

Antalis Overseas Holdings Limited

Registered Number 157928

**Annual report and financial statements
for the year ended 31 December 2007**



Antalis Overseas Holdings Limited

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The directors present their annual report and audited financial statements for the year ended 31 December 2007

Principal activities

The company is an investment holding company with interests in companies operating in Asia and South America. The investments in Asia were sold on 1 October 2007 for £9,741,000 resulting in a profit on sale of investment of £4,563,000. All these companies are principally engaged in the distribution of paper, paper products and related activities.

Review of business and future developments

The directors do not foresee any further changes to its investment holdings in the foreseeable future.

Results and dividends

The audited accounts for the year ended 31 December 2007 are set out on pages 6 to 13.

The directors recommend that no dividend (2006: £nil) be declared on the ordinary shares for the year ended 31 December 2007.

The company's profit for the year is £4,534,000 (2006: profit £876,000).

Directors

The directors, who held office during the year, are given below:

J H Arrowsmith
O G Bouillaud
J H Cubbon (resigned 27 July 2007)
P L Darrot
A P D Gourjon
G A Harrison
X G U Roy-Contancin
M Coiquaud (appointed 27 July 2007)

Company secretary

On 30 January 2008, Bondlaw Securities Limited resigned as company secretary and on the same date 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.

Auditors and disclosure of information to auditors

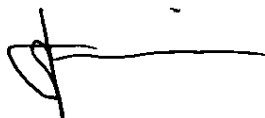
In the case of the persons who are directors at the time when the report is approved under section 234ZA, the following applies:

- 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.

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



G A Harrison
Director

27 May 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTALIS OVERSEAS HOLDINGS LIMITED

We have audited the financial statements of Antalis Overseas Holdings Limited for the year ended 31 December 2007 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 the preparation of 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 OVERSEAS 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 company's affairs as at 31 December 2007 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

27 May 2008

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Operating expenses (net)		(243)	(46)
Operating loss	3	(243)	(46)
Dividends from shares in subsidiary undertakings		173	1,114
Profit on disposal of fixed asset investments	5	4,563	-
Profit on ordinary activities before interest and taxation		4,493	1,068
Interest receivable/(payable)	4	41	(167)
Profit on ordinary activities before taxation		4,534	901
Tax on profit on ordinary activities	6	-	(25)
Profit for the financial year	11	4,534	876

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, in consequence, no separate statement of total recognised gains and losses has been presented

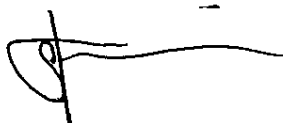
There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 8 to 13 form part of these accounts

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	7	1,176	6,354
Current assets			
Debtors	8	8,521	674
Cash at bank and in hand		11	10
		<u>8,532</u>	<u>684</u>
Creditors amounts falling due within one year	9	(398)	(2,262)
Net current assets/(liabilities)		<u>8,134</u>	<u>(1,578)</u>
Net assets		<u>9,310</u>	<u>4,776</u>
Capital and reserves			
Called up share capital	10	7,948	7,948
Profit and loss account	11	1,362	(3,172)
Total shareholders' funds	12	<u>9,310</u>	<u>4,776</u>

The financial statements on pages 6 to 13 were approved by the board of directors on May 2008 and were signed on its behalf by



G A Harrison

Director

May 2008

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1. Principal 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 preceding year, are set out below.

Basis of accounting

No consolidated accounts are submitted, as the company is a wholly-owned subsidiary of Sequana Capital, 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, with the following exceptions:

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.

Investments

Fixed asset investments are stated at cost less provision for impairment. The carrying value of investments in subsidiary and group undertakings are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2. Directors' emoluments and employee information

The directors are all 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. The company had no other employees.

3. Operating expenses (net)

The operating loss is stated after charging/(crediting)

	2007	2006
	£'000	£'000
Exchange (gain)/loss on financing activities	(3)	46
Auditors' remuneration – audit services	3	-
Debt write off	243	-
	243	46

Auditors' remuneration

The auditors' remuneration is £3,000 (2006 borne by Antalis Group)

4. Interest receivable/(payable)

	2007	2006
	£'000	£'000
Payable on loans from fellow group undertakings	(101)	(167)
Receivable on loans to fellow group undertakings	142	-
	41	(167)

5. Profit on disposal of fixed asset investments

On 1 October 2007, the company sold its interest in Antalis Asia to another group company on an arms length basis. The profit on the sale of these subsidiary undertakings is shown below.

	2007	2006
	£'000	£'000
Proceeds of sale of investments	9,741	-
Net book value of investments	(5,178)	-
Profit on disposal of fixed asset investments	4,563	-

6. Tax on profit on ordinary activities

	2007	2006
	£'000	£'000
(a) Analysis of charge in the period		
UK corporation tax at 30% (2006 30%)	-	-
Prior year adjustment – current tax	-	25
Current tax charge for year	-	25

The tax charge for the period is lower (2006 lower) than the standard rate of corporation tax (30%), the differences are explained below

	2007	2006
	£'000	£'000
(b) Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	4,534	901
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	1,360	270
Effects of		
Tax credits related to dividends received from companies based outside the UK liable to UK corporation tax	-	59
Profit on sale of investments not taxable due to the substantial shareholding exemption	(1,369)	-
Other finance costs (write off of receivable) not deductible for UK corporation tax	73	-
Group relief surrendered by other group undertakings for no consideration	(64)	(133)
Double taxation relief	-	(196)
Prior year adjustment – current tax	-	25
Current tax charge for year	-	25

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

7. Fixed asset investments

	Investment - subsidiary companies £'000	Investment - group company £'000	Total £'000
Cost			
As at 1 January 2007	5,303	3,257	8,580
Disposal in year	(5,303)	-	(5,303)
As at 31 December 2007	-	3,257	3,257
Impairment			
As at 1 January 2007	125	2,081	2,206
Disposal in year	(125)	-	(125)
As at 31 December 2007	-	2,081	2,081
Net book value			
As at 31 December 2007	-	1,176	1,176
As at 31 December 2006	5,178	1,176	6,354

Details of investments in group undertakings are as follows

The company holds a 12.89% investment in the share capital of Inversiones Antalis Holdings Limitada, a company incorporated in Chile. The remaining 87.11% of Inversiones Antalis Holdings Limitada is owned by two other group companies.

On 1 October 2007, the company 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.

8. Debtors

	2007 £'000	2006 £'000
Loans due from group undertakings	<u>8,521</u>	<u>674</u>

The short term loans to other group undertakings are repayable on demand and interest has been charged between 6.2% and 7.5%, the annual average being 6.7%.

9. Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Loans from group undertakings	-	2,222
Amounts owed to group undertakings	398	40
As at 31 December	398	2,262

Short-term loans are repayable on demand and the interest rates charged have ranged between 6.31% and 7.59%, the annual average being 6.81%

10. Called up share capital

	Number	Value
	000's	£'000
Authorised, allotted, called up and fully paid ordinary shares of £1 each		
As at 31 December 2007 and 2006	7,948	7,948

11. Profit and loss account

	£'000
As at 1 January 2007	(3,172)
Retained profit for the year	4,534
As at 31 December 2007	1,362

12. Reconciliation of movements in total shareholders' funds

	2007	2006
	£'000	£'000
Profit for the year	4,534	876
Net increase in total shareholders' funds	4,534	876
Total shareholders' funds at the beginning of the year	4,776	3,900
Total shareholders' funds at the end of the year	9,310	4,776

13. Post balance sheet events

As detailed in notes 5 and 7, the company sold its investments in Antalis Asia during the year. On 3 March 2008, £397,995 of the consideration receivable for the sale of these investments was repaid to the purchaser. This adjustment has been reflected in these financial statements.

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, a company registered in England. The first intermediate parent company for which consolidated accounts are prepared is Sequana Capital, 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

Further parent companies for which group accounts are prepared are IFIL – Finanziaria di Partecipazioni S.p.A., and IFI -Istituto Finanziario Industriale S.p.A., both companies registered in Italy. A copy of the consolidated financial statements of those companies 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, acting for members of the Agnelli family.