

**Antalis Group**  
Registered number 157418

**Annual report and financial statements  
for the year ended 31 December 2009**



# ANTALIS GROUP

## Annual report and financial statements for the year ended 31 December 2009

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## **Antalis Group**

### **Directors' report for the year ended 31 December 2009**

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#### **Registered number: 157418**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

#### **Principal activities**

The company is 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

#### **Results and dividends**

The audited financial statements for the year ended 31 December 2009 are set out on pages 6 to 14

The directors recommend that no final dividend (2008 £nil) be declared on the ordinary shares for the year ended 31 December 2009

The company's profit for the year is £4,203,000 (2008 £349,000)

#### **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

#### **Key performance indicators ("KPIs")**

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

#### **Directors**

The directors, who held office during the year and up to the date of signing the financial statements, are given below

J H Arrowsmith  
A P D Gourjon  
X G U Roy Contancin  
O G Bouillaud (resigned 24 July 2009)  
R Jackson (resigned 23 January 2009)  
A Harvey (appointed 23 January 2009)  
F J M Bernet (appointed 1 September 2009)  
S G McCue (appointed 1 September 2009)

**Directors' indemnity statement**

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' Responsibilities 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 then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**Statement of disclosure of information to auditors**

In the case of each director in office at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Antalis Group**

**Directors' report for the year ended 31 December 2009 (continued)**

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**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

On behalf of the board



S G McCue  
Director  
28 September 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTALIS GROUP**

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We have audited the financial statements of Antalis Group for the year ended 31 December 2009, which comprise the Profit and Loss Account, the Balance Sheet and the 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 auditors**

As explained in the Directors' Responsibilities Statement set out on page 2, 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 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.

### **Opinion on 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 2009 and of its profit 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 Companies Act 2006.

### **Opinion on other matter 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 (continued)

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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, or
- the directors were not entitled to prepare the directors report in accordance with the small company regime



Simon O'Brien (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28 September 2010

## Antalis Group

### Profit and loss account for the year ended 31 December 2009

		2009	2008
	Note	£'000	£'000
Administrative expenses	3	(251)	(126)
Other operating income	2	112	199
<b>Operating (loss)/profit</b>		<b>(139)</b>	<b>73</b>
Amounts written off investments	7	(932)	-
Income from shares in group undertakings		5,232	117
<b>Profit on ordinary activities before interest and taxation</b>		<b>4,161</b>	<b>190</b>
Net interest receivable	4	42	159
<b>Profit on ordinary activities before taxation</b>		<b>4,203</b>	<b>349</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>	11	<b>4,203</b>	<b>349</b>

All results arose from continuing operations

The company has no recognised gains and 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 profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents



Antalis Group

Balance sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Investments	7	44,496	45,428
<b>Current assets</b>			
Debtors	8	9,696	4,574
Cash at bank and in hand		200	124
		<u>9,896</u>	<u>4,698</u>
<b>Creditors - amounts falling due within one year</b>	9	<u>(1,887)</u>	<u>(1,824)</u>
<b>Net current assets</b>		<u>8,009</u>	<u>2,874</u>
<b>Total assets less current liabilities</b>		<u>52,505</u>	<u>48,302</u>
<b>Net assets</b>		<u>52,505</u>	<u>48,302</u>
<b>Capital and reserves</b>			
Called up share capital	10	136,927	136,927
Share premium account	11	500	500
Profit and loss account	11	(84,922)	(89,125)
<b>Total shareholders' funds</b>	12	<u>52,505</u>	<u>48,302</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 28 September 2010 and were signed on its behalf by



S G McCue  
Director

**1. Principal accounting policies**

These financial statements have been 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 applied consistently, are set out below.

**Basis of accounting**

The company is a wholly owned subsidiary of Sequana, a company registered in France, and is included in the consolidated financial statements of Sequana, which are publicly available.

**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 currencies**

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.

**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 ("FRS") Number 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. Other operating income**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Exchange gains (net) on financing	-	74
Management fees	<b>112</b>	125
	<b>112</b>	<b>199</b>

**Antalis Group**

**Notes to the financial statements for the year ended 31 December 2009  
(continued)**

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**3. Administrative expenses**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Auditors' remuneration – audit services	<b>3</b>	3
Professional and legal fees	<b>248</b>	108
Other expenses	-	15
	<b>251</b>	126

**4. Net interest receivable**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Interest payable and similar charges	<b>(37)</b>	(118)
Interest receivable and similar income	<b>79</b>	277
Net interest receivable	<b>42</b>	159

**5. Employee information and directors' emoluments**

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 (2008 none)

The company had no other employees during the year (2008 none)

Antalis Group

Notes to the financial statements for the year ended 31 December 2009  
(continued)

6 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax		
<b>(a) Analysis of charge in the year</b>		
UK corporation tax charge on profits for the year	(27)	24
Less Group relief surrendered to/(received from) other group companies for no consideration	27	(24)
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the current year is lower (2008 lower) than the standard rate of corporation tax in the UK at 28% (2008 28.5%) The differences are explained below

	2009 £'000	2008 £'000
<b>(b) Factors affecting the tax charge for the year</b>		
<b>Profit on ordinary activities before taxation</b>	<u>4,203</u>	<u>349</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	1,177	99
Effects of		
Capital allowances in excess of depreciation	-	(42)
Amounts written off investments not tax deductible	261	-
Dividend income not liable to UK corporation tax	(1,465)	(33)
Group relief surrendered to/(received) for no consideration	<u>27</u>	<u>(24)</u>
Current taxation charge for the year	<u>-</u>	<u>-</u>

At 31 December 2009, the company had an unrecognised deferred tax asset of £195,000 (2008 £153,000) relating to accelerated depreciation. 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 tax charge in the future is dependent upon the availability of losses from other group companies.

**6 Tax on profit on ordinary activities (continued)**

The Finance (No 2) Act 2010, which received Royal Assent in July 2010, reduces the main rate of UK corporation tax from 28% to 27% with effect from 1 April 2011. As at 31 December 2009 this change had not been substantially enacted. Further proposed reductions to the main rate will reduce it by 1% per annum to 24% from 1 April 2014. Each of those reductions is expected to be separately enacted in a future year and has not yet been substantially enacted.

**7 Investments**

	<b>Total £'000</b>
<b>Cost</b>	
As at 1 January and 31 December 2009	<u>99,781</u>
<b>Impairment</b>	
As at 1 January 2009	(54,353)
Impairment in the year	<u>(932)</u>
<b>As at 31 December 2009</b>	<u>(55,285)</u>
<b>Net book values</b>	
<b>As at 31 December 2009</b>	<u>44,496</u>
As at 31 December 2008	<u>45,428</u>

The company's principal subsidiary undertakings and investments in other group companies are set out below. Except where otherwise stated, all holdings are in ordinary shares or their equivalent. Direct subsidiaries are marked with an asterix, all other subsidiaries are indirectly owned. There are further subsidiary undertakings which are either not material or are dormant.

The directors have reviewed the impairment provision and believe an additional impairment is required against its shareholding in Antalis SA Holdings. The carrying value of the company's investments is supported by the net assets of its subsidiaries.

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2009 (continued)

#### 7 Investments (continued)

Name of undertaking	Country of incorporation or registration and operation	Proportion of issued capital held
Holding companies		
Antalis Holdings Limited *	England	100 00
Antalis Overseas Holdings Limited *	England	100 00
Antalis SA Holdings *	England	100 00
Inversiones Antalis Holdings Limitada	Chile	12 89
Paper merchants		
Antalis Limited	England	100 00
Antalis Botswana (Proprietary) Limited	Botswana	100 00

#### 8 Debtors

	2009 £'000	2008 £'000
<b>Amounts falling due within one year:</b>		
Loans to group undertakings	9,344	4,122
Interest receivable from group undertakings	352	272
Amounts owed by group undertakings	-	45
Other debtors	-	135
	<b>9,696</b>	<b>4,574</b>

Short-term loans to other group undertakings are unsecured and are repayable on demand and interest has been charged between 1 5% and 3 2%, the annual average being 1 92%

#### 9. Creditors - amounts falling due within one year

	2009 £'000	2008 £'000
Loans from group undertakings	1,743	1,706
Amounts owed to other group undertakings	138	118
Accruals	6	-
	<b>1,887</b>	<b>1,824</b>

Short term loans from group undertakings are unsecured and are repayable on demand and the interest rates charged have ranged between 2 0% and 3 7%, the annual average being 2 42%

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2009 (continued)

#### 10. Called up share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
155,000,000 ordinary shares of £1 each	155,000	155,000
<b>Allotted and fully paid</b>		
136,926,563 ordinary shares of £1 each	<u>136,927</u>	<u>136,927</u>

#### 11. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 January 2009	500	(89,125)	(88,625)
Profit for the financial year	-	4,203	4,203
<b>As at 31 December 2009</b>	<u>500</u>	<u>(84,922)</u>	<u>(84,422)</u>

#### 12. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	<u>4,203</u>	349
Net increase in shareholders' funds	4,203	349
Total shareholders' funds at the beginning of the year	48,302	47,953
Total shareholders' funds at the end of the year	<u>52,505</u>	<u>48,302</u>

#### 13. Contingent liabilities

The company has guaranteed a lease in favour of Antalis SNC for an amount of €223,000 (£198,000) (2008 €7,768,000 (£7,768,000)). The company is also the beneficiary of a counter guarantee for the above amounts from Antalis International SAS.

**14. Cash flow statement**

The company, as a fully owned subsidiary of Sequana, has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS Number 1 (Revised 1996)

**15. Related party transactions**

The company, as a fully owned subsidiary of Sequana, is exempt under the terms of FRS Number 8 from disclosing related party transactions with undertakings that are part of the Sequana group

**16. Immediate and ultimate parent company and controlling party**

The immediate parent company is Antalis Group Holdings Limited, a company registered in England. The ultimate parent company for which consolidated financial statements are prepared is Sequana, a company registered in France. 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

A further controlling company for which group financial statements are prepared is EXOR S.p.A., a company registered in Italy. A copy of the consolidated financial statements of this company can be obtained from the company secretary at the following address -

Corso Matteotti 26  
10121 Turin

The ultimate controlling party is Giovanni Agnelli e C. Sapaz, a company registered in Italy and acting for the Agnelli family