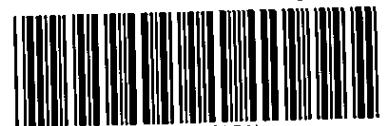


**H YOUNG HOLDINGS PLC**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006**

**Registered No: 194944**

WEDNESDAY



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COMPANIES HOUSE

## **H YOUNG HOLDINGS PLC**

### **REPORT OF THE DIRECTORS**

The Directors present the annual report and audited accounts for the year to 31 December 2006

#### **Principal Activity**

The Group's principal activity is that of importing, marketing and distributing branded products. There have not been any significant changes in the Group's principal activities in the year under review.

#### **Results and dividends**

The turnover for the year was £114,765,000 (2005 £108,361,000). The profit after tax was £2,435,000 (2005 £439,000).

No dividends were declared in the current year (2005 £Nil) and the resultant profit for the year of £2,435,000 (2005 £439,000) has been added to reserves.

#### **Review of the Business**

Group sales increased in the year by 6%. Operating profits excluding exceptional costs and goodwill amortisation rose by 30% from £5,150,000 to £6,720,000. Gross margins rose by 2% to 37.1%.

The majority of the Group's sales are made to UK retail customers. The Group experienced weaker than expected demand from its customers in the first half of 2006 but this demand strengthened over the second half of the year. The improved demand from our customers, together with favourable exchange rates were both important factors in the improvement in operating profitability.

The balance sheet on page 6 shows that the Group's net asset position improved in the year. There was a net outflow of cash, consistent with the Group's growth and resulting higher working capital requirements.

The key performance indicators in use across the Group relate to trends in sales growth, gross margins and operating profitability expressed as a percentage of sales.

#### **Principal Risks and Uncertainties**

The Group supplies customers which largely trade in the UK high street. The Group is therefore exposed to the risk of reductions in consumer demand.

The Group makes significant purchases in foreign currencies and is exposed to currency risk if the impact of adverse currency rate movements cannot be managed by changes in pricing. The Group actively manages currency exposure to reduce this risk.

The Group manages and distributes a number of brands on behalf of third parties and is exposed to the risk that these distribution agreements may cease due to circumstances beyond the Group's control. The Group devotes considerable time and resources to the professional management of these brands, the majority of which have been distributed by the Group for many years, in order to minimise this risk.

#### **Subsequent Events**

On 29 March 2007 the Company completed the acquisition of the entire share capital of Jupiter Holding ApS ("Jupiter"), a Danish company, from Rinaldo Rinaldini Limited, the Company's ultimate parent undertaking. Jupiter is the holding company of a group whose sole operating subsidiary is Wunder-Baum AG, a Swiss based company engaged in the manufacture and distribution of automotive air fresheners in Europe under the Little Trees® brand. Wunder-Baum AG has annual sales of approximately £6.5m. The consideration for Jupiter was satisfied by the issue of 3,817,438 Ordinary shares of 25 pence each in the Company. The acquisition of Jupiter strengthens the Group's involvement in the automotive aftermarket.

#### **Fixed Assets**

The market value of freehold land and buildings in the Group is not less than the book value indicated in these accounts.

## **H YOUNG HOLDINGS PLC**

### **REPORT OF THE DIRECTORS**

continued

#### **Directors and their Interests**

The following Directors held office in the year

J R A LaLone

A J McIvor

T S Redfern (resigned 30 November 2006)

D Sämann

Dr R F Sämann

Dr R F Sämann retires by rotation and offers himself for re-election

There were no significant contracts subsisting in or at the end of the year to 31 December 2006 in which any Director is or was materially interested

None of the Directors holds any shares in the Company

#### **Donations**

Charitable donations for the year amounted to £5,000 (2005 £11,000) No donations were made for political purposes

#### **People Policies**

The Group recognises the importance of good communications and relations with employees There are suitable procedures in place for the consideration of training, career development and promotion for employees The management of each division is encouraged to adopt such employee consultation as is appropriate

The Group's policy is to provide equal recruitment and other opportunities for all employees, regardless of sex, religion, colour and race

It is the policy to give full consideration to the employment of disabled persons whenever their aptitudes and abilities allow

#### **Creditor Payment Policy**

It is the Group's policy to agree payment terms with its suppliers, along with other terms and conditions, when it enters into binding purchase contracts and to abide by the agreed payment terms provided that the supplier has provided the goods or services in accordance with the terms and conditions of the contract Group creditor days at 31 December 2006 were 60 (31 December 2005 69) Creditor days overall reflect the credit periods actually given by our suppliers, many of which we deal with on letter of credit terms

#### **Auditors**

Each of the persons who is a Director 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 in order 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

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

## **H YOUNG HOLDINGS PLC**

### **REPORT OF THE DIRECTORS**

continued

#### **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,
- prepare the financial statements on the going concern basis

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

*A J. McIvor*

By Order of the Board  
A J McIvor  
Secretary

*28 June* 2007

# **INDEPENDENT AUDITORS' REPORT**

to the Members of H Young Holdings PLC

We have audited the group and parent company financial statements (the "financial statements") of H Young Holdings PLC for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement 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, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. 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.

## **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 2006 and of the Group's profit and parent company'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.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

*28 June*

2007

**H YOUNG HOLDINGS PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year to 31 December 2006

	Notes	Ordinary activities £'000	Amorti- sation of goodwill £'000	Year to 31 December 2006 £'000	Ordinary activities £'000	Amorti- sation of goodwill £'000	Except- ional items £ 000	Year to 31 December 2005 £'000
<b>Turnover</b>								
Continuing operations		114,765		114,765	106,950			106,950
Discontinued operations					1,411			1,411
	2	114,765		114,765	108,361			108,361
<b>Operating profit/(loss)</b>								
Continuing operations		6,720	(740)	5,980	5,253	(689)	(892)	3,672
Discontinued operations					(103)			(103)
	3	6,720	(740)	5,980	5,150	(689)	(892)	3,569
<b>Non-operating exceptional items</b>								
Provision for discontinued operations	4						(584)	(584)
<b>Profit on ordinary activities before interest</b>		6,720	(740)	5,980	5,150	(689)	(1,476)	2,985
Finance charges	7			(1,916)				(1,914)
<b>Profit on ordinary activities before taxation</b>				4,064				1,071
Taxation on profit on ordinary activities	8			(1,629)				(632)
<b>Profit on ordinary activities after, taxation, retained for the year</b>	21			2,435				439

The elements of performance analysed as discontinued operations relate to the business of Michael Selcott Designs

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year to 31 December 2006

	Notes	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Profit for the year		2,435	439
Actuarial gain/(loss) recognised in the pension scheme	23	294	(443)
Deferred tax thereon	19	(88)	133
<b>Total recognised gains for the year</b>		<b>2,641</b>	<b>129</b>

A statement of historical cost gains and losses has not been prepared on the grounds of materiality

The notes on pages 7 to 23 form part of these accounts

# H YOUNG HOLDINGS PLC

## BALANCE SHEETS

at 31 December 2006

	Notes	Group 31 December 2006 £'000	Group 31 December 2005 £'000	Company 31 December 2006 £'000	Company 31 December 2005 £'000
<b>Fixed assets</b>					
Intangible assets	10	1,069	1,809	–	–
Tangible assets	11	18,280	17,928	403	566
Investments	12	–	–	23,492	23,492
		<b>19,349</b>	<b>19,737</b>	<b>23,895</b>	<b>24,058</b>
<b>Current assets</b>					
Stocks	13	23,959	23,708	–	–
Debtors	14	23,621	21,656	400	386
Cash at bank and in hand		–	–	–	1,127
		<b>47,580</b>	<b>45,364</b>	<b>400</b>	<b>1,513</b>
<b>Creditors – Amounts falling due within one year</b>	15	<b>(37,756)</b>	<b>(39,238)</b>	<b>(6,235)</b>	<b>(7,343)</b>
<b>Net current assets/(liabilities)</b>		<b>9,824</b>	<b>6,126</b>	<b>(5,835)</b>	<b>(5,830)</b>
<b>Total assets less current liabilities</b>		<b>29,173</b>	<b>25,863</b>	<b>18,060</b>	<b>18,228</b>
<b>Creditors – Amounts falling due after more than one year</b>	15	<b>(9,023)</b>	<b>(8,007)</b>	<b>(117)</b>	<b>(267)</b>
<b>Provisions for liabilities and charges</b>	18	<b>(827)</b>	<b>(899)</b>	<b>–</b>	<b>–</b>
<b>Net assets excluding pension liability</b>		<b>19,323</b>	<b>16,957</b>	<b>17,943</b>	<b>17,961</b>
<b>Pension liability</b>	23	<b>(1,717)</b>	<b>(1,992)</b>	<b>–</b>	<b>–</b>
<b>Net assets including pension liability</b>		<b>17,606</b>	<b>14,965</b>	<b>17,943</b>	<b>17,961</b>
<b>Capital and reserves</b>					
Called up share capital	20	5,674	5,674	5,674	5,674
Share premium account	21	6,221	6,221	6,221	6,221
Revaluation reserve	21	750	762	–	–
Other reserves	21	–	–	5,910	5,910
Profit and loss account	21	4,961	2,308	138	156
<b>Total Equity Shareholders' Funds</b>	21	<b>17,606</b>	<b>14,965</b>	<b>17,943</b>	<b>17,961</b>

*A. J. McIvor*

AJ McIvor  
Director

Approved by the Directors on 28 June 2007

The notes on pages 7 to 23 form part of these accounts

**H YOUNG HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year to 31 December 2006

	Notes	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
<b>Cash inflow from operating activities</b>	24	3,161	1,828
<b>Returns on investments and servicing of finance</b>			
Interest paid on bank loans and overdrafts		(516)	(547)
Loan note redemption premiums		(1,131)	(1,476)
Interest element of hire purchase rental payments		(27)	(42)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,674)	(2,065)
<b>Taxation</b>			
UK corporation tax paid		(768)	(1,277)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(2,653)	(3,310)
Sale of tangible fixed assets		46	56
<b>Net cash outflow from capital expenditure</b>		(2,607)	(3,254)
<b>Acquisitions</b>			
Purchase of subsidiary undertakings		-	(971)
Net overdraft acquired with subsidiaries		-	(1,834)
<b>Net cash outflow from acquisitions</b>		-	(2,805)
<b>Financing</b>			
Loan note issues		14,849	13,952
Loan note redemptions		(13,952)	(10,510)
Mortgage loan repaid		(600)	(600)
Capital element of hire purchase rental payments		(237)	(282)
<b>Net cash inflow from financing</b>		60	2,560
<b>Increase in overdrafts</b>	24	(1,828)	(5,013)

*The notes on pages 7 to 23 form part of these accounts*



# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

### 1 Accounting policies

#### (a) *Convention*

The accounts have been prepared under the historical cost convention modified to incorporate the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies are described below. They have all been applied consistently throughout the year and the preceding year.

#### (b) *Basis of consolidation*

The Group accounts consolidate the accounts of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of are included from or to the date of acquisition or disposal respectively.

Business acquisitions are accounted for using acquisition accounting principles.

#### (c) *Fixed assets and depreciation*

- (i) A general policy of revaluation of fixed assets has not been adopted and the book amounts of fixed assets, except for an element of historical revaluation in respect of freehold properties as set out in Note 11, have been retained.
- (ii) Where freehold properties were historically revalued the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial. No depreciation is provided on freehold land but, since 1995, depreciation of 2% per annum has been provided on freehold buildings. Any impairment in the value of such properties is charged to the revaluation reserve or profit and loss account as appropriate. A transfer is made from revaluation reserve to the profit and loss reserve each year to cover the element of depreciation charge which relates to revalued assets.
- (iii) The cost of leasehold properties is amortised over the length of the leases on a straight line basis.
- (iv) The cost of plant and equipment is fully written off by equal instalments over its estimated useful life at rates ranging from 5% to 50% per annum.
- (v) The cost of motor vehicles is written off to residual value in equal instalments at a rate of 33 $\frac{1}{3}$ % per annum.
- (vi) The interest costs incurred on the financing of acquisitions or construction of freehold land and buildings are capitalised up until the date that those buildings become operational and thereafter are depreciated over the life of the relevant buildings.

#### (d) *Turnover*

Turnover is the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of trade discounts and value added tax.

#### (e) *Deferred taxation*

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities which are recognised in the balance sheet have not been discounted.

#### (f) *Leased assets*

Assets held under hire purchase contracts are capitalised and depreciated over their estimated useful lives. The related obligations are included within creditors. Interest payable is charged to the profit and loss account in proportion to outstanding obligations. Operating lease rentals are charged to the profit and loss account in equal amounts over the term of the lease.

#### (g) *Stocks*

Stocks are valued at the lower of cost and estimated net realisable value where cost is the purchase price on a weighted average cost basis. Goods in transit from suppliers are included in stocks where risk in the goods has passed to the Group under the shipment terms negotiated. The corresponding liability is included within trade creditors.

#### (h) *Foreign currency*

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract. Differences arising on translation are dealt with in the profit and loss account.

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 1 Accounting policies (continued)

#### (i) Goodwill

Goodwill is defined as the excess of the cost of businesses acquired over the fair value of their net assets. Goodwill arising on acquisitions on or after 1 October 1998 is capitalised as an intangible fixed asset and amortised in equal annual instalments over its estimated useful economic life. Goodwill amortisation is charged within administrative expenses and is included within the results of acquired operations in the profit and loss account disclosures in the year of acquisition. Goodwill arising on acquisitions prior to 1 October 1998 was eliminated against reserves as a matter of accounting policy. This past goodwill has not been re-instated. Any goodwill eliminated against reserves at the time a business is purchased is included in the calculation of the profit or loss on disposal or closure of that business.

#### (j) Pensions

The Group operates one defined benefit scheme in the United Kingdom. The scheme is administered by trustees and is independent of the Group finances. Triennial valuations are performed by qualified independent actuaries and the results updated each year for the purposes of the FRS 17 valuation. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the redemption yield on AA rated corporate bonds. Contributions are paid to the schemes in accordance with actuarial recommendations.

The current service cost is charged to operating profit so as to reflect the increase in the present value of the scheme liabilities expected to arise from employee service over the current period. The interest cost on the scheme's liabilities is included in finance charges. Actuarial losses and gains are recognised in the Statement of Total Recognised Gains and Losses. The pension scheme's deficits or surpluses are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

For defined contribution pension arrangements the amounts charged to the profit and loss account are the contributions payable in the year.

#### (k) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign currency exchange rates. Forward foreign currency contracts are accounted for as hedges, with year end currency trade debtors and creditors translated into Sterling at hedged rates.

#### (l) Fixed asset investments

Investments in subsidiary undertakings are stated at cost with provision being made where appropriate to recognise a permanent impairment in value.

#### (m) Loan Notes

Loan notes issued to the Company's ultimate parent undertaking are included at their issue amount, plus provisions for redemption premiums. Redemption premiums are charged to the profit and loss account on a straight line basis, reflecting the basis of accretion set out in the relevant agreements.

#### (n) Current tax

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

### 2 Segmental reporting

Group turnover by geographical market is analysed below

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
United Kingdom	105,912	101,677
Other	8,853	6,684
	<b>114,765</b>	<b>108,361</b>

All of the Group's turnover and profit before tax originates from operations in the United Kingdom

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 2 Segmental reporting (continued)

The turnover can be further analysed by business segment

Division	Business	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
<b>Continuing operations</b>			
Animal, Madison Cycles, Leeda	Sports and Leisure	86,500	81,161
Young Electronics Group	Electronic components distribution	15,904	13,155
Saxon Industries	Automotive aftermarket	12,141	12,494
Little Trees Europe	Support Services	220	140
		<b>114,765</b>	<b>106,950</b>
<b>Discontinued operations</b>			
Michael Selcott Designs	Optical equipment	–	1,411
		<b>114,765</b>	<b>108,361</b>

It is the opinion of the Directors that the provision of information relating to profit before tax and net assets by business segment, generally required to be disclosed by Statement of Standard Accounting Practice 25 "Segmental Reporting", would be seriously prejudicial to the commercial interests of the Group and accordingly this information has not been given, consistent with applicable exemptions available in that Standard

### 3 Operating Profit

Profit on ordinary activities before interest is arrived at as follows

	Ordinary activities £'000	Amortisation of goodwill £'000	Year to 31 December 2006 £'000
<b>Turnover</b>	<b>114,765</b>		<b>114,765</b>
<b>Cost of sales</b>	<b>(72,142)</b>		<b>(72,142)</b>
<b>Gross profit</b>	<b>42,623</b>		<b>42,623</b>
Distribution costs	(22,499)		(22,499)
Administrative expenses	(13,404)	(740)	(14,144)
<b>Operating profit</b>	<b>6,720</b>	<b>(740)</b>	<b>5,980</b>

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 3 Operating Profit (continued)

	Ordinary activities £'000	Amorti- sation of goodwill £'000	Except- ional items (Note 4) £'000	Continuing operations £'000	Discontinued operations £'000	Year to 31 December 2005 £'000
<b>Turnover</b>						
Continuing operations	106,950			106,950		106,950
Discontinued operations					1,411	1,411
	106,950			106,950	1,411	108,361
<b>Cost of sales</b>						
Continuing operations	(69,638)			(69,638)		(69,638)
Discontinued operations					(639)	(639)
	(69,638)			(69,638)	(639)	(70,277)
<b>Gross profit</b>						
Continuing operations	37,312			37,312		37,312
Discontinued operations					772	772
	37,312			37,312	772	38,084
Distribution costs	(19,596)			(19,596)	(489)	(20,085)
Administrative expenses	(12,463)	(689)	(892)	(14,044)	(386)	(14,430)
Operating profit/(loss)	5,253	(689)	(892)	3,672	(103)	3,569

Profit on ordinary activities before interest is arrived at after charging

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Depreciation		
- owned assets	2,032	1,546
- leased assets	216	238
Amortisation of goodwill	740	689
Operating lease rentals		
- land and buildings	1,869	1,262
- plant and machinery	652	685
Auditor's remuneration	75	70
Net loss on disposal of fixed assets	72	44

Fees paid to the auditors for non-audit services amounted to £ 27,000 (2005 £55,000)

### 4 Exceptional items

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Reorganisation and restructuring costs	-	892
Provision for loss on closure of Michael Selcott Designs	-	584
<b>Total exceptional items for the year</b>	-	1,476

The UK corporation tax charge in 2005 was reduced by £443,000 due to tax deductions claimed on the exceptional items of £1,476,000

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

Continued

### 5 Employees

The costs incurred in respect of employees were

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Wages and salaries	13,169	12,390
Social security costs	1,336	1,344
Other pension costs (Note 23)	282	335
	<b>14,787</b>	<b>14,069</b>
The average number of employees was	Number	Number
Distribution	371	331
Administration	204	196
	<b>575</b>	<b>527</b>

### 6 Directors

Emoluments of Directors of the Company were as follows

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Aggregate emoluments	266	263
Aggregate contributions to money purchase pension schemes	21	20
Compensation for loss of office	129	-
	<b>416</b>	<b>283</b>

The earnings of the highest paid director were £174,000 (2005 £156,000) including aggregate emoluments and benefits of £165,000 (2005 £149,000) and pension fund contributions made by the Company to money purchase pension schemes of £9,000 (2005 £7,000)

Pension entitlement benefits accrued to no Directors (2005 no Directors) under defined benefit arrangements. The Company contributed to approved money purchase pension schemes in respect of 2 Directors (2005 2 Directors)

### 7 Finance charges

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Bank loans and overdrafts	516	547
Hire purchase agreements	27	42
	<b>543</b>	<b>589</b>
Redemption premiums in respect of loan notes (Note 17)	1,236	1,207
Net cost of funding pension liability (Note 23)	137	118
	<b>1,916</b>	<b>1,914</b>

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 8 Taxation on profit on ordinary activities

Taxation charge on profit for the year

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
United Kingdom corporation tax	1,708	459
Deferred taxation		
Origination and reversal of timing differences	(79)	213
Adjustments in respect of prior years	-	(40)
	1,629	632

### Factors affecting the tax charge for the year

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Profit on ordinary activities before taxation	4,064	1,071
Tax at 30% on profit on ordinary activities	1,219	321
Effects of		
Amortisation of goodwill not deductible for tax purposes	222	207
Expenses not deductible for tax purposes	196	160
Depreciation in excess of/(less than) capital allowances	69	(12)
Short term timing differences	2	(217)
Current tax charge	1,708	459

The standard rate of tax used in the above reconciliation is the average United Kingdom corporation tax rate for the years concerned. All taxable income arises in the United Kingdom.

### 9 Profit for the year attributable to H Young Holdings PLC

The Company has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The results of the Group include a loss dealt with in the accounts of the Company of £18,000 (year to 31 December 2005) profit of £141,000.

### 10 Intangible assets

	£'000
<b>Group</b>	
At 1 January and 31 December 2006	4,360
Amortisation	
At 1 January 2006	2,551
Charge for the year	740
At 31 December 2006	3,291
Net book value at 31 December 2006	1,069
Net book value at 31 December 2005	1,809

Goodwill in respect of the acquisition of Sterling Components Limited in March 2005 is being amortised over 3 years. Other goodwill is amortised over periods varying between 5 and 10 years.

Amortisation periods represent the Directors' estimates of the useful economic life of goodwill.

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 11 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold properties £'000	Plant vehicles & equipment £'000	Total £'000
<b>Group</b>				
Cost or valuation at 1 January 2006	13,821	1,708	8,938	24,467
Additions	38	715	2,000	2,753
Disposals	—	(34)	(786)	(820)
<b>At 31 December 2006</b>	<b>13,859</b>	<b>2,389</b>	<b>10,152</b>	<b>26,400</b>
Depreciation at 1 January 2006	1,104	439	4,996	6,539
Charge for the year	236	376	1,636	2,248
Disposals	—	(32)	(635)	(667)
<b>At 31 December 2006</b>	<b>1,340</b>	<b>783</b>	<b>5,997</b>	<b>8,120</b>
Net book value 31 December 2006	12,519	1,606	4,155	18,280
31 December 2005	12,717	1,269	3,942	17,928

Properties are stated at cost with the exception of the original Saxon Industries freehold land and buildings valued in April 1998 on an open market existing use basis by Playle & Co, Commercial Surveyors, at £1,730,000. The historic cost of the original Saxon freehold land and buildings is £947,000 and the historic net book value is £801,000. The revalued gross and net book value are £1,842,000 and £1,549,000 respectively.

Included within the total cost of freehold land and buildings at 31 December 2006 is capitalised interest of £191,000 (2005 £191,000). The normal rate for the Group's bank interest was applied to the capitalisation.

Plant, vehicles and equipment includes assets held under hire purchase contracts at cost of £849,000 (2005 £1,121,000) and accumulated depreciation of £516,000 (2005 £625,000).

The book value of freehold land included in the above figures at 31 December 2006, which is not depreciated, was £3,655,000 (2005 £3,655,000).

	Short leasehold properties £'000	Plant vehicles & equipment £'000	Total £'000
<b>Company</b>			
Cost or valuation At 1 January 2006	199	1,310	1,509
Additions	—	142	142
Disposals	(32)	(513)	(545)
<b>At 31 December 2006</b>	<b>167</b>	<b>939</b>	<b>1,106</b>
Depreciation At 1 January 2006	167	776	943
Charge for the year	8	244	252
Disposals	(32)	(460)	(492)
<b>At 31 December 2006</b>	<b>143</b>	<b>560</b>	<b>703</b>
Net book value 31 December 2006	24	379	403
31 December 2005	32	534	566

Plant, vehicles and equipment of the Company includes assets held under hire purchase contracts at cost of £849,000 (2005 £1,121,000) and accumulated depreciation of £516,000 (2005 £625,000). Included in these amounts are assets at cost of £770,000 (2005 £1,035,000) and accumulated depreciation of £468,000 (2005 £570,000) which are held for use on operating leases with other Group companies.

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 12 Investments

	Shares in Group £'000 undertakings
<b>Company</b>	
<b>At 1 January and 31 December 2006</b>	<b>23,492</b>

The registered office of all subsidiary companies is at Buckingham House, West Street, Newbury, Berks, RG14 1BD  
The subsidiaries' country of operations is the United Kingdom and all subsidiaries are registered in England and Wales. All subsidiaries are included in the consolidation.

The details of the principal subsidiary Company are as follows

Name and activity	Issued share capital
H Young (Operations) Limited – Distributor	524,150 ordinary shares of £1 each

The Company holds all of the shares and voting rights in its principal subsidiary

### 13 Stocks

	31 December 2006 £'000	Group 31 December 2005 £'000
Goods held for resale	21,248	19,961
Goods in transit from suppliers	2,711	3,747
	<b>23,959</b>	<b>23,708</b>

### 14 Debtors

	Group 31 December 2006 £'000	Group 31 December 2005 £'000	Company 31 December 2006 £'000	Company 31 December 2005 £'000
Trade debtors	21,101	19,474	12	3
Other debtors	846	688	294	307
Corporation tax recoverable	–	–	19	–
Deferred taxation asset (Note 19)	160	52	–	–
Prepayments and accrued income	1,514	1,442	75	76
	<b>23,621</b>	<b>21,656</b>	<b>400</b>	<b>386</b>

### 15 Creditors

Creditors - Amounts falling due within one year

	Group 31 December 2006 £'000	Group 31 December 2005 £'000	Company 31 December 2006 £'000	Company 31 December 2005 £'000
Bank overdrafts (secured)	2,173	345	2,903	–
Bank loans (secured) (Note 16)	600	600	–	–
Subordinated unsecured loan notes (Note 17)	13,364	14,128	–	–
Trade creditors	15,521	17,889	33	39
Taxation and social security	1,498	579	373	455
Hire purchase obligations	230	252	230	252
Amounts owed to Group undertakings	–	–	1,945	5,424
Other creditors	1,633	1,902	–	–
Accruals and deferred income	2,737	3,543	751	1,173
	<b>37,756</b>	<b>39,238</b>	<b>6,235</b>	<b>7,343</b>

The bank overdrafts are secured by mortgage debentures to National Westminster Bank PLC and fixed and floating charges to HSBC Bank plc given by the Company and H Young (Operations) Limited and are repayable on demand. Bank overdrafts of the Company are subject to set off arrangements with the cash balances of the principal subsidiary.



# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 15 Creditors (continued)

Creditors - Amounts falling due after more than one year

	Group 31 December 2006 £'000	Group 31 December 2005 £ 000	Company 31 December 2006 £'000	Company 31 December 2005 £ 000
Bank loans (secured) (Note 16)	3,901	4,501	-	-
Subordinated unsecured loan notes (Note 17)	5,005	3,239	-	-
Hire purchase obligations	117	267	117	267
	9,023	8,007	117	267

All hire purchase obligations are repayable within five years and are secured on the assets to which they relate

### 16 Bank Loans

Bank loans comprise and are repayable as follows

	Group 31 December 2006 £'000	Group 31 December 2005 £'000	Company 31 December 2006 £'000	Company 31 December 2005 £'000
Mortgage loan	4,501	5,101	-	-
Total bank indebtedness	4,501	5,101	-	-
Falling due in less than one year	(600)	(600)	-	-
Falling due after more than one year	3,901	4,501	-	-
This amount is repayable as follows				
Between 1 and 2 years	600	600	-	-
Between 2 and 5 years	1,800	1,800	-	-
In 5 years or more	1,501	2,101	-	-
	3,901	4,501	-	-

The mortgage loan is repayable over a period of ten years from 31 July 2006 in semi-annual instalments of £300,000 in July and January

The mortgage loan is secured by legal charges over the Group's freehold properties, in favour of National Westminster Bank PLC

The bank loans repayable in more than five years bear interest at bank base rate plus 0.9%

### 17 Subordinated zero coupon unsecured loan notes

Redemption date	Group 31 December 2006 £'000	Group 31 December 2005 £ 000	Company 31 December 2006 £'000	Company 31 December 2005 £ 000
Within one year	13,364	14,128	-	-
Between 1 and 2 years	5,005	3,239	-	-
	18,369	17,367	-	-

During the year, loan notes to the value of £14,849,000 (2005: £13,952,000) were issued by H Young (Operations) Limited, the principal subsidiary company, to Rinaldo Rinaldini Limited, the ultimate parent undertaking of the Group, for cash. Redemptions of loan notes in the year, which were all made in cash, totalled £13,952,000 (2005: £10,510,000).

Loan notes are subordinated to all amounts due to National Westminster Bank PLC and HSBC PLC and are unsecured. The loan notes bear zero coupon. The amounts disclosed as payable at 31 December 2006 include the relevant redemption premiums accrued to that date.

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 18 Provisions for liabilities and charges

	Group 31 December 2006 £'000	Group 31 December 2005 £'000
Property provisions	827	683
Other	–	216
	<b>827</b>	<b>899</b>

Property provisions comprise amounts in respect of rentals on vacant properties and dilapidations. Provisions for rentals on vacant properties are based on estimated residual rent obligations, net of anticipated income. Dilapidation provisions are based on external advice received.

The movement in provisions during the year can be analysed as follows

	Property Provisions £'000	Other £'000	Total £'000
At 1 January 2006	683	216	899
Utilised	(185)	(216)	(401)
New provisions	329	–	329
<b>At 31 December 2006</b>	<b>827</b>	<b>–</b>	<b>827</b>

The maturity profile of these provisions is forecast to be as follows

	31 December 2006 £'000	31 December 2005 £'000
Less than one year	685	438
1-2 years	31	321
2-5 years	61	92
Thereafter	50	48
	<b>827</b>	<b>899</b>

### 19 Deferred Taxation

Movement on the deferred taxation account

	Group 31 December 2006 £'000	Group 31 December 2005 £'000
Asset at 1 January	905	800
Acquisitions	–	145
Credit/(charge) to profit and loss account	79	(173)
Total recognised gains and losses – FRS 17	(88)	133
<b>Asset at 31 December</b>	<b>896</b>	<b>905</b>
Included in		
Deferred tax asset in Note 14 (Debtors)	160	52
Deferred tax asset in Note 23 (Pension scheme liabilities)	736	853
	<b>896</b>	<b>905</b>

Deferred taxation assets/(liabilities) at 31 December comprised

	31 December 2006 Provided £'000	31 December 2006 Maximum potential liability £'000	31 December 2005 Provided £'000	31 December 2005 Maximum potential liability £'000
<b>Group</b>				
Depreciation less than/(in excess of) capital allowances	4	–	(72)	(72)
Other short-term timing differences	156	–	124	–
Surplus on revaluation of fixed assets	–	(273)	–	(273)
Capital gains rolled over	–	(235)	–	(235)
Pension scheme liabilities	736	–	853	–
	<b>896</b>	<b>(508)</b>	<b>905</b>	<b>(580)</b>

# H YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

continued

## 19 Deferred Taxation (continued)

	31 December 2006 Provided £'000	Maximum potential liability £'000	31 December 2005 Provided £'000	Maximum potential liability £'000
<b>Company</b>				
Capital gains rolled over	–	(235)	–	(235)
	–	(235)	–	(235)

The deferred tax liabilities in respect of surpluses on fixed asset revaluations and rolled over capital gains are not provided as there are no plans, actual or prospective, to dispose of the related assets

## 20 Called up share capital

	31 December 2006 £'000	31 December 2005 £'000
Authorised 30,000,000 (2005 30,000,000) Ordinary shares of 25p each	7,500	7,500
Allotted and fully paid 22,694,575 (2005 22,694,575) Ordinary shares of 25p each	5,674	5,674

## 21 Reconciliation of movements in Equity Shareholders' funds

	Share capital £'000	Share premium account £'000	Revalua- tion reserve £'000	Profit and loss account £'000	31 December 2006 Total share- holders' funds £'000	31 December 2005 Total share- holders' funds £'000
<b>Group</b>						
At 1 January	5,674	6,221	762	2,308	14,965	14,836
Profit for the financial year				2,435	2,435	439
Actuarial gain/(loss)				294	294	(443)
Deferred tax thereon				(88)	(88)	133
Transfer			(12)	12	–	–
<b>At 31 December</b>	<b>5,674</b>	<b>6,221</b>	<b>750</b>	<b>4,961</b>	<b>17,606</b>	<b>14,965</b>

The cumulative amount of pre-FRS 10 goodwill written off to reserves by the Group at 31 December 2006 was £11,767,000 (2005 £11,767,000)

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	31 December 2006 Total share- holders' funds £'000	31 December 2005 Total share- holders' funds £'000
<b>Company</b>						
At 1 January	5,674	6,221	5,910	156	17,961	17,820
(Loss)/profit for the financial year				(18)	(18)	141
<b>At 31 December</b>	<b>5,674</b>	<b>6,221</b>	<b>5,910</b>	<b>138</b>	<b>17,943</b>	<b>17,961</b>

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 22 Operating leases

Operating lease commitments for the next financial year at 31 December 2006 are £2,438,000 (2005 £2,162,000) of which £121,000 (2005 £155,000) is provided in the balance sheet in respect of vacant properties

	Land and buildings 31 December 2006 £'000	31 December 2005 £'000	Other 31 December 2006 £'000	Other 31 December 2005 £'000	Total 31 December 2006 £'000	Total 31 December 2005 £'000
On leases expiring within 1 year	169	13	100	167	269	180
On leases expiring within 2 to 5 years	708	644	124	429	832	1,073
On leases expiring after 5 years	1,337	907	–	2	1,337	909
	<b>2,214</b>	<b>1,564</b>	<b>224</b>	<b>598</b>	<b>2,438</b>	<b>2,162</b>

### 23 Pension scheme liabilities

The Group operates one funded pension scheme which provides benefits based on final pensionable pay and a number of additional schemes providing benefits based on defined contributions from the Group and the employees concerned

From 1 November 2005, the final salary pension scheme was closed to all members and became paid up. It is not possible to separately identify the assets and liabilities within the overall H Young final salary scheme which relate to the Company

During the year, the Group contributed approximately £23,300 per month to the scheme to address the funding deficit in line with the actuary's recommendations

The most recently completed actuarial valuation of the final salary scheme was as at 1 November 2004

The FRS 17 current service cost charged in the year in respect of the final salary pension scheme was £21,000 (2005 £96,000)

The costs of the defined contribution schemes are charged to the profit and loss account and totalled £222,000 for the year to 31 December 2006 (2005 £203,000)

In addition the Group contributes to other pension schemes of certain employees. These costs are charged as incurred and in the year to 31 December 2006 totalled £39,000 (2005 £36,000)

#### FRS 17 disclosures at 31 December 2006

A qualified actuary, independent of any participating employer, has adjusted appropriately the data used for the purposes of the 2004 actuarial valuation for the purposes of calculating the FRS 17 disclosures in respect of the Group's final salary pension scheme for the year ended 31 December 2006

The major assumptions used by the actuary for the valuation were as follows

	Year to 31 December 2006	Year to 31 December 2005	Year to 31 December 2004
Rate of increase in salaries	n/a%	n/a%	2.9%
Inflation assumption	3.3%	3.0%	2.9%
Rate of increase in pensions in payment	3.2%	3.0%	2.9%
Discount rate	5.2%	4.8%	5.3%
Loading for mortality improvements	0%	5.0%	5.0%

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 23 Pension scheme liabilities (continued)

The assets in the scheme and the expected rates of return were

	Long term rate of return expected at 31 December 2006	Value at 31 December 2006 £'000	Long Term rate of return expected at 31 December 2005	Value at 31 December 2005 £ 000	Long Term rate of return expected at 31 December 2004	Value at 31 December 2004 £'000
Equities	6.2%	2,999	5.2%	2,472	6.1%	2,066
Bonds	4.2%	992	3.2%	880	4.1%	845
Other (mainly cash and property)	4.2%	90	3.2%	116	4.1%	80
	5.7%	4,081	4.6%	3,468	5.5%	2,991

The following amounts at 31 December 2006 and 31 December 2005 were measured in accordance with the requirements of FRS 17

	31 December 2006 £'000	31 December 2005 £'000
Total market value of assets	4,081	3,468
Present value of scheme liabilities	(6,534)	(6,313)
Deficit in the scheme	(2,453)	(2,845)
Related deferred tax asset (Note 19)	736	853
<b>Net pension liability</b>	<b>(1,717)</b>	<b>(1,992)</b>

#### Analysis of the amount charged to operating profit

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Current service cost	21	96
Past service cost	—	—
	<b>21</b>	<b>96</b>

Under the projected unit method of valuation used in FRS 17, the current service costs would be expected to increase as the members of the scheme approach retirement since the scheme is closed to new members

#### Analysis of the amount charged to other finance costs

	Year to 31 December 2006 £'000	Year to 31 December 2005 £ 000
Expected return on pension scheme assets	(165)	(163)
Interest on pension scheme liabilities	302	281
<b>Net cost</b>	<b>137</b>	<b>118</b>

# **H YOUNG HOLDINGS PLC** **NOTES TO THE ACCOUNTS**

continued

## **23 Pension scheme liabilities (continued)**

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

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Actual return less expected return on pension scheme assets	257	344
Experience gains and losses arising on the scheme liabilities	(147)	83
Changes in assumptions underlying the present value of the scheme liabilities	184	(870)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>294</b>	<b>(443)</b>

### **Movement in deficit during the year**

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Deficit in scheme at beginning of the year	(2,845)	(2,371)
Movement in year		
Current service cost	(21)	(96)
Contributions	256	183
Past service cost	—	—
Other finance costs	(137)	(118)
<b>Actuarial gain/(loss)</b>	<b>294</b>	<b>(443)</b>
<b>Deficit in scheme at end of the year</b>	<b>(2,453)</b>	<b>(2,845)</b>

### **History of experience gains and losses**

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000	Year to 31 December 2003 £'000	Year to 31 December 2002 £'000
<b>Difference between the expected and actual return on scheme assets</b>					
Amount	257	344	67	160	(824)
Percentage of scheme assets	6%	10%	2%	6%	(39%)
<b>Experience gains and losses on scheme liabilities</b>					
Amount	(147)	83	8	153	87
Percentage of the present value of the scheme liabilities	(2%)	1%	0%	3%	2%
<b>Total amount recognised in statement of total recognised gains and losses</b>					
Amount	294	(443)	(41)	(245)	(647)
Percentage of the present value of the scheme liabilities	4%	(7%)	(1%)	(5%)	(16%)

# H YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

continued

### 24 Notes to Consolidated Cash Flow Statement

#### Reconciliation of operating profit to net cash inflow from operating activities

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Operating profit	5,980	3,569
Depreciation and amortisation	2,988	2,473
Increase in stocks	(251)	(3,212)
(Increase)/decrease in debtors	(1,856)	644
Decrease in creditors and provisions	(3,537)	(1,603)
Loss on disposal of fixed assets	72	44
Difference between pension charge and cash contributions	(235)	(87)
<b>Net cash inflow from operating activities</b>	<b>3,161</b>	<b>1,828</b>

#### Reconciliation of net cash flow movement to movement in net debt

	Year to 31 December 2006 £'000	Year to 31 December 2005 £'000
Decrease in cash in the year	(1,828)	(5,013)
Net loan note redemptions/(issues)	234	(1,966)
Bank loans repaid	600	600
Capital element of hire purchase repayments	237	282
Increase in net debt resulting from cash flows	(757)	(6,097)
(Inception of)/reduction in hire purchase obligations	(65)	12
Redemption premiums accrued on loan notes	(1,236)	(1,207)
<b>Increase in net debt in the year</b>	<b>(2,058)</b>	<b>(7,292)</b>
<b>Net debt at 1 January</b>	<b>(23,332)</b>	<b>(16,040)</b>
<b>Net debt at 31 December</b>	<b>(25,390)</b>	<b>(23,332)</b>

#### Analysis of net debt

	At 1 January 2006 £'000	Cash flows £'000	Non cash movements £'000	At 31 December 2006 £'000
Overdrafts	(345)	(1,828)		(2,173)
Bank loans	(5,101)	600		(4,501)
Loan notes	(17,367)	234	(1,236)	(18,369)
Hire purchase obligations	(519)	237	(65)	(347)
	<b>(23,332)</b>	<b>(757)</b>	<b>(1,301)</b>	<b>(25,390)</b>

#### Analysis of cash balances

	2006 £'000	2005 £'000
Overdrafts	(2,173)	(345)
<b>Change in year</b>	<b>(1,828)</b>	<b>(5,013)</b>

## **H YOUNG HOLDINGS PLC**

### **NOTES TO THE ACCOUNTS**

continued

#### **25 Parent undertakings**

In the opinion of the Directors, the ultimate parent undertaking and controlling party is Rinaldo Rinaldini Limited, a company incorporated in Bermuda

The only larger group in which the accounts of the Company are consolidated is that headed by Lakefield Holdings Limited, a company incorporated in England and Wales whose accounts are available from the Company Secretary, Buckingham House, West Street, Newbury, Berks, RG14 1BD

#### **26 Related party transactions**

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other Group undertakings within, and invested related parties of, the Group have not been disclosed in these financial statements. At 31 December 2006 amounts of £18,369,000 (2005 £17,367,000) were due to the ultimate parent undertaking (Note 17)

#### **27 Subsequent Events**

On 29 March 2007 the Company completed the acquisition of the entire share capital of Jupiter Holding ApS ("Jupiter"), a Danish company, from Rinaldo Rinaldini Limited, the Company's ultimate parent undertaking. Jupiter is the holding company of a group whose sole operating subsidiary is Wunder-Baum AG, a Swiss based company engaged in the manufacture and distribution of automotive air fresheners in Europe under the Little Trees ® brand. Wunder-Baum AG has annual sales of approximately £6.5m. The consideration for Jupiter was satisfied by the issue of 3,817,438 Ordinary shares of 25 pence each in the Company. The acquisition of Jupiter strengthens the Group's involvement in the automotive aftermarket.