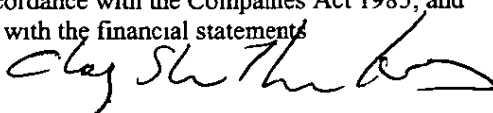
OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.

Ty Atebion
Bocam Park
Bridgend
CF35 5LJ


CLAY SHAW THOMAS LIMITED
Chartered Accountants &
Registered Auditors

Date 13/2/2008

Profit and loss account

for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Turnover	2	16,626	16,880
Cost of sales		(12,092)	(12,821)
Gross profit		4,534	4,059
Distribution costs		(3,236)	(3,944)
Administration expenses		(1,005)	(1,095)
Operating profit (loss)	3	293	(980)
Profit on disposal of fixed assets	4	25	172
Interest receivable and similar income	5	126	84
Interest payable and similar charges	6	(96)	(74)
Profit /(Loss) on ordinary activities before taxation		348	(798)
Tax on profit/(loss) on ordinary activities	9	-	-
Profit / (Loss) for the year	16	348	(798)

Statement of total recognised gains and losses

for the year ended 31 December 2007

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Profit / (loss) for the financial year being total recognised gains and losses relating to the year	348	(798)
Actuarial gain on defined benefit pension scheme	290	1,500
	638	702

Balance sheet

at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	10	318	573
Current assets			
Stocks	11	1,046	1,193
Debtors	12	7,266	7,300
Cash at bank and in hand		85	2
		<u>8,397</u>	<u>8,495</u>
Creditors amounts falling due within one year	13	(7,787)	(8,002)
Net current assets		<u>610</u>	<u>493</u>
Total assets less current liabilities		<u>928</u>	<u>1,066</u>
Creditors amounts falling due after more than one year	14	(33)	(77)
Net assets excluding pension liability		<u>895</u>	<u>989</u>
Pension liability	18	(4,417)	(5,149)
Net assets including pension liability		<u>(3,522)</u>	<u>(4,160)</u>
Capital and reserves			
Called up share capital	15	6,000	6,000
Profit and loss account	16	(9,522)	(10,160)
Equity shareholders' funds	16	<u>(3,522)</u>	<u>(4,160)</u>

These financial statements were approved by the board of directors on 13/3/2007 and were signed on its behalf by



Mr M Lee-Smith – Managing Director



Mr R Tucker – Director

Notes to the financial statements

at 31 December 2007

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.

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.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

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 difference between the market value of the assets of the scheme and the present value of its liabilities is shown as an asset or liability on the company's balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses, along with the differences which arise from experience or assumption changes.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions to the 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.

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.

Notes to the financial statements

at 31 December 2007

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. Operating profit/(loss)

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

	2007 £000	2006 £000
Auditors' remuneration		
Audit	17	17
Non-audit services	6	3
Depreciation of tangible fixed assets		
Owned	256	341
Under finance lease	15	24
Redundancy costs	78	-
Amount payable under operating leases in respect of Plant and machinery	210	206

4. Profit on disposal of fixed assets

	2007 Total £000	2006 Total £000
Profit on disposal of fixed assets	25	172

The exceptional profit of £25,000 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

	2007 £000	2006 £000
Pensions finance return	124	80
Bank interest	2	4
	126	84

Notes to the financial statements

at 31 December 2007

6. Interest payable and similar charges

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
On finance lease agreements	7	3
Bank interest	89	71
	<u>96</u>	<u>74</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>	
	<i>2007</i>	<i>2006</i>
Manufacturing	19	49
Distribution	45	46
Administration	6	6
	<u>70</u>	<u>101</u>

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

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	2,044	2,645
Social security costs	189	254
	<u>2,233</u>	<u>2,899</u>

8. Remuneration of directors

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Directors' emoluments	<u>266</u>	<u>251</u>

Notes to the financial statements

at 31 December 2007

9. Taxation

a) There was no Corporation Tax payable in this or the prior period due to the availability of previous year's trading losses

b) Factors affecting the current tax credit for the year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2006 30%)

The differences are explained below

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before tax	348	(798)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2006 30%)	97	(239)
Effect of		
Capital allowance/depreciation timing difference	(85)	50
Other timing differences	(7)	-
Pension contribution FRS 17	(107)	(156)
Group relief surrendered		160
Unrelieved tax losses	102	185
Total current tax	-	-

c) Factors that may affect future tax charges

There is an unrecognised deferred tax asset of £2,755,000 (2006 - £3,150,000) that consists of tax trading losses in the main Addis Houseware's trade of £4,092,000 (2006 - £3,852,000), tax losses in the Emsa trade of £211,000 (2006 - £211,000) and the pension liability of £4,400,000 (2006 £5,100,000). 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 2007

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 2007	5,140	147	600	-	5,887
Additions	-	-	-	16	16
Transfer	9	-	7	(16)	-
Disposals	-	(141)	-	-	(141)
At 31 December 2007	5,149	6	607	-	5,762
Depreciation					
At 1 January 2007	4,764	140	410	-	5,314
Charge for year	231	6	34	-	271
On disposals	-	(141)	-	-	(141)
At 31 December 2007	4,995	5	444	-	5,444
Net book value					
At 31 December 2007	154	1	163	-	318
At 31 December 2006	376	7	190	-	573

The total net book value above includes £124,000 (2006 £139,000) in respect of plant and machinery acquired under finance leases

11 Stocks

	<i>2007 £000</i>	<i>2006 £000</i>
Raw materials and consumables	101	141
Work in progress	43	59
Finished goods and goods for resale	902	993
	1,046	1,193

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 2007

12. Debtors

	2007	2006
	£000	£000
Trade debtors	2,819	2,879
Amounts owed by group undertakings	4,286	4,261
Corporation tax	62	62
Other debtors	55	33
Prepayments and accrued income	44	65
	<u>7,266</u>	<u>7,300</u>

13. Creditors: amounts falling due within one year

	2007	2006
	£000	£000
Bank loans and overdrafts	955	1,045
Trade creditors	1,733	1,809
Amounts owed to group and related undertakings	2,826	2,962
Other taxes and social security	430	454
Other creditors	11	14
Accruals	1,787	1,676
Obligations under finance leases and hire purchase contracts (note 14)	45	42
	<u>7,787</u>	<u>8,002</u>

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

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

	2007	2006
	£000	£000
Obligations under finance leases and hire purchase contracts	<u>33</u>	<u>77</u>

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

	2007	2006
	£000	£000
Within one year (note 13)	45	42
Within two to five years	33	77
	<u>78</u>	<u>119</u>

Notes to the financial statements

at 31 December 2007

15. Called up share capital

	2007 £000	2006 £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 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 1 January 2007	6,000	(10,160)	(4,160)
Profit for the year	-	348	348
Actuarial gains on defined benefit pension scheme	-	290	290
At 31 December 2007	6,000	(9,522)	(3,522)

17. Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Plant and machinery	
	2007 £000	2006 £000	2007 £000	2006 £000
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	220	220	159	121
After 5 years	-	-	-	-
	220	220	159	121

Notes to the financial statements

at 31 December 2007

18. Pension scheme

The Company contributed £36,000 per month into the scheme from 31 December 2006 to 31 August 2007, and an additional £6,000 in October 2007. In addition the company paid in contributions to cover the remainder of the PPF levy for the 2006/07 tax year of £24,000. The PPF levy for the 2007/08 tax year was paid directly by the Scheme.

The latest actuarial valuation of the Addis Housewares Limited Pension Scheme took place on 31 March 2007. The principal assumptions used by the independent qualified actuary in updating the valuation for FRS 17 purposes were:

Main financial assumptions

	31 December 2007 (% p a)	31 December 2006 (% p a)
Inflation	3.4	3.1
Rate of increase to pensions in payment	3.0 and 3.6	3.0 and 3.6
Discount rate for scheme liabilities	5.70	5.25

The Scheme's net pension liabilities and expected rate of return on its investments at 31 December 2007 and 31 December 2006 were analysed as follows:

	Long term rate of return expected at 31 December 2007 (% p a)	Value at 31 December 2007 £M	Long term rate of return expected at 31 December 2006 (% p a)	Value at 31 December 2006 £M
Equities	7.5	18.5	7.5	18.0
Bonds	5.0	2.0	4.8	1.2
Other	4.5	0.7	4.0	0.7
Total market value of assets/ average return	7.2	21.2	7.1	19.9
Present value of scheme liabilities		25.6		25.0
Surplus (deficit) in scheme		(4.4)		(5.1)

Notes to the financial statements

at 31 December 2007

18 Pension scheme (continued)

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

	2007 £M	2006 £M
Expected return on pension scheme assets	1 4	1 3
Interest on pension scheme liabilities	(1 3)	(1 2)
Net return	0 1	0 1

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

	2007 £M	2006 £M
Actual return less expected return on pension scheme assets	0 3	0 9
Experience gains and losses arising on the scheme liabilities	0 6	-
Changes in assumptions underlying the present value of the scheme liabilities	(0 6)	0 6
Actuarial loss recognised in STRGL	0 3	1 5

Analysis of movement in deficit during the year

	2007 £M	2006 £M
Deficit in scheme at the beginning of the year	(5 1)	(7 2)
Current service cost	-	-
Contributions	0 3	0 5
Other finance income	0 1	0 1
Actuarial gain/(loss)	0 3	1 5
Deficit in scheme at the end of the year	(4 4)	(5 1)

Notes to the financial statements

at 31 December 2007

19. Related party transactions

During the year, the company purchased goods in the normal course of business from Emsa Holding GmbH, for £1,565,813 (2006 £1,220,926). In addition, the company sold goods to Emsa Holding GmbH in the normal course of business for £31,252 (2006 £152,532). All transactions were undertaken at normal market prices. At the balance sheet date, the amount due to Emsa Holding GmbH was £79,000 (2006 - £216,000). 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.