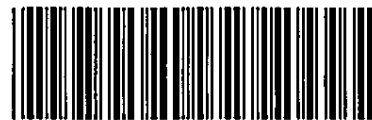


Alex Reid Limited
Registered No: 1025547

Directors' report and financial statements
for the year ended 31 December 2007

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Alex Reid Limited
Directors' report and financial statements
for the year ended 31 December 2007

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Alex Reid Limited

Directors and professional advisers

DIRECTORS

M Watts
Mrs Y M Monaghan
J A Talbot (appointed 10 January 2008)

COMPANY SECRETARY

D M Dunford

REGISTERED OFFICE

Ashworth House
128-130 Beddington Lane
Croydon
Surrey CR0 4YZ

BANKERS

The Royal Bank of Scotland
1 Exchange Flags
Liverpool L2 3XN

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
8 Princes Parade
St Nicholas Place
Liverpool L3 1QJ

Alex Reid Limited

Directors' report for the year ended 31 December 2007

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of machines, machine servicing and consumable supplies to the dry cleaning and laundry industry and no change is envisaged

The company traded at a reduced profit for the period and, in the absence of unforeseen circumstances, the directors are satisfied that the company will trade profitably in the future

During the year the sales of the company were down by £0.1m. The difficult high street trading conditions mean that many dry cleaning shops are trading at lower activity levels than in previous years. In addition the new Solvent Emissions Directive (SED) means that many dry cleaning shops may not find it profitable to continue trading in compliance with the SED and therefore cease trading rather than comply with the regulations.

Key Performance Indicators (KPI's)

Given the straight forward nature of the company, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties: The Company supplies machines, machine servicing and supplies to the dry cleaning industry. Possible future environmental legislation means that some existing drying cleaning machines may be required to convert to clean with more environmentally friendly materials than the currently used perchloroethylene. The company supplies both machines and solvents that use alternative chemical systems and therefore the directors consider that this risk will not have a material impact on the company.

Other key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent distributors, employee retention and product availability. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report.

Likely future developments The Company is to introduce a new IT system to control operations in 2009. The new system will be used as a platform to develop the business.

The directors consider the financial position of the company at 31 December 2007 to be satisfactory.

RESULTS AND DIVIDENDS

The Company's revenue and profit from trading operations for the year was as follows:

| | 2007 £000 | 2006 £000 |
|----------------------|--------------|--------------|
| Revenue (net of VAT) | 17,049 | 17,151 |
| Operating profit | 240 | 467 |

The directors have paid no dividends in the year (2006: £nil).

The retained profit after tax for the year was £51,000 (2006: £302,000).

Alex Reid Limited

Directors' report (continued)

DIRECTORS

The directors of the company, who are listed on page 1, all held office throughout the year with the exception of J H Wilkinson (resigned 31 August 2007), S R Moate (resigned 31 July 2007), C Skinner (appointed 31 August 2007 and resigned 28 December 2007) and J A Talbot (appointed 10 January 2008)

Mrs Y M Monaghan resigned as company secretary on 14 August 2007 and D M Dunford was appointed as company secretary on the same day

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, price risk and interest rate risk. The company is a wholly owned subsidiary of Johnson Service Group PLC, which manages the risk related to interest and exchange rate fluctuations on its behalf

The company obtains its financing through intra group loan arrangements which are at floating rates of interest. Loans to or from the parent company are repayable by the borrower in over one year and are classed as non-current assets or liabilities

The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied

Treasury and capital risk management

The policies set by the parent company are implemented by the group treasury function on behalf of the company and full details of these policies are disclosed in the annual report of Johnson Service Group PLC

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reassessed by the board

Liquidity risk

The company obtains funding from its parent company, which has committed bank facilities available to provide continuity of funding

Price risk

The company trades in competitive markets where new entrants may undercut the company's prices to obtain competitive advantage. In general new entrants can only maintain below cost pricing for a short period of time before either increasing prices or ceasing to trade. The company monitors pricing by competitors in the industry and ensures competitive pricing is maintained that ensures the viability the business

Interest rate cash flow risk

The company has an interest bearing liability. Interest bearing liabilities include loans from the parent company, at variable rates of interest, and finance leases at fixed rates of interest

Foreign currency risk

Foreign currency hedges are entered into on behalf of the company by the group treasury function when considered appropriate

HEALTH AND SAFETY

The board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to company premises and others affected by the company's activities. A working party advises directors and senior executives on all relevant issues relating to the compliance with health and safety legislation. The company has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements. In particular, these policies clearly define the company's aspirations for health and safety affairs, including protecting the health and well being of its employees, and ensuring that the responsibilities of all categories of employees within the company are made clear to those concerned. Health and safety matters are an agenda item at board meetings

The policy is brought to the attention of all employees and copies of policy documents are available upon request to all interested parties

Alex Reid Limited

Directors' report (continued)

A clearly defined system is in place to identify, assess and control any significant risks faced by both employees and others. This is reviewed regularly by the company's Health & Safety manager.

The company has arrangements in place to consult employees regarding health and safety matters as appropriate.

CHARITABLE DONATIONS

Donations made to charities in the year amounted to £3,000 (2006: £3,000). The full amount of £3,000 was donated to The Worshipful Company of Launderers.

POLICY ON PAYMENT TO SUPPLIERS

The company fully supports the CBI initiative on payments to suppliers and has continued to apply the Prompt Payment Code in respect of all suppliers. The main features of the code are that payment terms are agreed at the outset of a transaction and are adhered to, that there is a clear and consistent policy that bills will be paid in accordance with the contract, and that there are no alterations to payment terms without prior arrangement. Copies of the Code can be obtained from the CBI. Trade creditor days of the Company for the period ended 31 December 2007 were 42 days (2006: 32 days), based on the ratio of Company trade payables at the end of the period to the amounts invoiced during the period by trade creditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRS, issued by the International Accounting Standards Board (IASB). 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 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 that the financial statements comply with IFRS as adopted by the European Union and IFRS issued by the IASB,
- 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.

Alex Reid Limited

Directors' report (continued)

PROVISION OF INFORMATION TO AUDITORS

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


- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and in accordance with Section 384 of the Companies Act 1985, a resolution to reappoint the auditors will be proposed at the Annual General Meeting

By order of the board



D M Dunford
Secretary
26 June 2008

Alex Reid Limited

Independent auditors' report to the members of Alex Reid Limited

We have audited the financial statements of Alex Reid Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union 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 whether the financial statements have been 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

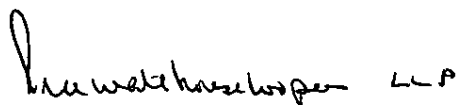
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the company's affairs as at 31 December 2007 and of its profit and cash flows 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
Liverpool
26 June 2008

Alex Reid Limited
Income Statement
for the year ended 31 December 2007

| Note | Year ended 31 December 2007 £000 | Year ended 31 December 2006 £000 |
|--|---|---|
| 1 REVENUE FROM CONTINUING OPERATIONS | 17,049 | 17,151 |
| Cost of sales | (11,844) | (11,612) |
| GROSS PROFIT | 5,205 | 5,539 |
| Other operating expenses | | |
| - Distribution costs | (1,256) | (1,105) |
| - Administration costs | (3,709) | (3,967) |
| 2 OPERATING PROFIT | 240 | 467 |
| 5 Finance income | - | 6 |
| 5 Finance costs | (211) | (1) |
| PROFIT BEFORE TAXATION | 29 | 472 |
| 6 Taxation | 22 | (170) |
| 16 PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | 51 | 302 |

All results are derived from continuing operations

The Company has no recognised net income or expense for the period except as reported in the above Income Statement

Alex Reid Limited
Balance Sheet
as at 31 December 2007

| Note | | Year ended 31 December 2007 £000 | Year ended 31 December 2006 £000 |
|------|--|---|---|
| | ASSETS | | |
| | NON-CURRENT ASSETS | | |
| 8 | Property, plant and equipment | 93 | 116 |
| 12 | Deferred tax assets | 16 | 12 |
| 10 | Other receivables | 7 | 90 |
| | | 116 | 218 |
| | CURRENT ASSETS | | |
| 9 | Inventories | 1,618 | 1,778 |
| 10 | Trade and other receivables | 3,000 | 3,297 |
| | Cash and cash equivalents | 249 | 312 |
| | | 4,867 | 5,387 |
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| | Trade and other payables | (1,552) | (1,288) |
| | Current income tax liabilities | - | (98) |
| 11 | Other creditors and accruals | (3,246) | (3,996) |
| | | (4,798) | (5,382) |
| | NET CURRENT ASSETS | 69 | 5 |
| | NON-CURRENT LIABILITIES | | |
| 11 | Other non-current liabilities | - | (89) |
| | NET ASSETS | 185 | 134 |
| | EQUITY | | |
| | CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS | | |
| 15 | Called up share capital | 192 | 192 |
| 16 | Other reserves | 63 | 63 |
| 16 | Retained earnings | (70) | (121) |
| | TOTAL EQUITY | 185 | 134 |

The notes on pages 15 to 22 are an integral part of these financial statements. The financial statements on pages 7 to 22 were approved by the Board of Directors on 26 June 2008 and signed on its behalf by

M Watts
Director

Alex Reid Limited
Cash Flow Statement
For the year ended 31 December 2007

| Note | Year ended 31 December 2007 £000 | Year ended 31 December 2006 £000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 29 | 472 |
| Adjustments for | | |
| 5 Finance income and expense | 211 | (5) |
| 2 Depreciation | 52 | 77 |
| Decrease / (increase) in inventory | 160 | (246) |
| Decrease in trade and other receivables | 149 | 67 |
| (Decrease) / increase in trade and other payables | (344) | 3,263 |
| 2 Loss on sale of property, plant and equipment | - | 6 |
| Cash generated from operations | 257 | 3,634 |
| 5 Interest paid | (211) | (1) |
| Taxation (paid) | (80) | (342) |
| Net cash (outflow) / inflow generated from operating activities | (34) | 3,291 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 8 Purchase of property, plant and equipment | (29) | (57) |
| Proceeds from sale of property, plant and equipment | - | 30 |
| Interest received | - | 6 |
| Net cash used in investing activities | (29) | (21) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 7 Dividends paid to company shareholders | - | (3,500) |
| Net cash used in financing activities | - | (3,500) |
| Net (decrease) in cash and cash equivalents | (63) | (230) |
| Cash and cash equivalents at beginning of year | 312 | 542 |
| Cash and cash equivalents at end of year | 249 | 312 |

Alex Reid Limited

Statement of significant accounting policies

for the year ended 31 December 2007

Alex Reid Limited provides machines, machine servicing and consumable supplies to the dry cleaning and laundry industry

The Company is incorporated and domiciled in the UK. The Company's registered number is 1025547. The address of its registered office is Ashworth House, 128 – 130 Beddington Lane, Croydon, Surrey CR0 4YZ.

The company is a wholly owned subsidiary of Johnson Service Group PLC. Copies of the Group consolidated accounts are available from the registered office of Johnson Service Group PLC at 4 Harley Street, London W1G 9PB.

The Johnson Service Group PLC consolidated financial statements were authorised for issue by the Group Board on 29th April 2008.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

The financial statements of Alex Reid Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Standards, amendments and interpretations effective in 2007

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the Company's financial statements.

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Company's financial statements.

Interpretation early adopted by the Company

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', was early adopted in 2007. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Company's financial statements.

Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1st January 2007 but they are not relevant to the Company's operations:

- IFRS 4, 'Insurance contracts',
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies', and
- IFRIC 9, 'Re-assessment of embedded derivatives'

Alex Reid Limited

Statement of significant accounting policies

for the year ended 31 December 2007

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1st January 2008 or later periods, but the Company has not early adopted them

IAS 23 (Amendment), 'Borrowing costs' (effective from 1st January 2009) The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company will apply IAS 23 (Amended) from 1st January 2009 but is currently not applicable to the Company as there are no qualifying assets.

IFRS 8, 'Operating segments' (effective from 1st January 2009) IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1st January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments will not change.

Interpretations to existing standards that are not yet effective and not relevant for the Company's operations

The following interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1st January 2008 or later periods but are not relevant for the Company's operations:

IFRIC 12, 'Service Concession arrangements' (effective from 1st January 2008) IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Company's operations because the company does not provide public sector services.

IFRIC 13, 'Customer loyalty programmes' (effective from 1st July 2008) IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Company's operations because the Company does not operate any loyalty programmes.

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1st January 2008) IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company will apply IFRIC 14 from 1st January 2008, but it is not expected to have any impact on the Company's accounts.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Income taxes

The Company is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Alex Reid Limited

Statement of significant accounting policies

for the year ended 31 December 2007

REVENUE RECOGNITION

Revenue represents the fair value of consideration received or receivable for the sale of goods and services supplied in the ordinary course of the Company's activities, and is stated exclusive of VAT and similar taxes. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

EMPLOYEE BENEFITS

(i) Retirement benefits

The Company operates two pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. Both schemes are defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(ii) Share-based compensation

The parent company, Johnson Service Group PLC, operates various Save As You Earn share-based compensation plans to which Alex Reid Limited employees are entitled to join. The economic cost of awarding shares and share options to employees is recognised as an expense in the Income Statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models, principally Binomial and Monte Carlo models. The fair value of the award is recognised in the Income Statement over the vesting period of the award. At each Balance Sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. Any revision to the original estimate is reflected in the Income Statement with a corresponding adjustment to equity immediately to the extent it relates to past service and the remainder over the rest of the vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Any amount charged or credited to the Income Statement is reflected in the books of the Company via an increase or decrease in investments, with a corresponding increase or decrease to equity.

(iii) Bonus plans

The Company recognises an expense and a liability for bonuses based on the profit as appropriate and other pre-determined performance criteria.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to the termination of the employment of current employees according to a detailed formal plan without possibility of withdrawal.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, less depreciation which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. The estimated life of plant and fixtures is two to fifteen years and of vehicles four to five years. Improvements to short leasehold properties are amortised over the shorter of the terms of the leases, and their useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Alex Reid Limited

Statement of significant accounting policies

for the year ended 31 December 2007

No depreciation is provided for assets under the course of construction until they are completed and put in use as management intended

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Income Statement

LEASED ASSETS

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable in respect of operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the lease term

Where assets are financed by leasing which give rights approximating to ownership, the assets are treated as if they had been purchased outright and are capitalised at their fair value at the date of inception of the lease. The capital element of outstanding lease or hire purchase commitments is treated as a liability and disclosed as obligations under finance agreements. Interest is allocated to the Income Statement over the period of the lease or hire purchase agreement and represents a constant proportion of the outstanding commitment

INVENTORIES

Stocks of materials, stores and goods for resale are valued at the lower of cost and net realisable value. Cost is stated on a first in, first out basis and comprises invoiced cost in respect of the purchase of finished goods and materials and direct transportation costs. It excludes borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, defective and slow moving stock

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value, less provision for impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within 'administration costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration costs' in the Income Statement

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above

TRADE PAYABLES

Trade payables are not interest bearing and are stated at their nominal value

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is not made for future operating losses

CURRENT INCOME TAXATION

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date

Alex Reid Limited

Statement of significant accounting policies

for the year ended 31 December 2007

DEFERRED TAX

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in sterling, which is the Company's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

DIVIDEND DISTRIBUTION

Under IAS 10 (Events after the Balance Sheet Date), dividends to holders of equity instruments declared after the Balance Sheet date are not recognised as a liability as at the Balance Sheet date. Dividend distribution to the Company's Shareholder is recognised in the Company's financial statements in the period in which the dividends are declared to the Company's Shareholder. Interim dividends are recognised when paid.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

1 SEGMENTAL ANALYSIS

The Company had only one class of business in the United Kingdom in 2007, as in previous years. The analysis of revenue and profit before taxation by class of business and geographical location has therefore not been given.

2 OPERATING PROFIT

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Operating profit is stated after charging | | |
| Depreciation of tangible fixed assets | | |
| - owned property, plant and equipment | 52 | 77 |
| Loss on sale of tangible fixed assets | | |
| - plant and equipment | - | 6 |
| Operating lease payments | | |
| - plant and equipment | - | 7 |
| - other operating leases | 330 | 330 |

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

| | |
|----|----|
| 18 | 28 |
|----|----|

No other fees were payable to the company's auditor for other services provided during the year.

3 EMPLOYEE BENEFIT EXPENSE

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Staff costs during the year were as follows | | |
| Wages and salaries | 3,064 | 3,066 |
| Social security costs | 316 | 320 |
| Contributions to defined benefit private healthcare scheme | 18 | 13 |
| Pension costs - defined contribution plans (Note 13) | 81 | 89 |
| Total | 3,479 | 3,488 |

The average number of persons (including directors) employed by the company during the year was

| | No. | No. |
|--------------|------------|------------|
| Full time | 108 | 109 |
| Part time | 5 | 7 |
| Total | 113 | 116 |

4 KEY MANAGEMENT'S EMOLUMENTS

Key management personnel is represented by the board of directors and their aggregate emoluments are as follows -

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Aggregate emoluments (excluding employers' pension contributions but including bonuses earned and benefits in kind) | 305 | 439 |
| Pension costs - defined contribution plans | 14 | 23 |
| Total | 319 | 462 |

At 31 December 2007, three Directors (2006: five) had benefits accruing to them under the defined contribution money purchase scheme.

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

4 KEY MANAGEMENT'S EMOLUMENTS (continued)

Highest Paid Director

| 2007 | 2006 |
|------|------|
| £000 | £000 |

Aggregate emoluments (excluding employer's pension contributions but including bonuses earned and benefits in kind)

| | |
|-----------|------------|
| 86 | 121 |
| 86 | 121 |

5 FINANCE INCOME AND COSTS

| 2007 | 2006 |
|------|------|
| £000 | £000 |

Interest payable on loan from parent company

| | |
|-------|-----|
| (211) | (1) |
|-------|-----|

Interest receivable on loan to parent company

| | |
|---|---|
| - | 6 |
|---|---|

Net finance income

| | |
|--------------|----------|
| (211) | 5 |
|--------------|----------|

6 INCOME TAX

| 2007 | 2006 |
|------|------|
| £000 | £000 |

Current tax (credit) / expense

UK corporation tax charge for the year at 30% (2006 30%)

| | |
|---|-----|
| 9 | 155 |
|---|-----|

Adjustment in relation to previous years

| | |
|------|------|
| (27) | (20) |
|------|------|

Current tax (credit) / charge for the year

| | |
|-------------|------------|
| (18) | 135 |
|-------------|------------|

Deferred tax (credit) / expense

Origination and reversal of temporary differences

| | |
|-----|----|
| (1) | 35 |
|-----|----|

Adjustment in relation to previous years

| | |
|-----|---|
| (3) | - |
|-----|---|

Deferred tax (credit) / charge for the year

| | |
|------------|-----------|
| (4) | 35 |
|------------|-----------|

Total (credit) / charge for taxation included in the income statement

| | |
|-------------|------------|
| (22) | 170 |
|-------------|------------|

The tax for the year is lower (2006 higher) than the standard rate of corporation tax in the UK. The differences are explained below

| 2007 | 2006 |
|------|------|
| £000 | £000 |

Profit before taxation per the income statement

| | |
|----|-----|
| 29 | 472 |
|----|-----|

Profit before taxation multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)

| | |
|---|-----|
| 9 | 142 |
|---|-----|

Factors affecting charge for the year

Tax effect of expenses not deductible for tax purposes

| | |
|---|---|
| 1 | 3 |
|---|---|

Reduction in deferred tax due to rate change

| | |
|-----|---|
| (1) | - |
|-----|---|

Adjustment in relation to previous years

| | |
|-------------|-------------|
| (31) | (10) |
|-------------|-------------|

Total tax (credit) / charge for the year

| | |
|-------------|------------|
| (22) | 135 |
|-------------|------------|

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

7 DIVIDENDS

| | |
|------|------|
| 2007 | 2006 |
| £000 | £000 |

The company paid a dividend for the year ended 31st December 2007 of
£nil per Ordinary share (2006 £18 23)

| | |
|---|-------|
| - | 3,500 |
|---|-------|

The directors propose to pay no further dividend in respect of 2007

8 PROPERTY, PLANT AND EQUIPMENT

Plant,
Equipment
and
vehicles
£000

Cost or valuation

At 31st December 2005

838

Additions

57

Disposals

(155)

At 31st December 2006

740

Additions

29

Disposals

(198)

At 31st December 2007

571

Accumulated depreciation and impairment

At 31st December 2005

666

Charged during the year

77

Eliminated on disposals

(119)

At 31st December 2006

624

Charged during the year

52

Eliminated on disposals

(198)

At 31st December 2007

478

Carrying amount

At 31st December 2005

172

At 31st December 2006

116

At 31st December 2007

93

9 INVENTORIES

| | |
|------|------|
| 2007 | 2006 |
| £000 | £000 |

Goods for resale

| | |
|-------|-------|
| 1,618 | 1,778 |
|-------|-------|

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

10 TRADE AND OTHER RECEIVABLES

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Amounts falling due within one year | | |
| Trade receivables | 2,471 | 2,459 |
| Less Provision for doubtful debts | (99) | (177) |
| Net trade receivables | 2,372 | 2,282 |
| Receivables from group undertakings | 289 | 276 |
| Other receivables | 221 | 509 |
| Prepayments and accrued income | 118 | 230 |
| | 3,000 | 3,297 |
| Amounts falling due after more than one year | | |
| Other receivables | 7 | 90 |

Amounts due from group undertakings detailed above represent trade balances which are unsecured, interest free and due for payment within the contracted terms of sale

The historical level of customer default is minimal and as a result the 'credit quality' of year end trade receivables which are not past due is considered to be high. Trade and other receivables which are less than three months past due are not considered impaired. Trade and other receivables greater than three months past due are considered for recoverability, and, where appropriate, a provision against bad debt is recognised. Company receivables from related parties are not past due or impaired. The carrying amounts of the Company's trade and other receivables on the Balance Sheet are denominated in Sterling (2006 Sterling)

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Trade and other receivables | | |
| - Fully performing | 2,387 | 2,608 |
| - 3 to 6 months past due | 278 | 339 |
| - Over 6 months past due | 145 | 251 |
| - Provision | (99) | (177) |
| | 2,711 | 3,021 |
| Receivables from other Group Companies | 289 | 276 |
| | 3,000 | 3,297 |

The overdue aging profile above is typical of the industry in which the Company operates. Given this and the recognised slow payment history the above amounts are considered recoverable.

Total trade receivables are stated net of the following impairment provision

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| At 1 January 2007 | 177 | 18 |
| Provisions for receivables impairment | 88 | 167 |
| Receivables written off in the year as uncollectible | (166) | (8) |
| At 31 December 2007 | 99 | 177 |

The creation and release of provision for impaired receivables have been included in 'administration costs' in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk of the reporting data is the fair value of each class of receivable. The Company does not hold any collateral as security.

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

11 OTHER CREDITORS AND ACCRUALS

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Amounts falling due in less than one year | | |
| Payables to group undertakings | 2,393 | 2,888 |
| Other tax and social security | 138 | - |
| Other payables and deferred income | 101 | 391 |
| Accruals | 614 | 717 |
| | 3,246 | 3,996 |
| Amounts falling due after more than one year | | |
| Other payables and deferred income | - | 89 |

Payables to group undertakings above are unsecured and repayable on demand with interest due at a variable rate. At 31 December 2007 the interest rate was 6.75% (2006 5.75%).

12 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2006 30%).

| | Deferred tax assets | |
|---|---------------------|--------------|
| | 2007 £000 | 2006 £000 |
| Recognised deferred tax balances in respect of | | |
| Accelerated capital allowances | 16 | 12 |

The following provides a reconciliation of the movement in each of the major deferred tax assets

| | Accelerated capital allowances £000 |
|----------------------------|--|
| At 1 January 2007 | (12) |
| Credit to income | (4) |
| At 31 December 2007 | (16) |

13 RETIREMENT BENEFITS

Pensions

Defined contribution scheme

Johnson Service Group PLC operates a defined contribution money purchase scheme (The Johnson Group Retirement plan) on behalf of eligible employees of the Group. The cost to the Company of contributions to this scheme during the year was £81,216 (2006 £89,000).

Amounts outstanding at 31 December 2007 in respect of:

| | 2007 £000 | 2006 £000 |
|-------------------------------------|--------------|--------------|
| Defined contribution pension scheme | 7 | 10 |

Alex Reid Limited
Notes to the financial statements
for the year ended 31 December 2007

14 CONTINGENT LIABILITIES

At 31 December 2007 there were no contingent liabilities except for those arising from the ordinary course of the Company's business (2006 nil)

The Company is a party in the credit facility of the parent company and fellow subsidiary companies. Under this facility the bank has a right of set-off. No losses are expected to result from this arrangement.

On 28 December 2007, the Company entered into security agreements in respect of the loan and pension scheme obligations of Johnson Service Group PLC. As part of these agreements the loan holders and pension scheme have security over the assets of the company.

15 CALLED-UP SHARE CAPITAL

| | 2007 | | 2006 | |
|---|---------------|-------------|---------------|-------------|
| | £000 | | £000 | |
| Authorised | | | | |
| 500,000 (2006 500,000) Ordinary shares of £1 each | | 500 | | 500 |
| Issued and fully paid | Shares | £000 | Shares | £000 |
| Ordinary shares of £1 each | '000 | | '000 | |
| At start and end of year | 192 | 192 | 192 | 192 |

16 STATEMENT OF CHANGES IN EQUITY

| | Share Capital £000 | Other Reserves £000 | Retained earnings £000 | Total Equity £000 |
|--|-----------------------|------------------------|---------------------------|----------------------|
| Balance at 1 January 2006 | 192 | 63 | 3,077 | 3,332 |
| Total recognised income and expense for the year | - | - | 302 | 302 |
| Dividends | - | - | (3,500) | (3,500) |
| Balance at 31 December 2006 | 192 | 63 | (121) | 134 |
| Balance at 1 January 2007 | 192 | 63 | (121) | 134 |
| Total recognised income and expense for the year | - | - | 51 | 51 |
| Balance at 31 December 2007 | 192 | 63 | (70) | 185 |

At the Balance Sheet date, other reserves include £63,000 of capital redemption reserve (2006 - £63,000)

17 FINANCIAL COMMITMENTS

Capital expenditure

Contracts placed for future financial expenditure contracted but not provided for in the financial statements are shown below.

Revenue expenditure

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2007 | 2006 |
|------------------------------|--------------|--------------|
| | £000 | £000 |
| Land and buildings | | |
| - within one year | 330 | 330 |
| - between two and five years | 1,320 | 1,320 |
| - in five years or more | 3,294 | 3,624 |
| | 4,944 | 5,274 |

Alex Reid Limited

Notes to the financial statements

for the year ended 31 December 2007

18 RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its parent company, other group undertakings and with its directors and executive officers. Transactions during the year between these related parties are disclosed below.

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Transactions with parent company | | |
| Costs recharged from parent company | 217 | 244 |
| Interest receivable on loan to parent company | - | 6 |
| Interest payable on loan from parent company | 211 | 1 |
| Amounts due to parent company | 2,391 | 2,884 |
| Transactions with other group undertakings | | |
| Sales to other group undertakings | 5,222 | 4,457 |
| Costs recharged from other group undertakings | 54 | 89 |
| Amounts due from other group undertakings | 289 | 276 |
| Amounts due to other group undertakings | 2 | 4 |

There were no transactions with directors and executive officers.

19 SHARE-BASED PAYMENTS

Certain Company employees hold options in respect of potential issues of Ordinary shares of 10p each granted pursuant to the Johnson Group Savings Related Share Option Scheme.

All schemes are operated by the ultimate Parent Company, Johnson Service Group plc. The weighted average share price of Johnson Service Group PLC during the period was £2.71 (2006: £4.11).

Savings related options

The Johnson Group Savings Related Share Option Scheme provides for an exercise price equal to the average quoted market price of the Group shares on the date of grant, less 20 percent. The vesting period is either three or five years and no performance conditions are attached to the options.

Options granted under the Savings Related Scheme are normally exercisable within six months from the date exercisable. If the options remain unexercised after this period the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

Savings related share options are generally settled in equity.

Related accounting

The fair value of options issued to employees is measured at the date of grant and spread over the vesting period of the options. The fair value of options awarded to employees is determined by reference to option pricing models, principally Binomial and Monte Carlo models.

Inputs into these models include expected volatility, expected dividend yield and a risk free rate of return. Expected volatility and expected dividend yield were determined by calculating the historical volatility of the Group's share price and the historical dividend yield for a period akin to the expected life of each option scheme. The risk free rate of return is based on the rate for UK government gilts on the date of grant, for a period akin to the expected life of the option. Further details of the assumptions used in the calculation of the fair values of the awards, together with numerical details of the inputs into the Binomial and Monte Carlo models are set out within note 29 to the 2007 Annual Report of Johnson Service Group plc.

During the year the Company recognised total expenses of £620 (2006: £289) in relation to equity-settled share based payment transactions.

Alex Reid Limited
Notes to the financial statements
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20 ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, and controlling party is Johnson Service Group PLC. Copies of the parent's consolidated financial statements may be obtained from the secretary, Johnson Service Group PLC, 4 Harley Street, London W1G 9PB