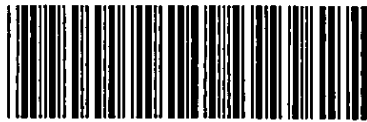


**Antalis Group**  
Registered Number: 157418

**Annual report and financial statements  
for the year ended 31 December 2008**

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# ANTALIS GROUP

## Annual report and financial statements for the year ended 31 December 2008

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## **Antalis Group**

### **Directors' report for the year ended 31 December 2008**

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

#### **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 accounts for the year ended 31 December 2008 are set out on pages 6 to 14.

The directors recommend that no final dividend (2007: £nil) be declared on the ordinary shares for the year ended 31 December 2008.

The company's profit for the year is £349,000 (2007: £260,000), which will be transferred to reserves.

#### **Principal risks and uncertainties**

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

All borrowings are through a group treasury department, based in Paris, who operates a base rate plus system, so the company is exposed to interest rate volatility.

#### **Key performance indicators**

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

G A Harrison (resigned 25 June 2008)

A P D Gourjon

X G U Roy-Contancin

O G Bouillaud

R Jackson (resigned 23 January 2009)

A Harvey (appointed 23 January 2009)

## **Antalis Group**

### **Directors' report for the year ended 31 December 2008 (continued)**

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#### **Company secretary**

On 30 January 2008, Bondlaw Securities Limited resigned as company secretary and, on 31 January 2008, Abogado Nominees Limited were appointed in their stead.

#### **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 the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

#### **Statement of disclosure of information to auditors**

In the case of the persons who are directors at the time when the report is approved under section 234ZA, 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 / she has taken all the steps that he ought to have taken as a director in order to make himself/herself 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 2008 (continued)**

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**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.

By order of the board



J H Arrowsmith  
Director

30 June 2009

## **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 2008, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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

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

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTALIS GROUP (continued)

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### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
1 July 2009

## Antalis Group

### Profit and loss account for the year ended 31 December 2008

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	Note	2008 £'000	2007 £'000
Other operating income	2	199	306
Operating expenses	3	(126)	(93)
<b>Operating profit</b>		<b>73</b>	<b>213</b>
Income from shares in group undertaking		117	120
<b>Profit on ordinary activities before interest and taxation</b>		<b>190</b>	<b>333</b>
Net interest receivable/(payable)	4	159	(73)
<b>Profit on ordinary activities before taxation</b>		<b>349</b>	<b>260</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>	11	<b>349</b>	<b>260</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 year stated above and their historical cost equivalents.

**The notes on pages 8 to 14 form part of these financial statements.**



**Antalis Group**

**Balance sheet as at 31 December 2008**

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	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	7	45,428	47,188
<b>Current assets</b>			
Debtors	8	4,574	2,543
Cash at bank and in hand		124	51
		<u>4,698</u>	<u>2,594</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,824)</u>	<u>(1,829)</u>
<b>Net current assets</b>		<u>2,874</u>	<u>765</u>
<b>Total assets less current liabilities</b>		<u>48,302</u>	<u>47,953</u>
<b>Net assets</b>		<u>48,302</u>	<u>47,953</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	(89,125)	(89,474)
<b>Total shareholders' funds</b>	12	<u>48,302</u>	<u>47,953</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 30 June and were signed on its behalf by:



J H Arrowsmith  
Director

30 June 2009

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2008

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#### 1. Accounting policies

The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

##### Basis of accounting

No consolidated accounts are submitted, as the company is a wholly owned subsidiary of Sequana, a company registered in France, and is therefore exempt under Section 228(1) of the Companies Act 1985.

##### 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 or at the related forward contract rate. All monetary assets and liabilities expressed in foreign currencies and not covered by forward contracts are retranslated into sterling at rates of exchange ruling at the end of the financial year. Differences between the translated transactions and subsequent cash settlements, or retranslated related balances, are taken to the profit and loss account.

##### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### Investments

Fixed asset investments are shown at cost less any provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

#### 2. Other operating income

	2008 £'000	2007 £'000
Exchange gains (net) on financing	74	190
Management fees	125	116
	<u>199</u>	<u>306</u>

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2008 (continued)

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#### 3. Operating expenses

	2008 £'000	2007 £'000
Auditors' remuneration – audit services	3	3
Professional and legal fees	108	85
Other expenses	15	5
	<u>126</u>	<u>93</u>

#### 4. Net interest receivable/(payable)

	2007 £'000	2007 £'000
Interest payable - on loans from fellow group undertakings	(118)	(276)
Interest receivable - on loans to fellow group undertakings	277	203
Net interest receivable/(payable)	<u>159</u>	<u>(73)</u>

#### 5. Employee information & 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 (2007: none).

The company had no other employees during the year (2007: none).

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2008 (continued)

6. Tax on profit on ordinary activities	2008	2007
	£'000	£'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax charge at the average rate in the year of 28.5% (2007: 30%)	24	(27)
Less: Group relief (received from)/surrendered to other group companies for no consideration	(24)	27
Current taxation charge for year	<u>-</u>	<u>-</u>

The tax assessed for the current year is lower (2007: lower) than the standard rate of corporation tax in the UK at 28.5% (2007: 30%). The differences are explained below.

	2008	2007
<b>(b) Factors affecting the tax charge for the year</b>	£'000	£'000
Profit on ordinary activities before taxation	<u>349</u>	<u>260</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	99	78
Effects of:		
Capital allowances in excess of depreciation	(42)	(69)
Dividend income not liable to UK corporation tax	(33)	(36)
Group losses (received)/surrendered for no consideration	<u>(24)</u>	<u>27</u>
Current taxation charge for year	<u>-</u>	<u>-</u>

At 31 December 2008, the company had an unrecognised deferred tax asset of £153,000 (2007: £195,000) 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 standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

Accordingly, future profits will be taxed at 28%.

## Antalis Group

Notes to the financial statements for the year ended 31 December 2008  
(continued)

### 7. Fixed asset investments

	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
<b>Cost</b>			
As at 1 January 2008	99,781	1,760	101,541
Reduction in share capital	-	-	-
Loans repaid	-	(1,760)	(1,760)
<b>As at 31 December 2008</b>	<b>99,781</b>	<b>-</b>	<b>99,781</b>
<b>Impairment</b>			
As at 1 January and 31 December 2008	(54,353)	-	(54,353)
<b>Net book values</b>			
<b>As at 31 December 2008</b>	<b>45,428</b>	<b>-</b>	<b>45,428</b>
As at 31 December 2007	45,428	1,760	47,188

A loan of £1,760,000 was expressed in euros, bore interest at six months Euribor + 1.1% and was repaid during the current year.

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 asterisk, all other subsidiaries are indirectly owned. There are further subsidiary undertakings which are either not material or are dormant. In compliance with the Companies Act 1985, details of all subsidiary undertakings will be annexed to the company's annual return.

Name of undertaking	Country of incorporation or registration and operation	Proportion of issued capital held
<b>Holding Companies:</b>		
Antalis Europe Holdings *	England	100.00
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
<b>Paper Merchanting:</b>		
Antalis Limited	England	100.00
First Paper House Botswana (Pty) Ltd	Botswana	100.00

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 7. Fixed asset investments (continued)

In the year to 31 December 2007, the following changes occurred:-

On 1 October 2007, Antalis Overseas Holdings Limited sold its interests in Antalis (Hong Kong) Limited, Antalis (Thailand) Limited, Antalis (Singapore) Pte Limited and Antalis (Malaysia) Sdn Bhd to Image Paper Asia Pte Limited, a company based in Singapore and jointly owned by Antalis International SASU and Arjo Wiggins SAS.

On 17 December 2007, Antalis Holdings Limited sold its interest in Antalis Ireland Limited to Antalis International SASU.

#### 8. Debtors

	2008 £'000	2007 £'000
<b>Amounts falling due within one year:</b>		
Loans to other group companies	4,122	2,237
Interest receivable from group companies	272	43
Dividend receivable from group company	-	120
Amounts due from group undertakings	45	8
Other debtors	135	135
<b>As at 31 December</b>	<b>4,574</b>	<b>2,543</b>

Short-term loans to other group companies are repayable on demand and interest has been charged between 4.3% and 7.3%, the annual average being 6.66%.

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

	2008 £'000	2007 £'000
Loans from group undertakings	1,706	1,706
Amounts owed to other group undertakings	118	117
Accruals	-	6
<b>As at 31 December</b>	<b>1,824</b>	<b>1,829</b>

Short-term loans from group undertakings are repayable on demand and the interest rates charged have ranged between 4.8% and 7.8%, the annual average being 7.16%.

## Antalis Group

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 10. Called up share capital

	2008 £'000	2007 £'000
<b>Authorised</b>		
155,000,000 ordinary shares of £1 each	155,000	155,000
<b>Allotted, called up and fully paid</b>		
136,926,563 ordinary shares of £1 each	136,927	136,927

#### 11. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 January 2008	500	(89,474)	(88,974)
Profit for the financial year	-	349	349
<b>As at 31 December 2008</b>	<b>500</b>	<b>(89,125)</b>	<b>(88,625)</b>

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

	2008 £'000	2007 £'000
Profit for the financial year	349	260
Net increase in shareholders' funds	349	260
Total shareholders' funds at the beginning of the year	47,953	47,693
Total shareholders' funds at the end of the year	48,302	47,953

#### 13. Contingent liabilities

The company has guaranteed a lease in favour of Antalis SNC for an amount of €7,768,000 (£7,768,000) (2007: €7,768,000 (£5,711,000)). The company is also the beneficiary of a counter guarantee for the above amounts from Antalis International SAS.

## **Antalis Group**

### **Notes to the financial statements for the year ended 31 December 2008 (continued)**

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#### **14. Cash flow**

The company, as a wholly-owned subsidiary of a group which publishes consolidated financial statements in which the company is included, is exempt under the terms of Financial Reporting Standard (FRS) No. 1 (Revised 1996) 'Cash Flow Statements' from publishing a cash flow statement.

#### **15. Related party transactions**

Under an exemption granted by Financial Reporting Standard (FRS) 8 'Related Party Disclosures', the company, as a wholly-owned subsidiary of a group which publishes consolidated financial statements in which the company is included, is not required to, and does not, disclose transactions with fellow members, associated undertakings and joint ventures of that group.

#### **16. Ultimate parent undertaking**

The immediate parent company is Antalis Group Holdings Limited, a company registered in England. The ultimate parent company for which consolidated accounts are prepared is Sequana, a company registered in France. A copy of the consolidated financial statements of that company can be obtained from the Secretary at the following address:

19 Avenue Montaigne  
75008 Paris

A further parent company for which group accounts 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 Secretary at the following address:-

Corso Matteotti 26  
10121 Turin

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