

Antalis Group

Directors' Report and Audited Financial Statements
for the Year Ended 31 December 2012

Registration number: 157418

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Antalis Group

Contents

Company Information	1
Directors' Report	2 to 3
Independent Auditor's Report	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 to 15

Antalis Group

Company Information

Directors D Hunter
 A P D Gourjon
 X G U Roy Contancin
 S G McCue

Company secretary Abogado Nominees Limited

Registered office 100 New Bridge Street
 London
 EC4V 6JA

Auditors PricewaterhouseCoopers LLP
 Chartered Accountant and Statutory Auditor
 1 Embankment Place
 London
 WC2N 6RH

Antalis Group

Directors' Report for the Year Ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company is that of an investment holding company holding shares in subsidiary undertakings, situated in the United Kingdom and overseas, which are principally engaged in the sale of paper and paper products

Review of business and future developments

The company's activities have remained unchanged all year and the directors do not foresee any alteration to its activities as an investment holding company in the foreseeable future

Key performance indicators ("KPI's")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis by using KPIs is not necessary for an understanding of the development, performance and position of the business

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to the following risks

All borrowings are through a group treasury department, based in Paris, which operates a base rate plus system, so the company is exposed to interest rate volatility. The company operates in foreign currencies and is open to currency fluctuations

Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 6 to 15

The directors recommend a final dividend payment of £0 (2011 £0) be made in respect of the financial year ended 31 December 2012

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows

D Hunter (appointed 28 January 2012)

A P D Gourjon

X G U Roy Contancin

S G McCue

J H Arrowsmith - (resigned 8 April 2013)

F J M Bernet - (resigned 8 April 2013)

Antalis Group

Directors' Report for the Year Ended 31 December 2012

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Directors' liabilities

As permitted by the Articles of Association, the directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and the directors.

Directors' responsibility statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 30 August 2013 and signed on its behalf by



S G McCue
Director

Independent Auditors' Report to the Members of Antalis Group

We have audited the financial statements of Antalis Group for the year ended 31 December 2012, which comprise the Profit and Loss account, the Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

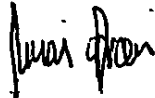
**Independent Auditors' Report to the Members of
Antalis Group**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountant and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

30 August 2013

Antalis Group

Profit and Loss Account for the Year Ended 31 December 2012

	Note	2012 £ 000	2011 £ 000
Administrative expenses		8	(252)
Other operating income		142	139
Operating profit/(loss)	2	150	(113)
Income from shares in group undertakings		-	12
Other interest receivable and similar income	4	114	108
Amounts written off investments	7	(577)	-
Interest payable and similar charges	5	(131)	(100)
Loss on ordinary activities before taxation		(444)	(93)
Taxation	6	-	-
Loss for the financial year	11	(444)	(93)

Operating profit / (loss) derives wholly from continuing operations

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

Antalis Group

(Registration number: 157418)

Balance Sheet at 31 December 2012

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Investments	7	<u>127,463</u>	<u>84,496</u>
Current assets			
Debtors	8	9,761	9,756
Cash at bank and in hand		<u>117</u>	<u>38</u>
		9,878	9,794
Creditors Amounts falling due within one year	9	<u>(1,814)</u>	<u>(1,863)</u>
Net current assets		<u>8,064</u>	<u>7,931</u>
Total assets less current liabilities		<u>135,527</u>	<u>92,427</u>
Net assets		<u>135,527</u>	<u>92,427</u>
Capital and reserves			
Called up share capital	10	220,471	176,927
Share premium account	11	500	500
Profit and loss account	11	<u>(85,444)</u>	<u>(85,000)</u>
Total shareholders' funds	12	<u>135,527</u>	<u>92,427</u>

These financial statements on pages 6 to 15 were approved by the Board on 30 August 2013 and signed on its behalf by



S G McCue
Director

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

1 Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

The financial statements contain information about Antalis Group as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent Sequana SA (formerly Sequana Capital SA), a company registered in France, and is included in the consolidated financial statements of Sequana SA (formerly Sequana Capital SA), which are publicly available.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary company of a group headed by Antalis International SAS and is included in the consolidated financial statements of that company, which are publicly available (note 14). Consequently, the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Antalis International SAS.

Income from group companies

Income from group companies comprises dividends receivable on investments in other group companies, which are recognised as income once they are formally approved.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. Differences between the translated transactions and subsequent cash settlements are taken as gains or losses to the profit and loss account.

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Investments

Fixed asset investments are shown at cost less any provision for impairment. The carrying value of investments is reviewed on an annual basis and is shown at the lower of cost and net realisable value.

2 Operating profit / (loss)

Operating profit / (loss) on ordinary activities is stated after charging / (crediting)

	2012 £ 000	2011 £ 000
Auditors' remuneration - The audit of the company's annual accounts	3	3
Foreign currency (gains)/losses	(31)	17
Written off fixed asset investments	577	-

3 Particulars of employees

The directors are or were employees of other group companies and their emoluments and contributions to pension schemes on their behalf are paid by other group companies. Their services to the company are of a non executive nature and their remuneration, including pension benefits, is deemed to be wholly attributable to their services to other group companies. Accordingly, none of the directors received any remuneration for their services as a director of the company during the year (2011 none).

The company had no other employees during the year (2011 none).

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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4 Other interest receivable and similar income

	2012 £ 000	2011 £ 000
Interest receivable and similar income	<u>114</u>	<u>108</u>

5 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest on loans from group undertakings	<u>131</u>	<u>100</u>
	<u>131</u>	<u>100</u>

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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6 Taxation

Tax on loss on ordinary activities

	2012 £ 000	2011 £ 000
Current tax		
UK Corporation tax	-	-

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)

The differences are reconciled below

	2012 £ 000	2011 £ 000
Loss on ordinary activities before taxation	(444)	(93)
Corporation tax at standard rate	(109)	(25)
Capital allowances in excess of depreciation	-	(37)
Profit on write off of inter company creditor not taxable	(29)	-
Amounts written off investments not tax deductible	141	-
Dividend income not liable to UK corporation tax	(3)	(3)
Group relief surrendered for no consideration	-	65
Total current tax	-	-

Factors that may affect future tax charges

At 31 December 2012 the company has an unrecognised deferred tax asset relating to accelerated depreciation and losses carried forward. The recovery of this asset is dependent upon the continued operating profitability of the company. With the current level of uncertainty of operating conditions in the UK market, the timing of recovery is not sufficiently clear to justify recognition of this deferred tax asset. The amount not recognised in the year was £147,000 (31 December 2011 - £160,000).

The tax charge in the future is dependent upon the availability of losses from other group companies.

During the year, the UK Corporation tax rate changed to 24%, which was substantively enacted on 26 March 2012 and was effective from 1 April 2012. A reduction to 23% was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, and reductions to 21% from 1 April 2014 and 20% from 1 April 2015 were substantively enacted on 2 July 2013.

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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7 Investments

	2012 £ 000	2011 £ 000
Shares in group undertakings and participating interests	<u>127,463</u>	<u>84,496</u>
Shares in group undertakings and participating interests		
	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 January 2012	139,781	139,781
Additions	<u>43,544</u>	<u>43,544</u>
At 31 December 2012	<u>183,325</u>	<u>183,325</u>
Provision for impairment		
At 1 January 2012	55,285	55,285
Charge for the year	<u>577</u>	<u>577</u>
At 31 December 2012	<u>55,862</u>	<u>55,862</u>
Net book value		
At 31 December 2012	<u>127,463</u>	<u>127,463</u>
At 31 December 2011	<u>84,496</u>	<u>84,496</u>

The addition relates to an increase in share capital of £43,544,000 in Antalis Holdings Limited to fund various transactions. For further details see note 10

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Antalis Holdings Limited*	Ordinary shares	100%	Holding company

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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Antalis Overseas Holdings Limited*	Ordinary shares	100%	Holding company
Antalis SA Holdings Limited*	Ordinary Shares	100%	Holding company
Inversiones Antalis Holdings Limitada	Ordinary shares	12.89%	Holding company
Antalis Limited (formerly Antalis McNaughton Limited)	Ordinary Shares	100%	Paper Merchant
Antalis Botswana (Proprietary) Limited	Ordinary shares	100%	Paper Merchant

Inversiones Antalis Holdings Limitada is incorporated in Chile and Antalis Botswana (Proprietary) Limited is incorporated in Botswana

On 22 November 2012, the share capital of Antalis SA Holdings Limited was reduced via capital reduction to ZAR1 prior to the company applying to Companies House to be struck off. At this time, the investment held in the books of Antalis Group Limited was impaired to de-value the investment.

The directors believe the carrying value of the investments is supported by their underlying net assets.

8 Debtors

	2012 £ 000	2011 £ 000
Loans to group undertakings	9,701	9,715
Interest receivable from group undertakings	25	41
Amounts owed by group companies	35	-
	<u>9,761</u>	<u>9,756</u>

The loan is owed from Antalis International SAS. The loan is repayable on demand. The interest is calculated daily at LIBOR plus 0.5% (2011: LIBOR plus 0.5%).

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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9 Creditors Amounts falling due within one year

	2012 £ 000	2011 £ 000
Loans from group undertakings	1,780	1,729
Amounts owed to other group undertakings	-	134
Accruals	34	-
	<u>1,814</u>	<u>1,863</u>

The loan is due to Antalis Holdings Limited, a fellow group company, and is unsecured and repayable on demand. Interest is calculated daily at LIBOR plus 8.68% (2011 LIBOR plus 3.01%)

10 Called up share capital

Allotted, called up and fully paid shares

	2012		2011	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>220,471</u>	<u>220,471</u>	<u>176,927</u>	<u>176,927</u>

New shares allotted

During the year 5,000,000 ordinary having an aggregate nominal value of £5,000,000 were allotted for an aggregate consideration of £5,000,000. The shares were issued to fund the capital injection into Ambassador / Antalis Packaging Limited to fund the purchase of trade and assets on 2 January 2012.

During the year 8,544,000 ordinary having an aggregate nominal value of £8,544,000 were allotted for an aggregate consideration of £8,544,000. The shares were issued to fund the capital injection into gm2 Logistics Limited on 22 March 2012.

During the year 25,000,000 ordinary having an aggregate nominal value of £25,000,000 were allotted for an aggregate consideration of £25,000,000. The shares were issued to fund the acquisition of trade and assets from the James McNaughton Group Limited on 30 April 2012. The shares were issued on 23 July 2012.

During the year 5,000,000 ordinary having an aggregate nominal value of £5,000,000 were allotted for an aggregate consideration of £5,000,000. The shares were issued to fund the defined benefit pension payments the company will make on behalf of the wider group over the next three years. The shares were issued on 23 July 2012.

Antalis Group

Notes to the Financial Statements for the Year Ended 31 December 2012

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11 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2012	500	(85,000)	(84,500)
Loss for the year	-	(444)	(444)
At 31 December 2012	<u>500</u>	<u>(85,444)</u>	<u>(84,944)</u>

12 Reconciliation of movement in shareholders' funds

	2012 £ 000	2011 £ 000
Loss for the year	(444)	(93)
New share capital subscribed	<u>43,544</u>	-
Net addition/(reduction) to shareholders' funds	43,100	(93)
Opening shareholders' funds at 1 January	<u>92,427</u>	<u>92,520</u>
Closing shareholders' funds at 31 December	<u>135,527</u>	<u>92,427</u>

13 Contingent liabilities

The company has guaranteed a lease in favour of Antalis SNC for an amount of €223,000 (£181,000) (2011 €223,000 (£186,000)). The company is also the beneficiary of a counter guarantee for the above amounts from Antalis International SAS.

14 Control

The company is controlled by Antalis International SAS, a company registered in France. Sequana SA (formerly Sequana Capital S A), a Company registered in France, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. A copy of the consolidated financial statements of that company can be obtained from the Company Secretary at the following address:

19 Avenue Montaigne
75008 Paris