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COMPANY REGISTRATION NUMBER 021073

Browallia Holdings Limited

Financial Statements

30 June 2009

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Browallia Holdings Limited

Financial Statements

Period from 1 May 2008 to 30 June 2009

| Contents | Page |
|--|-------------|
| Officers and professional advisers | 1 |
| The directors' report | 2 |
| Independent auditor's report to the shareholders | 4 |
| Profit and loss account | 6 |
| Statement of total recognised gains and losses | 7 |
| Balance sheet | 8 |
| Accounting policies | 9 |
| Notes to the financial statements | 11 |

Browallia Holdings Limited

Officers and Professional Advisers

The Board of Directors

Browallia Corporate Director Limited
P J P V Gyllenhammar
J G L Holmstrom

Company Secretary

Cybrus Limited

Registered Office

10 Finsbury Square
London
EC2A 1AD

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Statutory Auditor
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers

Natwest Bank plc
PO Box 12258
1 Princes Street
London
EC2R 8PA

Solicitors

Charles Russell
Compass House
Lyplatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Browallia Holdings Limited

The Directors' Report

Period from 1 May 2008 to 30 June 2009

The directors present their report and the financial statements of the company for the period from 1 May 2008 to 30 June 2009.

Principal activities

The principal activity of the company during the period was that of a holding company.

Directors

The directors who served the company during the period were as follows:

Browallia Corporate Director Limited

P J P V Gyllenhammar

J G L Holmstrom

Directors' responsibilities

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 elected to prepare 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 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;
- 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.

In so far as the directors are aware:

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

Browallia Holdings Limited

The Directors' Report *(continued)*

Period from 1 May 2008 to 30 June 2009

Auditor

MacIntyre Hudson LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:
10 Finsbury Square
London
EC2A 1AD

Signed on behalf of the directors



J G L Holmstrom
Director

Approved by the directors on 16 NOV 2009

Browallia Holdings Limited

Independent Auditor's Report to the Shareholders of Browallia Holdings Limited

Period from 1 May 2008 to 30 June 2009

We have audited the financial statements of Browallia Holdings Limited for the period from 1 May 2008 to 30 June 2009 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies 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).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully 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 (APB's) Ethical Standards for Auditors.

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 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 30 June 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Browallia Holdings Limited

Independent Auditor's Report to the Shareholders of Browallia Holdings Limited *(continued)*

Period from 1 May 2008 to 30 June 2009

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.



ELAINE OLSON-WILLIAMS FCCA
(Senior Statutory Auditor)
For and on behalf of
MACINTYRE HUDSON LLP
Chartered Accountants
& Statutory Auditor

Peterbridge House
The Lakes
Northampton
NN4 7HB

19 Nov 2009

Browallia Holdings Limited

Profit and Loss Account

Period from 1 May 2008 to 30 June 2009

| | Note | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|--|----------|--|----------------------------|
| Turnover | | - | - |
| Administrative expenses | | (6,160,070) | 1,424,242 |
| Other operating income | 1 | (200,076) | - |
| Operating profit/(loss) | 2 | 6,360,146 | (1,424,242) |
| Interest receivable | 4 | 958 | 193,614 |
| Interest payable and similar charges | 5 | (694,835) | (111,716) |
| Profit/(loss) on ordinary activities before taxation | | 5,666,269 | (1,342,344) |
| Tax on profit/(loss) on ordinary activities | 6 | - | - |
| Profit/(loss) on ordinary activities after taxation, being profit/(loss) for the financial period | | <u>£5,666,269</u> | <u>£(1,342,344)</u> |

All of the activities of the company are classed as continuing.

The accounting policies and notes on pages 9 to 21 form part of these financial statements.

Browallia Holdings Limited

Statement of Total Recognised Gains and Losses

Period from 1 May 2008 to 30 June 2009

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|--|--|------------------------------------|
| Profit/(Loss) for the financial period attributable to the shareholders | 5,666,269 | (1,342,344) |
| Actuarial gain/(loss) in respect of defined benefit pension scheme | (2,298,000) | 373,000 |
| Total gains and losses recognised since the last annual report | <u>£3,368,269</u> | <u>£(969,344)</u> |

The accounting policies and notes on pages 9 to 21 form part of these financial statements.

Browallia Holdings Limited

Balance Sheet

30 June 2009

| | Note | 30 Jun 09 £ | 30 Apr 08 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 36,718 | 74,721 |
| Investments | 8 | 18,061,927 | 20,244,797 |
| | | <u>18,098,645</u> | <u>20,319,518</u> |
| Current assets | | | |
| Debtors | 9 | 198,155 | 270,349 |
| Cash at bank | | 5,182 | 74,499 |
| | | <u>203,337</u> | <u>344,848</u> |
| Creditors: amounts falling due within one year | 10 | <u>3,391,082</u> | <u>12,472,986</u> |
| Net current liabilities | | (3,187,745) | (12,128,138) |
| Total assets less current liabilities | | 14,910,900 | 8,191,380 |
| Creditors: amounts falling due after more than one year | 11 | <u>9,521,271</u> | <u>8,375,020</u> |
| Net assets/(liabilities) excluding pension liability | | £5,389,629 | £(183,640) |
| Defined benefit pension scheme liability | 12 | <u>(2,739,000)</u> | <u>(534,000)</u> |
| Net assets/(liabilities) including pension liability | | £2,650,629 | £(717,640) |
| Capital and reserves | | | |
| Called-up equity share capital | 14 | 35,533,726 | 35,533,726 |
| Share premium account | 15 | 9,856,842 | 9,856,842 |
| Profit and loss account | 16 | <u>(42,739,939)</u> | <u>(46,108,208)</u> |
| Shareholders' funds/(deficit) | 17 | £2,650,629 | £(717,640) |

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by:



J G L Holmstrom
Director

Company Registration Number: 00021073

The accounting policies and notes on pages 9 to 21 form part of these financial statements.

Browallia Holdings Limited

Accounting Policies

Period from 1 May 2008 to 30 June 2009

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements have been prepared in the going concern basis as the ultimate holding company has confirmed it will make available such funds as may be necessary to ensure that the company can meet its liabilities as they fall due.

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the European Economic Area 'EEA'. In accordance with Section 400 of the Companies Act 2006, the company is not required to produce, and has not published, consolidated accounts on the grounds that its results are included in the consolidated accounts of a larger group which are publicly available. Accordingly, these financial statements present information about the company individually and not about its group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) from including a cash flow statement in the financial statements in the grounds that the company is a wholly owned subsidiary of Bronsstadet AB and its cash flows are included in the consolidated cash flow statement of that company.

Fixed asset investments

Investments in subsidiary companies are stated at cost less provision for impairment in value. Listed investments are included at market value.

Fixed assets

All fixed assets are initially recorded at cost less provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

| | |
|---------------------|-----------------------------|
| Fixtures & Fittings | - 10% straight line |
| Equipment | - 20% and 33% straight line |

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Browallia Holdings Limited

Accounting Policies *(continued)*

Period from 1 May 2008 to 30 June 2009

Pension costs and other post-retirement benefits

Pension arrangements exist in a number of the principal subsidiary companies for eligible employees of the group. Contributions to the defined contribution schemes are charged to the profit and loss account in the period to which they relate.

The group operates a defined benefit pension scheme, which is accounted for in accordance with Financial Reporting Standard 17, Retirement Benefits ("FRS 17"). The assets and liabilities of the scheme are invested and managed independently of the finances of the group, and are valued by a qualified actuary using the defined accrued benefit method of valuation, discounted to present values. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the profit and loss account over the average remaining service lives of current employees. Actuarial gains and losses arising in the year from differences between actual and expected returns on pension assets, experience gains and losses on pension liabilities and effects of changes in actuarial assumptions are reflected in the Statement of Total Recognised Gains and Losses.

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

1. Other operating income

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|-------------------------------|--|---------------------------|
| Management charges receivable | 200,000 | — |
| Other operating income | 76 | — |
| | <u>£200,076</u> | <u>—</u> |

2. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|--|--|---------------------------|
| Depreciation of owned fixed assets | 38,690 | 1,360 |
| Operating lease costs: | | |
| - Other | 4,625 | — |
| Net (profit)/loss on foreign currency translation | (30,325) | 54,842 |
| Auditor's remuneration - audit of the financial statements | 8,973 | 39,723 |
| Auditor's remuneration - other fees | 95,536 | 67,477 |
| Provision against amounts due to group companies | (8,825,164) | (2,454,486) |
| Provision against carrying value of investments | <u>2,182,870</u> | <u>3,600,037</u> |

Audit fees for all related group companies are disclosed in the accounts of the relevant company. In the previous year audit fees were borne by Browallia Holdings Limited for all related group companies.

| | 30 Jun 09 £ | 30 Apr 08 £ |
|--|----------------|----------------|
| Auditor's remuneration - audit of the financial statements | <u>8,973</u> | <u>39,723</u> |
| Auditor's remuneration - other fees: | | |
| - Taxation services | 90,011 | 22,000 |
| - Business advisory services | 2,952 | — |
| - Accountancy | <u>2,573</u> | <u>45,477</u> |
| | <u>£95,536</u> | <u>£67,477</u> |

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

3. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

| | Period from 1 May 08 to 30 Jun 09 No | Year to 30 Apr 08 No |
|--------------------------------|---|----------------------------|
| Number of administrative staff | <u>1</u> | <u>1</u> |

The aggregate payroll costs of the above were:

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|-----------------------|--|---------------------------|
| Wages and salaries | 16,270 | 9,401 |
| Social security costs | 8,887 | 4,898 |
| Other pension costs | 4,842 | 1,264 |
| | <u>£29,999</u> | <u>£15,563</u> |

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 5) and amounts recognised in the statement of recognised gains and losses.

No director received any emoluments for his services to the company during the period (2008 - £nil).

4. Interest receivable

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|----------------------------------|--|---------------------------|
| Bank interest receivable | 958 | 2,384 |
| Interest from group undertakings | — | 191,230 |
| | <u>£958</u> | <u>£193,614</u> |

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

5. Interest payable and similar charges

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|---|--|---------------------------|
| Interest payable on bank borrowing | 2 | - |
| Interest payable to group companies | 745,436 | 176,456 |
| Net finance costs in respect of defined benefit pension schemes | (51,000) | (65,000) |
| Finance charges | 397 | 260 |
| | <u>£694,835</u> | <u>£111,716</u> |

6. Taxation on ordinary activities Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|---|--|---------------------------|
| Profit/(loss) on ordinary activities before taxation | <u>5,666,269</u> | <u>(1,342,344)</u> |
| Profit/(loss) on ordinary activities by rate of tax | 1,586,555 | (1,395,028) |
| Expenses not deductible for tax purposes | 5,860 | - |
| Capital allowances for period in excess of depreciation | 7,860 | (4,083) |
| Unrelieved tax losses | 13,294 | 19,962 |
| Group relief | 272,313 | 105,058 |
| Sundry tax adjusting items | (26,040) | (10,739) |
| Permanently disallowable management expenses | <u>(1,859,842)</u> | <u>1,284,830</u> |
| Total current tax | - | - |

Factors that may affect future tax charges

Due to the level of tax losses available, future tax charges will be reduced significantly below the standard UK tax rate. A potential deferred tax asset of £3,286,980 (2008: £3,265,827) has not been provided in these financial statements in respect of the tax losses carried forward and other short term timing differences in view of the uncertainty over when these tax losses might be utilised.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

7. Tangible fixed assets

| | Fixtures & Fittings £ | Equipment £ | Total £ |
|------------------------|-----------------------------|----------------------|-----------------------|
| Cost | | | |
| At 1 May 2008 | 131,958 | 194,368 | 326,326 |
| Additions | — | 685 | 685 |
| Disposals | (55,483) | (189,437) | (244,920) |
| At 30 June 2009 | <u>£76,475</u> | <u>£5,616</u> | <u>£82,091</u> |
| Depreciation | | | |
| At 1 May 2008 | 57,444 | 194,161 | 251,605 |
| Charge for the period | 38,357 | 333 | 38,690 |
| On disposals | (55,484) | (189,438) | (244,922) |
| At 30 June 2009 | <u>£40,317</u> | <u>£5,056</u> | <u>£45,373</u> |
| Net book value | | | |
| At 30 June 2009 | <u>36,158</u> | <u>560</u> | <u>36,718</u> |
| At 30 April 2008 | <u>74,514</u> | <u>207</u> | <u>74,721</u> |

8. Investments

| | Investments in subsidiaries £ |
|--------------------------------|-------------------------------------|
| Cost | |
| At 1 May 2008 and 30 June 2009 | <u>104,332,924</u> |
| Amounts written off | |
| At 1 May 2008 | 84,088,127 |
| Written off in period | 2,182,870 |
| At 30 June 2009 | <u>86,270,997</u> |
| Net book value | |
| At 30 June 2009 | <u>18,061,927</u> |
| At 30 April 2008 | <u>20,244,797</u> |

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

8. Investments (continued)

The company's subsidiary undertakings are as follows:

| Name | Country of incorporation | Type of share | Proportion held | Nature of business |
|--|--------------------------|---------------|-----------------|-----------------------------|
| The Union Discount Company of London Limited | UK | Ordinary | 100% | Investment holding company |
| Johnson & Starley Limited* | UK | Ordinary | 100% | Warm air heating |
| Browallia Discount Company Limited | UK | Ordinary | 100% | Property management company |
| Browallia CAL Limited | UK | Ordinary | 100% | Dormant company |
| UIM Properties Limited* | UK | Ordinary | 100% | Property management company |
| Browallia Property Company Limited | UK | Ordinary | 100% | Investment holding company |
| Keighley Fleece Mills Company Limited* | UK | Ordinary | 100% | Property management company |
| Erudite UK Limited | UK | Ordinary | 100% | Investment holding company |
| British Mohair Holdings Limited* | UK | Ordinary | 100% | Investment holding company |
| Browallia Corporate Director Limited* | UK | Ordinary | 100% | Dormant company |
| Browallia Retirement Benefits Scheme Trustees Limited* | UK | Ordinary | 100% | Dormant company |
| Cybrus Limited* | UK | Ordinary | 100% | Dormant company |
| Pittards Plc | UK | Ordinary | 65% | Production of leather goods |

*Held indirectly

The market value of listed investments as at 30 June 2009 is £2,896,331.

During the period, Silvernib, a company incorporated in Cyprus, in which Browallia Holdings Limited indirectly owned 100% of the share capital was dissolved.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

9. Debtors

| | 30 Jun 09 £ | 30 Apr 08 £ |
|------------------------------------|-----------------|-----------------|
| Trade debtors | 1,359 | – |
| Amounts owed by group undertakings | 175,803 | 221,944 |
| VAT recoverable | – | 43,246 |
| Other debtors | 14,816 | 201 |
| Directors current accounts | 15 | – |
| Prepayments and accrued income | 6,162 | 4,958 |
| | <u>£198,155</u> | <u>£270,349</u> |

10. Creditors: amounts falling due within one year

| | 30 Jun 09 £ | 30 Apr 08 £ |
|------------------------------------|-------------------|--------------------|
| Trade creditors | 4,986 | 73,332 |
| Amounts owed to group undertakings | 3,193,740 | 12,257,911 |
| PAYE and social security | 2,746 | 1,539 |
| VAT | 20,299 | – |
| Other creditors | 14,616 | – |
| Accruals and deferred income | 154,695 | 140,204 |
| | <u>£3,391,082</u> | <u>£12,472,986</u> |

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

| | 30 Jun 09 £ | 30 Apr 08 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | <u>9,521,271</u> | <u>8,375,020</u> |

The amounts due to group undertakings are unsecured, interest free and repayable on demand, with the exception of £7,359,861 due to Browallia AB which is secured on the investment in Johnson & Starley Limited, a subsidiary of The Union Discount Company of London Limited.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

12. Pensions and other post retirement benefits

There are a number of pension arrangements in the group, including defined benefit and defined contribution arrangements. Assets are held in separate trustee administered funds. Not all group employees are members of a group pension scheme.

The group's principal pension scheme is the Union Plc Retirement Benefits Scheme, which has separately funded defined benefit and money purchase sections. The defined benefit section relates primarily to deferred pensioners (i.e. Former employees who have left the group but remain entitled to deferred benefits under the defined benefit section of the scheme) but also includes a liability to provide guaranteed minimum pensions for members of the money purchase section who were formerly members of the defined benefits section. Apart from revaluation of benefits, there are no further benefits accruing under the defined benefit section.

The Financial Reporting Standard 17 liabilities have been based on the results of the triennial actuarial valuation of the scheme as at 1 April 2008 adjusted to 30 June 2009 and further adjusted to take account of the assumptions set out below.

The benefits include the guaranteed minimum pensions ("GMPs") for certain members in respect of whom the Aberdeen Asset Management Annuity Conversion Fund was notionally earmarked. Historically, it has been assumed that the value of these GMPs equalled the value of the Aberdeen Asset Management Annuity Conversion Fund and hence the value of this liability had been excluded (as had the corresponding asset). However, the actuary has now valued the GMPs and their value exceeds the value of the Aberdeen Asset Management Annuity Conversion Fund and this has led to an actuarial loss on the liabilities due to experience.

Financial Reporting Standard 17, retirement benefits ("FRS 17")

Calculations used for FRS 17 disclosures have been based on the most recent actuarial valuations and updated by BDO Stoy Hayward Investment Management Limited to take account of the requirements of FRS 17 in order to assess the liabilities of the pension plan at 30 June 2009.

There is no current service cost in the current and comparative period.

The amounts recognised in the profit and loss account are as follows:

| | 30 Jun 09 £ | 30 Apr 08 £ |
|--|----------------|----------------|
| <i>Amounts included in other finance income:</i> | | |
| Expected return on scheme assets | (589,000) | (464,000) |
| Interest on scheme liabilities | 538,000 | 399,000 |
| Other finance income | (51,000) | (65,000) |
| Total credit to the profit and loss account | (51,000) | (65,000) |

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

12. Pensions and other post retirement benefits *(continued)*

Other finance cost is included in the profit and loss account within interest payable and similar charges.

Actuarial losses of £(2,298,000) (2008: £373,000) have been recognised in the statement of total recognised gains and losses. At 30 June 2009 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(3,775,000) (2008: £(1,477,000)).

The amounts recognised in the balance sheet are as follows:

| | 30 Jun 09 £ | 30 Apr 08 £ |
|-------------------------------------|---------------------|-------------------|
| Present value of funded obligations | (8,377,000) | (7,139,000) |
| Fair value of scheme assets | 5,638,000 | 6,605,000 |
| Net pension liability | <u>£(2,739,000)</u> | <u>£(534,000)</u> |

Changes in the present value of the defined benefit obligation scheme are as follows:

| | 30 Jun 09 £ | 30 Apr 08 £ |
|---|-------------------|-------------------|
| Opening defined benefit obligation | 6,554,000 | 7,323,000 |
| Aberdeen Asset Management Annuity Conversion Fund | 585,000 | — |
| | <u>7,139,000</u> | <u>7,323,000</u> |
| Interest on scheme liabilities | 538,000 | 399,000 |
| Actuarial loss/(gain) | 856,000 | (1,029,000) |
| Benefits paid | (156,000) | (139,000) |
| Closing defined benefit obligation | <u>£8,377,000</u> | <u>£6,554,000</u> |

Changes in the fair value of scheme assets are as follows:

| | 30 Jun 09 £ | 30 Apr 08 £ |
|-------------------------------------|-------------------|-------------------|
| Opening fair value of scheme assets | 6,020,000 | 6,315,000 |
| Guaranteed minimum pensions | 585,000 | — |
| | <u>6,605,000</u> | <u>6,315,000</u> |
| Expected return on scheme assets | 589,000 | 464,000 |
| Contributions by employer | 42,000 | 36,000 |
| Actuarial loss | (1,442,000) | (656,000) |
| Benefits paid | (156,000) | (139,000) |
| Closing fair value of scheme assets | <u>£5,638,000</u> | <u>£6,020,000</u> |
| Actual return on scheme assets | <u>£(853,000)</u> | <u>£(192,000)</u> |

The contributions expected to be paid to the scheme for the year ended 30 June 2010 are estimated to be £75,000.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

12. Pensions and other post retirement benefits *(continued)*

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows:

| | Expected return | | Fair value of assets | |
|-----------------------------|-----------------|-----------|----------------------|-------------------|
| | 30 Jun 09 | 30 Apr 08 | 30 Jun 09 | 30 Apr 08 |
| | % | % | £ | £ |
| Equities | 8.5 | 8.5 | 3,401,000 | 4,673,000 |
| Bonds | 5.5 | 6.5 | 749,000 | 819,000 |
| Cash | 3.0 | 5.0 | 1,488,000 | 1,113,000 |
| Fair value of scheme assets | | | <u>£5,638,000</u> | <u>£6,605,000</u> |

None of the comparative figures for scheme asset quoted securities have been restated from mid-market to bid prices.

The overall expected weight of return on the Scheme's assets has been derived as the weighted average of the individual expected rates of return on each major category of assets.

The principal actuarial assumptions as at the balance sheet date were:

| | 30 Jun 09 | 30 Apr 08 |
|---|-----------|-----------|
| | % | % |
| Discount rate | 6.2 | 6.5 |
| Rate of increase in pensions in payment | 3.0 | 3.0 |
| Rate of increase in deferred pensions | 3.9 | 3.7 |
| Inflation | 3.9 | 3.7 |

The above economic assumptions have been based on market conditions as at 30 June 2009, but have been derived using a consistent methodology as used to derive the assumptions as at 30 April 2008. In particular, the discount rate has been based on the yield obtainable on an AA-rated corporate bond of a similar nature and term to the liabilities being valued as at 30 June 2009, as prescribed by FRS 17.

Price inflation has been taken as the implied inflation rate as calculated by the Bank of England as at 30 June 2009 over a period equal to the weighted mean term of the past service liabilities, rounded to the nearest 0.1%. This implied inflation rate is the yield on a fixed interest zero coupon bond less the real yield on an index-linked zero coupon bond, both of duration equal to the weighted mean term of the past service liabilities.

Increases to pensions in payment which are related to price inflation have been derived stochastically having regard to the price inflation assumption.

The mortality assumption used is the S1NMA (males) and S1NFA (females) tables projected to the year 2010. To give an indication of life expectancies, a pensioner who is currently aged 60 is assumed to live on average for a further 23.4 years in the case of a man and 26.5 years in the case of a woman.

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

12. Pensions and other post retirement benefits *(continued)*

Amounts for the current and previous four periods are as follows:

| | 2009 £ | 2008 £ | 2007 £ | 2006 £ | 2005 £ |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|
| Defined benefit obligation | (8,377,000) | (7,139,000) | (7,323,000) | (7,318,000) | (6,407,000) |
| Fair value of scheme assets | 5,638,000 | 6,605,000 | 6,315,000 | 6,198,000 | 5,112,000 |
| Deficit in the scheme | <u>£(2,739,000)</u> | <u>£(534,000)</u> | <u>£(1,008,000)</u> | <u>£(1,120,000)</u> | <u>£(1,295,000)</u> |
| Experience adjustments on scheme liabilities (£) | <u>(321,000)</u> | <u>5,000</u> | <u>(3,000)</u> | <u>(2,000)</u> | <u>2,000</u> |
| Experience adjustments on scheme assets (£) | <u>(1,442,000)</u> | <u>(656,000)</u> | <u>(206,000)</u> | <u>813,000</u> | <u>45,000</u> |

13. Related party transactions

The company is a wholly owned subsidiary and has taken advantage of the exemption, permitted by Financial Reporting Standard 8, not to disclose transactions with other members of the Bronsstadet AB group. The company's results are included in the consolidated accounts of Bronsstadet AB which are publicly available. There were no other related party transactions.

14. Share capital

Allotted and called up:

| | 30 Jun 09 | | 30 Apr 08 | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | No | £ | No | £ |
| Ordinary shares of £0.25 each | 75,084,000 | 18,771,000 | 75,084,000 | 18,771,000 |
| Deferred shares of £0.25 each | 53,226,000 | 13,306,500 | 53,226,000 | 13,306,500 |
| Convertible shares of £0.25 each | 13,825,000 | 3,456,226 | 13,825,000 | 3,456,226 |
| | <u>142,135,000</u> | <u>£35,533,726</u> | <u>142,135,000</u> | <u>£35,533,726</u> |

15. Share premium account

There was no movement on the share premium account during the financial period.

16. Profit and loss account

| | Period from 1 May 08 to 30 Jun 09 £ | Year to 30 Apr 08 £ |
|--|--|---------------------------|
| Balance brought forward | (46,108,208) | (45,138,864) |
| Profit/(loss) for the financial period | 5,666,269 | (1,342,344) |
| Actuarial gain/(loss) in respect of defined pension benefit scheme | (2,298,000) | 373,000 |
| Balance carried forward | <u>£(42,739,939)</u> | <u>£(46,108,208)</u> |

Browallia Holdings Limited

Notes to the Financial Statements

Period from 1 May 2008 to 30 June 2009

17. Reconciliation of movements in shareholders' funds

| | 30 Jun 09 £ | 30 Apr 08 £ |
|--|-------------------|-------------------|
| Profit/(Loss) for the financial period | 5,666,269 | (1,342,344) |
| Actuarial gain/(loss) in respect of defined benefit pension scheme | (2,298,000) | 373,000 |
| Net addition/(reduction) to shareholders' (deficit)/funds | £3,368,269 | £(969,344) |
| Opening shareholders' (deficit)/funds | (717,640) | 251,704 |
| Closing shareholders' funds/(deficit) | <u>£2,650,629</u> | <u>£(717,640)</u> |

18. Ultimate parent company

Browallia (UK) Limited (formerly Browallia Subsidiary Company Limited), a company incorporated and registered in England and Wales is the immediate parent company. This company does not prepare consolidated financial statements.

Erudite Holding S a r l, which is incorporated and registered in Luxembourg, is the ultimate holding company. However Bronsstadet AB, which is incorporated and registered in Sweden, is the largest group for which group accounts are prepared. Copies of consolidated financial statements for Bronsstadet AB may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden. P J P V Gyllenhammar is the ultimate controlling party of all companies noted above at the date of signing the financial statements.

19. Post balance sheet event

On 9 November 2009 the shares in Pittards Plc were sold for proceeds of £2,835,930.