

ANTLER HOLDINGS LIMITED

Report and Financial Statements

For the year ended 31 December 2008



REPORT AND FINANCIAL STATEMENTS 2008

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Twine
R J Woodcock
G R Capell
P Eglin (resigned 20 March 2009)
S G Burrows (appointed 23 January 2008)
P F Laughton (resigned 10 July 2009)
A E Wellenreiter (resigned 9 July 2009)

SECRETARY

R J Woodcock

REGISTERED OFFICE

Pilot Works
Alfred Street
Bury
Lancashire
BL9 9EF

BANKERS

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

SOLICITORS

Addleshaw Goddard
100 Barbirolli Square
Manchester
M2 3AB

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008

ACTIVITIES

The Group's core activities are the design, manufacture and distribution of luggage and travel goods. These products are sold to specialist and multiple high street retailers, direct to overseas distributors in developing export markets and also through the Group's own direct retail operations.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In the year under review there were no major changes in the Group's core activities.

The results of the Group are set out in detail on page 8, this shows that turnover has declined year on year by 3.8% (£1,562,000). There were two major events that gave rise to this adverse sales performance. Firstly the business suffered from the loss of a major own label contract account which reduced trade sales year on year by £2,400,000 (this account has subsequently been recovered). Secondly, and more significantly for the business and the world economy as a whole, the economic crisis triggered by the failure of Lehman's Bank on the 21 September 2008 gave rise to a marked reduction in consumer spending on non-essential items. Consequently our core trade business dipped markedly (20.6%) below 2007 levels in the fourth quarter, whilst our direct retail operation recorded a 9.6% reduction in sales on comparable selling space.

In line with previous years the Group had continued to invest in the business throughout the year in order to drive additional sales growth both in the trade, export and direct retail channels. In addition, in 2008, the Group decided to invest in opening an office in Shanghai in order to improve the speed and cost effectiveness of the supply chain and to facilitate the long term growth of the business. This investment is expected to pay back quickly through lower product costs. The combined effect of sudden and unexpected falls in sales volume in the fourth quarter of 2008, which may have been caused by customers reducing stock levels in response to the economic crisis, allied to an increased overhead costs when compared to 2007, caused consolidated operating profit before amortisation and impairment of goodwill to fall to £3,297,000 compared to £5,215,000 for the year ended 31 December 2007. However, restructuring costs of £325,000 charged in reaching this result have caused a reduction in overheads during 2009. In addition, the board has taken actions to realign the cost of sales and product design to new market conditions.

Following this significant reduction in turnover and profits, the Group has reviewed the carrying value of goodwill and recorded an impairment to goodwill of £17,360,000, leaving a loss before taxation of £18,442,000 (2007 profit of £2,721,000).

Throughout the final quarter of 2008 the world economic outlook remained very difficult and on a scale not seen since the 1930's. The Board therefore had no alternative but to take quick and decisive action to rebase the overhead cost structure of the Group, accordingly in November 2008 it initiated a significant redundancy programme.

The Group is financed through a bank term loan facility (£14.4 million at 31 December 2008) and unsecured loan notes issued to the Group's owners (£16.8 million at 31 December 2008). In advance of a breach of its financial covenants in December 2008, the Group engaged in early discussions with its bankers with a view to jointly managing the event to ensure the ongoing financial stability of the business.

The Board, supported by its owners, bankers, and independent advisors conducted a review of options and during mid 2009 it was decided that the Group would be marketed for sale. Whilst this process attracted a significant number of interested parties and reached an advanced stage with a preferred bidder, negotiations have now terminated.

The directors have concluded in conjunction with its advisors that the Group should now re-review its options and engage with its owners and bankers in understanding their current requirements. The Board is being supported by its advisors in undertaking this exercise.

The options for refinancing could include (but are not limited to) restructuring the existing bank facilities, a recapitalisation by the Group's current private equity backer, Barclays Private Equity, a possible refinancing with a third party, or the sale of shares or the sale of the business and assets of the Group.

DIRECTORS' REPORT (continued)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS (continued)

The Group's bankers have continued to reserve their position in respect of the Group's covenant breaches and have not agreed new facility terms in writing at the date of signing the accounts. Whilst the bank maintains the right to withdraw the facilities, they have been supportive of the Group with no significant change in the bank's position since the first covenant breach at 31 December 2008 and have confirmed they will continue to support the Group whilst it reviews options for the business. If this support was, however, withdrawn the company would have insufficient resources to meet its liabilities as they fall due.

The Group has achieved stability against the backdrop of a turbulent macroeconomic climate. In addition, since breaching its covenants in December 2008 the Group

- has met all its capital and interest repayments under its existing facilities,
- has reduced its senior debt exposure from £14.4 million at the time of the initial breach in December 2008 to £11.6 million and expects to further reduce its exposure through a further scheduled repayment of £1.4 million in April 2010,
- has increased like-for-like trade and wholesale sales considerably,
- expects to be able to meet future covenant tests by the second quarter of the year ending 31 December 2010, and
- expects to continue to make all scheduled repayments of capital and interest under the existing facilities for the next 12 months.

The Board believes that the going concern basis of preparation is appropriate because the directors expect to be able to re-finance the Company and reset covenants through further discussions with its current bankers or to negotiate alternative financing arrangements, it continues to be cash generative and continues to service the repayments of interest and capital under the existing facilities (reducing the borrowings under its bank term loan facilities, as described in note 18, to £11.6 million at 30 March 2010) and is also exploring a number of alternatives which includes those set out above, the majority of which if successful should enable the Company to continue as a going concern.

However, the risk of the existing facilities being withdrawn creates a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore that it may be unable to realise assets and discharge its liabilities in the normal course of business. Should this be the case adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors are unable to recommend the payment of a dividend (2007 same). The retained consolidated loss of £18,847,000 (2007 profit of £1,227,000) has been withdrawn from (2007 transferred to) consolidated reserves.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the Group. The Group manages this risk by ongoing investment in product innovation, continually striving to improve customer service and relationships and by empowering its staff to drive positive change.

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk.

The Group is part financed by a combination of secured senior debt and unsecured loan notes. The interest charged on the senior debt is between 2.25% and 3% above LIBOR. The interest on the loan notes is at 8.5%.

The senior debt is subject to financial covenants, some of which were breached at 31 December 2008. The directors regularly review the compliance with these covenants and, in advance of this breach, began discussions with the Group's financiers in order to ensure continued funding of the business. Although the Group's banking partners have continued to support the business subsequent to the year end, no formal committed facilities have been obtained. As discussed above, in the event new investors are not identified to help further develop the business, successful negotiation of new banking facilities will be of critical importance to the Group.

DIRECTORS

The directors who served during the year, and thereafter, are set out on page 1.

DIRECTORS' REPORT (continued)

DISABLED EMPLOYEES

The Group has an established policy of encouraging the employment of disabled persons wherever this is practical. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. The Group endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and commits itself to maintaining regular contact and exchange of information on matters affecting the performance of the Group through the directors. This is achieved through regular communication.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made no charitable or political donations (2007 £Nil).

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the Company during the year (2007 same).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that

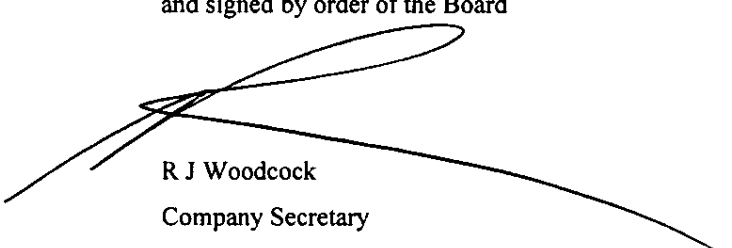
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



R J Woodcock
Company Secretary
29 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, 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 that 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 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 ANTLER HOLDINGS LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Antler Holdings Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated and company reconciliations of movements in shareholders' (deficit)/funds and the related notes 1 to 27. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and 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 other information contained in the Annual Report, as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTLER HOLDINGS LIMITED (continued)

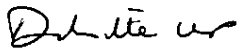
Opinion

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 Group's and the parent company's affairs as at 31 December 2008 and of the Group's loss 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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group was in breach of its financial covenants at 31 December 2008 and remains in breach at the date of approval of these financial statements. The latest forecasts indicate that the Group will meet existing covenant tests from 30 June 2010, however the covenants may be renegotiated, future trading may not be in line with the assumptions in the Group's forecasts and further covenant breaches may occur. Arising from these circumstances, the directors are considering refinancing options for the Group. These conditions, along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors have prepared these financial statements on the going concern basis. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise.



Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

29 March 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
TURNOVER	2	39,838	41,400
Cost of sales and overheads	3	(36,541)	(36,185)
Amortisation of goodwill	11	(1,701)	(1,701)
Impairment of goodwill	11	(17,360)	-
		<u>(55,602)</u>	<u>(37,886)</u>
OPERATING PROFIT BEFORE AMORTISATION AND IMPAIRMENT OF GOODWILL			
		3,297	5,215
Amortisation of goodwill	11	(1,701)	(1,701)
Impairment of goodwill	11	(17,360)	-
OPERATING (LOSS)/PROFIT			
		(15,764)	3,514
(Loss)/profit on sale of fixed assets		(40)	2,023
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			
		(15,804)	5,537
Interest receivable and similar income	5	137	80
Interest payable and similar charges	6	(2,840)	(3,029)
Other finance income	7	65	133
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
	8	(18,442)	2,721
Tax on (loss)/profit on ordinary activities	9	(405)	(1,494)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			
	20	<u>(18,847)</u>	<u>1,227</u>

All results are derived from continuing activities

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2008

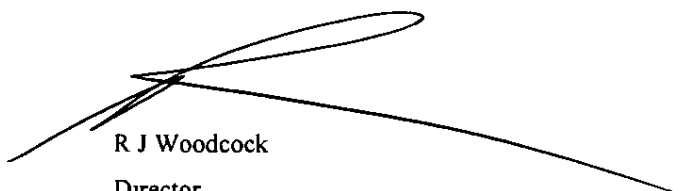
	Note	2008 £'000	2007 £'000
(Loss)/profit for the financial year		(18,847)	1,227
Actuarial loss relating to the pension scheme	22	(706)	(172)
Deferred tax relating to the actuarial loss		198	52
Total gains and losses recognised since the last annual report and financial statements			
		<u>(19,355)</u>	<u>1,107</u>

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Intangible assets – goodwill	11	8,378	27,439
Tangible assets	12	1,659	1,852
		<u>10,037</u>	<u>29,291</u>
CURRENT ASSETS			
Stocks	14	5,691	5,056
Debtors amounts falling due within one year	15	3,900	5,107
Cash at bank and in hand		2,638	2,935
		<u>12,229</u>	<u>13,098</u>
CREDITORS: amounts falling due within one year	16	<u>(21,121)</u>	<u>(9,474)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(8,892)</u>	<u>3,624</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,145	32,915
CREDITORS: amounts falling due after more than one year	17	<u>(16,701)</u>	<u>(29,617)</u>
NET (LIABILITIES)/ASSETS EXCLUDING PENSION LIABILITY		<u>(15,556)</u>	<u>3,298</u>
Pension liability	22	<u>(816)</u>	<u>(315)</u>
NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY		<u>(16,372)</u>	<u>2,983</u>
CAPITAL AND RESERVES			
Called up share capital	19	1	1
Share premium	20	1,141	1,141
Profit and loss account	20	<u>(17,514)</u>	<u>1,841</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(16,372)</u>	<u>2,983</u>

These financial statements of Antler Holdings Limited, registered number 05069235, were approved by the Board of Directors and authorised for issue on 29 March 2010

Signed on behalf of the Board of Directors

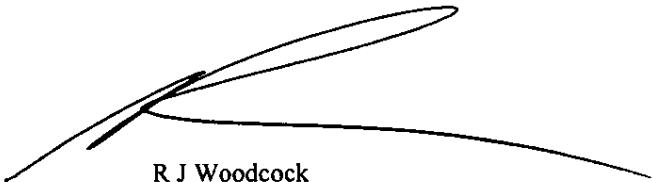

R J Woodcock
Director

COMPANY BALANCE SHEET
As at 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	13	3,779	3,779
CURRENT ASSETS			
Debtors amounts falling due within one year	15	10,892	43,013
Cash at bank and in hand		3	2
		10,895	43,015
CREDITORS: amounts falling due within one year	16	(33,735)	(17,662)
NET CURRENT (LIABILITIES)/ASSETS		(22,840)	25,353
TOTAL ASSETS LESS CURRENT LIABILITIES		(19,061)	29,132
CREDITORS: amounts falling due after more than one year	17	(16,701)	(29,617)
NET LIABILITIES		(35,762)	(485)
CAPITAL AND RESERVES			
Called up share capital	19	1	1
Share premium	20	1,141	1,141
Profit and loss account	20	(36,904)	(1,627)
TOTAL SHAREHOLDERS' DEFICIT		(35,762)	(485)

These financial statements of Antler Holdings Limited, registered number 05069235, were approved by the Board of Directors and authorised for issue on 29 March 2010

Signed on behalf of the Board of Directors



R J Woodcock
 Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	23	4,451	6,202
Returns on investments and servicing of finance			
Interest received		137	80
Interest paid		(1,294)	(1,730)
Net cash outflow from returns on investments and servicing of finance		(1,157)	(1,650)
Net cash outflow from taxation		(885)	(1,054)
Capital expenditure			
Payments to acquire tangible fixed assets		(378)	(1,156)
Receipts from sale of tangible fixed assets		-	2,300
Net cash (outflow)/inflow from capital expenditure		(378)	1,144
Net cash inflow before financing		2,031	4,642
Financing			
Repayment of borrowings		(2,328)	(3,277)
Issue of ordinary shares		-	2
Net cash outflow from financing		(2,328)	(3,275)
(Decrease)/increase in cash	24, 25	(297)	1,367

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS
Year ended 31 December 2008

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
(Loss)/profit for the financial year	(18,847)	(35,277)	1,227	74
Actuarial loss relating to the pension scheme	(706)	-	(172)	-
Deferred tax relating to the actuarial loss	198	-	52	-
Issue of 1 pence 'A' ordinary shares	-	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds/(deficit)	(19,355)	(35,277)	1,109	76
Opening shareholders' funds/(deficit)	2,983	(485)	1,874	(561)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	<u>(16,372)</u>	<u>(35,762)</u>	<u>2,983</u>	<u>(485)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and previous year are set out below

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Going concern

As described in the directors' report, the Group is financed through a bank term loan facility (£14.4 million at 31 December 2008) and unsecured loan notes issued to the Group's owners (£16.8 million at 31 December 2008) and breached its financial covenants in December 2008

Since this date the Board, supported by its owners, bankers, and independent advisors conducted a review of options and during mid 2009 it was decided that the Group would be marketed for sale. Whilst this process attracted a significant number of interested parties and reached an advanced stage with a preferred bidder, negotiations have now terminated.

The directors have concluded in conjunction with its advisors that the Group should now re-review its options and engage with its owners and bankers in understanding their requirements. The Board is being supported by its advisors in undertaking this exercise.

The options for refinancing could include (but are not limited to) restructuring the existing bank facilities, a recapitalisation by the Group's current private equity backer, Barclays Private Equity, a possible refinancing with a third party, or the sale of shares or the sale of the business and assets of the Group.

The Group's bankers have continued to reserve their position in respect of the Group's covenant breaches and have not agreed new facility terms in writing at the date of signing the accounts. Whilst the bank maintains the right to withdraw the facilities, they have been supportive of the Group with no significant change in the bank's position since the first covenant breach at 31 December 2008 and have confirmed they will continue to support the Group whilst it reviews options for the business. If this support was, however, withdrawn the company would have insufficient resources to meet its liabilities as they fall due.

The Group has achieved stability against the backdrop of a turbulent macroeconomic climate. In addition, since breaching its covenants in December 2008 the Group

- has met all its capital and interest repayments under its existing facilities,
- has reduced its senior debt exposure from £14.4 million at the time of the initial breach in December 2008 to £11.6 million and expects to further reduce its exposure through a further scheduled repayment of £1.4 million in April 2010,
- has increased like-for-like trade and wholesale sales considerably,

The directors have reviewed the cash flow forecasts of the group for a period of 12 months from the date of signing these financial statements, which indicate that the Group should

- be able to meet future covenant tests by the second quarter of the year ending 31 December 2010, and
- continue to make all scheduled repayments of capital and interest under the existing facilities for the next 12 months.

The Board believes that the going concern basis of preparation is appropriate because the Directors expect to be able to re-finance the Company and reset covenants through further discussions with its current bankers or to negotiate alternative financing arrangements, it continues to be cash generative and continues to service the repayments of interest and capital under the existing facilities (reducing the borrowings under its bank term loan facilities, as described in note 18, to £11.6 million at 30 March 2010) and is also exploring a number of alternatives which includes those set out above, the majority of which if successful should enable the Company to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

The directors have concluded that the combination of these circumstances, and the risk that future trading may not be in line with the assumptions in the Group's forecasts and further covenant breaches may occur, represent a material uncertainty which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern and therefore the Company and Group may be unable to continue to realise assets and discharge liabilities in the normal course of business. Nevertheless after making enquiries, and considering the matters described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements. This Annual Report does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Intangible assets

Goodwill is depreciated in equal annual amounts over a period of twenty years. Provision is made for any impairment.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life, as follows:

Freehold land and buildings	20-50 years
Plant and equipment	3-10 years

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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 a non-discounted basis

Research and development

Research and development expenditure is written off in the year in which it is incurred

Leases

Rentals under operating leases are charged to the profit and loss account in equal amounts over the lease term, even if payments are not made on such basis

Pension costs

Pension costs are accounted for in accordance with FRS 17 "Retirement Benefits" The Group operates a defined benefit pension scheme covering the majority of its employees The scheme is funded by contributions from the Group and its employees at rates determined by independent actuaries in the light of regular valuations Such contributions are held in trustee administered funds completely independent of the Group's finances

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on the settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits are vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries The acquisition method of consolidation is used, and subsidiaries are consolidated from the date on which control passes Each subsidiary has an accounting reference date of 31 December

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if appropriate, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the year Finance costs are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account only when the hedged transaction has itself been reflected in the Group's financial statements.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised at the point of despatch. The turnover and pre-tax profits all derive from the principal activities of the Group. The turnover is split by geographical area as follows:

	2008	2007
	£'000	£'000
United Kingdom	37,108	39,561
Rest of Europe	1,237	1,050
Other	1,493	789
	<u>39,838</u>	<u>41,400</u>

3. COST OF SALES AND OVERHEADS

	2008	2007
	£'000	£'000
Changes in stocks of finished goods and work in progress	(629)	542
Raw materials and consumables	19,097	19,203
Staff costs (see note 4)	8,302	7,837
Depreciation charge	531	422
Other operating expenses	9,240	8,181
	<u>36,541</u>	<u>36,185</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2008	2007
	£'000	£'000
Directors' emoluments		
Remuneration	620	504
Amounts contributed to defined contribution pension schemes	46	21
Fees payable to third parties in respect of directors' services	22	22
	<u>688</u>	<u>547</u>

Fees payable to third parties comprise amounts payable to Barclays Private Equity under an agreement to provide the Group with the services of A E Wellenreiter

Pensions	No.	No.
The number of directors who were members of the pension scheme was as follows		
Defined benefit scheme	<u>2</u>	<u>2</u>
	£'000	£'000

Remuneration of the highest paid director was as follows

Emoluments	161	159
Amounts contributed to defined contribution pension scheme	15	15
	<u>176</u>	<u>174</u>

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid director at 31 December 2008 was £Nil (2007 £nil)

Group	2008	2008
	No.	No.
Average number of persons employed (including executive directors)		
Production	47	50
Sales, distribution and administration	335	322
	<u>382</u>	<u>372</u>
	2008	2007
	£'000	£'000

Staff costs during the year (including executive directors)

Wages and salaries	7,143	6,812
Social security costs	581	553
Pension costs	578	472
	<u>8,302</u>	<u>7,837</u>

Company

The executive directors are also directors of a subsidiary company, Antler Limited and the majority of their activities relate to services carried out in relation to Antler Limited. Therefore the directors deem it inappropriate to directly allocate any of their costs to the profit and loss account of this company (2007 same)

£34,216 (2007 £34,216) was paid to non-executive directors, which included £22,216 (2007 £22,216) payable to Barclays Private Equity under an agreement to provide the Group with the services of A E Wellenreiter. No salaries or wages have been paid to other employees during the year. Other than the directors, the Company has no employees (2007 same)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
Bank interest receivable	135	80
Other interest receivable	2	-
	<u>137</u>	<u>80</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest payable on bank loans	1,297	1,588
Interest payable on other loans	1,432	1,320
Amortisation of debt issue costs	111	121
	<u>2,840</u>	<u>3,029</u>

7. OTHER FINANCE INCOME

	2008 £'000	2007 £'000
Interest on pension assets and liabilities (note 22)	<u>65</u>	<u>133</u>

8. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before taxation is after charging / (crediting)		
Loss/(profit) on disposal of tangible fixed assets – property		
Property	-	(2,023)
Plant and equipment	40	-
Depreciation - owned assets	531	422
Amortisation of goodwill	1,701	1,701
Impairment of goodwill	17,360	-
Rentals under operating leases		
Plant and machinery	198	207
Other operating leases	1,432	1,176
Re-organisation costs	325	-
The analysis of auditors' remuneration is as follows		
Fees payable for the audit of the company's annual accounts	2	2
Fees payable for the audit of the company's subsidiary companies	32	29
Tax compliance services	6	23
	<u> </u>	<u> </u>

During the prior year the company disposed of a portion of land resulting in a profit of £2,023,000. The effect of this item on the taxation charge for the prior year was £545,300.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2008	2007
	£'000	£'000
Current tax		
United Kingdom corporation tax	453	1,352
Total current tax	<u>453</u>	<u>1,352</u>
Deferred tax		
Origination and reversal of timing differences – excluding pension liability	(52)	90
Origination and reversal of timing differences – on pension liability	4	29
Effect of change in tax rate	-	23
Total deferred tax	<u>(48)</u>	<u>142</u>
Total tax on profit on ordinary activities	<u>405</u>	<u>1,494</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2008	2007
	£'000	£'000
(Loss)/profit on ordinary activities before tax	<u>(18,442)</u>	<u>2,721</u>
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	(5,256)	816
Effects of		
Expenses not deductible for tax purposes	5,169	173
Depreciation in excess of / (less than) capital allowances	32	(32)
Movement in short term timing differences	12	(53)
Goodwill amortisation	485	510
Profit on disposal in excess of capital allowances	11	(62)
Total current tax	<u>453</u>	<u>1,352</u>

10. (LOSS)/PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss after tax but before dividends for the financial year amounted to £35,277,000 (2007: profit of £74,000). The loss in the current year is principally caused by a provision against inter-company debtors totalling £35,723,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
Cost	
At 1 January 2008 and at 31 December 2008	33,547
Amortisation	
At 1 January 2008	6,108
Charge for the year	1,701
Impairment	17,360
At 31 December 2008	25,169
Net book value	
At 31 December 2008	8,378
At 31 December 2007	27,439

Following the reduction in turnover and profits, as discussed in the directors' report, the Group has reviewed the carrying value of goodwill. The recoverable amount has been based upon the directors' estimate of the market value of the Group.

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2008	605	4,590	5,195
Additions	19	359	378
Disposals	-	(627)	(627)
At 31 December 2008	624	4,322	4,946
Accumulated depreciation			
At 1 January 2008	79	3,264	3,343
Charge for the year	24	507	531
Disposals	-	(587)	(587)
At 31 December 2008	103	3,184	3,287
Net book value			
At 31 December 2008	521	1,138	1,659
At 31 December 2007	526	1,326	1,852

It is not possible to separate the cost of the land from the buildings. Therefore, the combined cost of the land and buildings is depreciated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

13. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiaries £'000
At 1 January 2008 and 31 December 2008	3,779

In the opinion of the directors no provision for impairment is required. At 31 December 2008 the Company has investments in the following subsidiary undertakings

Company	Principal Activity	Country of incorporation and trading	Holding ordinary	Shareholding
Antler Group Limited	Holding company	England	Ordinary shares	100%
			Preference shares	100%
Antler Limited*	Luggage supplier	England	Ordinary shares	100%
Antler USA Limited (formerly Carry Systems Limited)**	Dormant	England	Ordinary shares	100%

* Held indirectly through Antler Group Limited

**Held indirectly through Antler Limited

14. STOCKS

	Group 2008 £'000	Group 2007 £'000
Raw materials and consumables	65	59
Work in progress	-	33
Finished goods and goods for resale	5,626	4,964
	<u>5,691</u>	<u>5,056</u>

15. DEBTORS

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade debtors	2,971	-	3,897	-
Other debtors	326	-	589	-
Prepayments and accrued income	439	-	509	7
Amounts owed by subsidiary undertakings	-	10,892	-	43,006
Deferred tax asset	164	-	112	-
	<u>3,900</u>	<u>10,892</u>	<u>5,107</u>	<u>43,013</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

15. DEBTORS (continued)

Group	2008	2007
	£'000	£'000
Deferred taxation		
Balance at 1 January	112	216
Credit/(charge) to profit and loss account (note 9)	52	(104)
	<u>164</u>	<u>112</u>
Balance at 31 December	<u>164</u>	<u>112</u>
Deferred tax is provided as follows		
	2008	2007
	£'000	£'000
Depreciation in excess of capital allowances	115	72
Other timing differences	49	40
	<u>164</u>	<u>112</u>
Deferred tax asset	<u>164</u>	<u>112</u>

There was no unprovided deferred tax in respect of the group (2007 same)

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	Group	Company
	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Bank loans	14,236	14,236	2,217	2,217
Trade creditors	1,926	-	2,172	-
Other creditors	431	-	93	-
Taxation and social security	346	-	381	-
Amounts owed to subsidiary undertakings	-	17,709	-	13,841
Accruals and deferred income	4,045	1,619	4,042	1,515
Corporation tax	137	171	569	89
	<u>21,121</u>	<u>33,735</u>	<u>9,474</u>	<u>17,662</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group	Company	Group	Company
	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Bank loans	-	-	14,283	14,283
Loan notes	16,701	16,701	15,334	15,334
	<u>16,701</u>	<u>16,701</u>	<u>29,617</u>	<u>29,617</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

18. BANK LOANS AND LOAN NOTES

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Unsecured loan stock (2012 – 2013)	16,845	16,845	15,525	15,525
Term loan	14,422	14,422	16,750	16,750
	<u>31,267</u>	<u>31,267</u>	<u>32,275</u>	<u>32,275</u>
Less deferred issue costs	(330)	(330)	(441)	(441)
	<u>30,937</u>	<u>30,937</u>	<u>31,834</u>	<u>31,834</u>

Bank loans and overdrafts within creditors due within 1 year are shown net of deferred issue costs of £186,000 (2007 £112,000)

During the year repayments of £2,328,000 (2007 £3,277,000) were made on the term loan. This is included within loan repayments in the cash flow statement. The term loan is secured by a legal charge over the freehold land and buildings and a floating charge over the assets of the Group and is repayable in instalments up to April 2012. As described in the directors report, the Group breached certain financial covenants at 31 December 2008 and therefore the entire loan has been classified as current.

The unsecured loan stock is repayable in two parts with £8,422,500 (2007 £7,762,500) due on 31 October 2012 and £8,422,500 (2007 £7,762,500) due on 30 April 2013. Interest accrued on the unsecured loan stock has been rolled-up into the loan and is repayable in 2013.

Borrowings in respect of finance loans are repayable as follows

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Unsecured loan stock (2012 – 2013)				
Between two and five years	16,845	16,845	7,762	7,762
After five years	-	-	7,763	7,763
	<u>16,845</u>	<u>16,845</u>	<u>15,525</u>	<u>15,525</u>
Less issue costs	(144)	(144)	(191)	(191)
	<u>16,701</u>	<u>16,701</u>	<u>15,334</u>	<u>15,334</u>
Term loan				
Within one year	14,422	14,422	2,329	2,329
Between one and two years	-	-	2,562	2,562
Between two and five years	-	-	11,859	11,859
	<u>14,422</u>	<u>14,422</u>	<u>16,750</u>	<u>16,750</u>
Less issue costs	(186)	(186)	(250)	(250)
	<u>14,236</u>	<u>14,236</u>	<u>16,500</u>	<u>16,500</u>
Amounts due in less than one year	<u>14,236</u>	<u>14,236</u>	<u>2,217</u>	<u>2,217</u>
Amounts due after more than one year	<u>16,701</u>	<u>16,701</u>	<u>29,617</u>	<u>29,617</u>

Interest on the unsecured loan stock is payable at a fixed rate of 8.5%. Interest on the term loan is payable at LIBOR +2.25% on "Tranche A" and at LIBOR +3% on "Tranche B". At 31 December 2008 the "Tranche A" element of the loan was £7,173,000 (2007 £8,320,205) and the "Tranche B" element £7,249,000 (2007 £8,430,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

19. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
26,200 (2007 26,200) 'A' ordinary shares of 1 pence each	-	-
80,000 (2007 80,000) 'B' ordinary shares of 1 pence each	1	1
	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
22,840 (2007 22,840) 'A' ordinary shares of 1 pence each	-	-
80,000 (2007 80,000) 'B' ordinary shares of 1 pence each	1	1
	<u>1</u>	<u>1</u>

The shares rank pari passu except for the holders of the 'B' Ordinary Shares shall in any Default Period be entitled to exercise on a poll ten times the number of votes conferred by all the shares of all other classes. A Default Period is defined as a period during which there is a breach of a financial covenant or a breach of the shareholder agreement or a breach of the articles of association.

Subsequent to the year end, on 23 January 2009, the Company issued 420 'A' for cash consideration of £4,666.

20. RESERVES

The movement on the reserves accounts during the year was as follows:

Group	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	1,141	1,841	2,982
Actuarial loss relating to pension scheme net of deferred tax	-	(508)	(508)
Loss for the year	-	(18,847)	(18,847)
At 31 December 2008	<u>1,141</u>	<u>(17,514)</u>	<u>(16,373)</u>
 Company			
At 1 January 2008	1,141	(1,627)	(486)
Loss for the year	-	(35,277)	(35,277)
At 31 December 2008	<u>1,141</u>	<u>(36,904)</u>	<u>(35,763)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

21. FINANCIAL COMMITMENTS

Operating lease commitments
Group

	Land and buildings 2008 £'000	Other 2008 £'000	Land and buildings 2007 £'000	Other 2007 £'000
Leases which expire				
Within one year	21	110	-	45
Within 2 to 5 years	1,102	105	965	74
After 5 years	309	-	450	-
	<u>1,432</u>	<u>215</u>	<u>1,415</u>	<u>119</u>

Contingent liabilities

The Group had no amounts outstanding at 31 December 2008 under guarantees given in the normal course of business (2007 £nil)

The Group had outstanding letters of credit at 31 December 2008 of £2,272,000 (2007 £1,750,799)

At 31 December 2008, the Group had outstanding forward exchange contracts to buy foreign currency to the value of £8,898,000 (2007 £9,653,920)

22. PENSION COSTS

- (a) The Group operates a funded pension scheme providing final salary and defined contribution benefits. The assets of the scheme are held in trustee administered funds. Previously the Group operated three defined benefit schemes, which were merged on 1 April 2000. The final salary section of the scheme closed to new entrants on 1 April 2001 and new entrants from that date accrue benefits in the defined contribution section of the scheme.

The pension charge for the year was £578,000 (2007 £472,000)

The actuarial valuation described above has been updated at 31 December 2008 by a qualified actuary using revised assumptions that are consistent with the requirements of Financial Reporting Standard 17 'Retirement Benefits' (FRS 17)

- (b) The following information set out below is as required under FRS 17. The figures stated have been calculated by qualified actuaries using the projected unit method.

Under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

Actuarial Assumptions	2008	2007	2006
Rate of increase in salaries	2.70%	3.20%	3.00%
Rate of increase in pensions in payment	2.70%	3.10%	3.00%
Discount rate	6.70%	5.80%	5.25%
Inflation assumptions	2.70%	3.20%	3.00%

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

22. PENSIONS (continued)

Market value of assets and expected rates of return

	Expected rate of return 2008	Market value 2008 £'000	Expected rate of return 2007	Market value 2007 £'000	Expected rate of return 2006	Market value 2006 £'000
Equities	7.75%	4,481	7.75%	5,450	7.75%	5,746
Gilts	4.50%	611	4.50%	984	4.50%	845
Corporate Bonds	5.80%	1,785	5.80%	2,299	5.25%	1,867
Property	6.50%	711	6.50%	1,035	6.50%	1,111
Other	4.70%	138	4.70%	178	4.70%	37
		<u>7,726</u>		<u>9,946</u>		<u>9,606</u>

Reconciliation of pension scheme assets and liabilities

	2008 £'000	2007 £'000	2006 £'000
Market value of scheme's assets	7,726	9,946	9,606
Present value of scheme's liabilities	(8,858)	(10,383)	(9,966)
Gross pension liability	(1,132)	(437)	(360)
Less deferred tax at 28% (2007 28% and 2006 30%)	316	122	108
Net pension liability	<u>(816)</u>	<u>(315)</u>	<u>(252)</u>

The contribution rate for 2008 was 21% of pensionable earnings

Movement in scheme assets during the year

	2008 £'000	2007 £'000	2006 £'000
Scheme assets at start of year	9,946	9,606	9,562
Employer contributions	430	434	429
Employee contributions	112	59	75
Benefits payments	(923)	(262)	(1,606)
Actual return less expected return on scheme assets	(2,497)	(554)	539
Expected return on scheme assets	658	663	607
Scheme assets at end of year	<u>7,726</u>	<u>9,946</u>	<u>9,606</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

22. PENSIONS (continued)

Movement in scheme liabilities during the year

	2008 £'000	2007 £'000	2006 £'000
Scheme liabilities at start of year	(10,383)	(9,966)	(11,591)
Employee contributions	(112)	(59)	(75)
Benefits payments	923	262	1,606
Experience gains and losses on scheme liabilities	26	(563)	(32)
Changes in financial assumptions underlying scheme liabilities	1,765	945	1,004
Current service cost	(484)	(472)	(361)
Interest on scheme liabilities	(593)	(530)	(517)
	<u>(8,858)</u>	<u>(10,383)</u>	<u>(9,966)</u>

Analysis of amount charged to operating profit

	2008 £'000	2007 £'000	2006 £'000
Current service cost	484	472	361
Total operating charge	<u>484</u>	<u>472</u>	<u>361</u>

Amounts included as other finance income

	2008 £'000	2007 £'000	2006 £'000
Expected return of scheme assets	658	663	607
Interest expense on scheme liabilities	(593)	(530)	(517)
Net finance income	<u>65</u>	<u>133</u>	<u>90</u>

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

	2008 £'000	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	(2,497)	(554)	539
Experience gains and losses arising on the scheme liabilities	26	(563)	(32)
Changes in financial assumptions underlying the schemes liabilities	1,765	945	1,004
Actuarial (loss)/gain recognised in STRGL	<u>(706)</u>	<u>(172)</u>	<u>1,511</u>

History of experience gains and losses

	2008 £'000	2007 £'000	2006 £'000
Difference between expected and actual return on scheme assets			
Amount (£'000)	(2,497)	(554)	539
Percentage	32.3%	5.6%	5.6%
Experience losses arising on scheme liabilities			
Amount (£'000)	26	(563)	(32)
Percentage	0.3%	5.7%	0.3%
Total actuarial (losses)/gains (£'000)	(706)	(172)	1,511
Percentage of present value of scheme liabilities at year end	8.0%	1.7%	(15.2%)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£'000	£'000
Operating (loss)/profit	(15,764)	3,514
Impairment of goodwill	17,360	-
Depreciation charges	531	422
Amortisation of goodwill	1,701	1,701
Adjustment for pension funding	54	38
(Increase)/decrease in stock	(635)	498
Decrease/(increase) in debtors	1,259	(808)
(Decrease)/increase in creditors	(55)	837
Net cash inflow from operating activities	<u>4,451</u>	<u>6,202</u>

24. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£'000	£'000
(Decrease)/increase in cash in the year	(297)	1,367
Repayment of term loan	2,328	3,277
Changes in net debt resulting from cash flows	2,031	4,644
Amortisation of debt issue costs	(111)	(121)
Capitalisation of accrued interest charges	(1,320)	(1,216)
Reduction in net debt	600	3,307
Opening net debt	(28,899)	(32,206)
Closing net debt	<u>(28,299)</u>	<u>(28,899)</u>

25. ANALYSIS OF CHANGES IN NET DEBT

	At			At
	1 January	Cash	Non cash	31 December
	2008	flows	flows	2008
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,935	(297)	-	2,638
Debt due within one year				
Term loan	(2,217)	2,328	(14,347)	(14,236)
Debt due after one year				
Term loan	(14,283)	-	14,283	-
Unsecured loan stock	(15,334)	-	(1,367)	(16,701)
	<u>(31,834)</u>	<u>2,328</u>	<u>(1,431)</u>	<u>(30,937)</u>
	<u>(28,899)</u>	<u>2,031</u>	<u>(1,431)</u>	<u>(28,299)</u>

26. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in Financial Reporting Standard No 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the Antler Holdings Limited group of companies

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

27. ULTIMATE CONTROLLING PARTY

The directors of Antler Holdings Limited regard Barclays Private Equity as the ultimate controlling party of the Group