

**Powell
Mail
Order
Limited**

**Annual report and financial
statements**

31 December 2007

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BUZZACOTT

Company Registration Number
2868348 (England and Wales)

Directors	J D Ellis G Gayer R M Schleicher
Secretary	Eversecretary Limited
Registered office	Unit 1 Heol Aus Dafen Industrial Park Llanelli Wales SA14 8QN
Registered number	2868348 (England and Wales)
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Solicitors	Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL
Bankers	HSBC Bank plc 4a Vaughan Street Llanelli Carmarthenshire SA15 3TY

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The following pages do not form
part of the statutory financial statements

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Directors' report 31 December 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007

Principal activity

The principal activity of the company in the year under review was the supply by mail order of equipment for use in factories and industrial premises

Review of business and future developments

A summary of the results of the year's trading is given on page 6 of the financial statements. The company saw a modest increase in turnover during the year and the directors are pleased to report a satisfactory result with profit before taxation of £407,143 (2006 - £271,225).

The directors anticipate continued growth in turnover in 2008 while maintaining similar profit margins.

The company's financial position at the year end is shown on page 7 of the financial statements. The company saw an improvement in its net asset position and a slight deterioration in its cash position at the year end.

During the year the company made a charitable contribution of £230 to the local hospital.

The company is a wholly owned subsidiary of Kaiser + Kraft Europa GmbH. The ultimate parent company is Franz Haniel & Cie GmbH.

Dividends

The directors do not recommend a final dividend (2006 - £nil). An interim dividend of £200,000 was paid on 18 July 2007 (2006 - £250,000).

Directors

The directors in office during the year were as follows:

J Ellis (appointed 1 February 2007)

G Gayer

R M Schleicher

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with the 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 profit or loss of the company for that period. In preparing these 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,
- ◆ follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Each of the directors 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 steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Directors' report 31 December 2007

Auditors

On 30 September 2007 Buzzacott, the company's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Buzzacott LLP be reappointed as auditors of the company will be put to Annual General Meeting.

Signed on behalf of the board of directors



Director

Approved by the board on

30.01.2008

Independent auditors' report to the shareholders of Powell Mail Order Limited

We have audited the financial statements of Powell Mail Order Limited for the year ended 31 December 2007 on pages 6 to 15. 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 independent auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, 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 of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the company 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 an 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

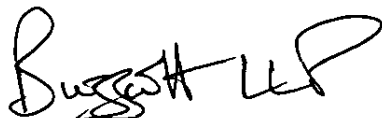
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report 31 December 2007

Opinion

In our opinion

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- ◆ the information given in the Directors' Report is consistent with the financial statements



Buzzacott LLP

Chartered Accountants and Registered Auditors

12 New Fetter Lane

London

EC4A 1AG

30 January 2008

Profit and loss account Year to 31 December 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Turnover	1		4,533,971		4,107,062
Cost of sales			(2,884,287)		(2,627,236)
Gross profit			1,649,684		1,479,826
Staff costs	3				
Salaries		247,825		262,971	
Social security costs		25,702		25,836	
Other pension costs		11,587		11,957	
			285,114		300,764
Depreciation of tangible fixed assets		8,876		18,564	
Other operating charges		972,807		902,433	
			981,683		920,997
Operating profit	2		382,887		258,065
Interest payable on bank overdraft			172		44
Interest receivable and similar income	4		12,428		10,204
Rent receivable			12,000		3,000
Profit on ordinary activities before taxation			407,143		271,225
Taxation on profit on ordinary activities	6		120,936		79,222
Profit on ordinary activities after taxation			286,207		192,003

None of the company's activities were acquired or permanently discontinued during the above two financial periods

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet 31 December 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	7		7,841		8,786
Current assets					
Stocks		30,903		34,947	
Debtors	8	1,183,996		1,055,725	
Cash at bank and in hand		—		39,318	
		<u>1,214,899</u>		<u>1,129,990</u>	
Creditors amounts falling due within one year	9	<u>807,487</u>		<u>809,730</u>	
Net current assets			<u>407,412</u>		<u>320,260</u>
Total assets less current liabilities			<u>415,253</u>		<u>329,046</u>
Capital and reserves					
Equity interests					
Called up share capital	11		17,333		17,333
Share premium account	12		98,467		98,467
Profit and loss account	13		<u>299,453</u>		<u>213,246</u>
Shareholder's funds	16		<u>415,253</u>		<u>329,046</u>

Signed on behalf of the board of directors



Director

Approved by the board on 30.01. 2008

Principal accounting policies 31 December 2007

Basis of accounting

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

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'

Turnover

Turnover consists of sales of goods at invoiced value excluding VAT

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

◆ Leasehold improvements	Straight line over the life of the lease
◆ Plant and machinery	25% straight line
◆ Fixtures and fittings	15% straight line
◆ Motor vehicles	25% straight line
◆ Computer equipment	33 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items

Trade catalogues

Expenditure relating to the purchase and distribution of trade catalogues is written off in the year in which the catalogue is distributed. The costs of production of current, undistributed catalogues are carried forward to a future accounting period, where material, and are included in debtors

Foreign currencies

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

Principal accounting policies 31 December 2007

Leased assets

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

Pension costs

Contributions in respect of the company's defined contribution schemes are charged to the profit and loss account as incurred

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Notes to the financial statements 31 December 2007

1 Turnover

Turnover and the result before taxation arise solely from the company's principal activity
Turnover attributable to geographical markets outside the United Kingdom amounted to £20,071 (2006 - £35,578)

2 Operating profit

	2007 £	2006 £
This is stated after charging		
Auditors' remuneration		
for audit services	18,500	18,000
for taxation services	1,850	1,850
Operating lease costs in respect of land and buildings	32,500	32,500

3 Staff numbers

The average monthly number of employees during the year was 11 (2006 - 12)

	2007	2006
Sales	7	7
Finance	3	4
Other management and administration	1	1

4 Interest receivable and similar income

	2007 £	2006 £
Bank interest	5,679	4,429
Interest receivable from group companies	6,749	5,775
	12,428	10,204

5 Directors' remuneration

	2007 £	2006 £
Emoluments for services as directors	66,567	3,892
Pension scheme contributions	3,731	—
	70,298	3,892

Retirement benefits were accruing to no director (2006 – none) under the money purchase scheme

6 Taxation

The tax charge on the profit on ordinary activities for the year was as follows

	2007 £	2006 £
Corporation tax at 30% (2006 - 30%) based on the adjusted results of the year	120,936	79,222
Corporation tax adjustment in respect of prior years	—	—
Total tax on ordinary activities	120,936	79,222

Factors affecting tax charge for the year

	2007 £	2006 £
Profit on ordinary activities before taxation	407,143	271,225
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%)	122,143	81,368
Effects of		
Capital allowances (in excess of) depreciation	(2,456)	(3,152)
Movement in provisions	—	676
Other fixed asset timing differences	1,336	—
Other short term timing differences	(87)	—
Expenses not deductible for tax purposes	—	330
	120,936	79,222

7 Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery etc £	Total £
Cost			
At 1 January 2007	61,813	255,018	316,831
Additions	—	7,931	7,931
Disposals	—	—	—
At 31 December 2007	61,813	262,949	324,762
Depreciation			
At 1 January 2007	61,813	246,232	308,045
Charge for year	—	8,876	8,876
On disposals	—	—	—
At 31 December 2007	61,813	255,108	316,921
Net book values			
At 31 December 2007	—	7,841	7,841
At 31 December 2006	—	8,786	8,786

8 Debtors

	2007 £	2006 £
Trade debtors	732,608	722,519
Amounts owed by group undertakings		
Kaiser + Kraft Europa GmbH	178,398	140,040
AAH Pharmaceuticals Limited	162	78
Kaiser + Kraft Limited	553	14,290
Prepayments	272,275	178,798
	1,183,996	1,055,725

Kaiser + Kraft Europa GmbH is the immediate holding company of Powell Mail Order Limited. The loan to Kaiser + Kraft Europa GmbH bears interest at 6 73% (2006 – 5 20%) per annum

Notes to the financial statements 31 December 2007

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	86,763	183,391
Bank overdraft	11,582	—
Amounts owed to group undertakings		
Kaiser + Kraft Europa GmbH	381,396	358,167
Kaiser + Kraft GmbH	157	65
Gaerner GmbH	1,834	13,690
Social security and other taxes	164,454	138,376
Other creditors	23,446	13,303
Corporation tax	46,683	43,522
Accruals	91,172	59,216
	807,487	809,730

The bank has a charge over the assets of the company to cover an overdraft facility

10 Deferred taxation

	2007 Amount provided £	2007 Amount unprovided £	2006 Amount provided £	2006 Amount unprovided £
Short term timing differences (asset)	—	(1,174)	—	(1,345)
Accelerated capital allowances (asset)	—	(12,137)	—	(14,123)
	—	(13,311)	—	(15,468)

11 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2007 £	2006 £	2007 £	2006 £
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000		
17,333 Ordinary shares of £1 each			17,333	17,333

12 Share premium account

	2007 £	2006 £
At 1 January 2007 and 31 December 2007	98,467	98,467

Notes to the financial statements 31 December 2007

13 Profit and loss account

	2007 £	2006 £
At 1 January 2007	213,246	271,243
Profit on ordinary activities after taxation	286,207	192,003
Interim dividend paid (£11.54 per share)	(200,000)	(250,000)
At 31 December 2007	299,453	213,246

14 Pension commitments

The company makes contributions to defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable by the company for the period amounted to £11,587 (2006 - £11,957).

15 Leasing commitments

Operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007 £	2006 £
Operating leases which expire		
Within one year	28,859	28,889
Within one to two years	—	—
Within two to five years	—	—

16 Reconciliation of movements in shareholder's funds

	2007 £	2006 £
Equity Funds		
Profit for the financial year after taxation	286,207	192,003
Interim dividend paid	(200,000)	(250,000)
Net addition to (reduction in) shareholder's funds	86,207	(57,997)
Opening shareholder's funds at 1 January 2007	329,046	387,043
Closing shareholder's funds at 31 December 2007	415,253	329,046

17 Related party transactions

The financial statements do not include disclosure of transactions between Powell Mail Order Limited and entities that are part of the TAKKT AG group. This is because as a subsidiary whose shares are more than 90% controlled within the group the company is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 "Related Party Disclosures".

18 Immediate and ultimate parent company and control

The immediate parent company and controlling entity in the two years ended 31 December 2007 was Kaiser + Kraft Europa GmbH.

The ultimate parent company in the two years ended 31 December 2007 was Franz Haniel & Cie GmbH, a company incorporated in Germany.

The largest group in which the results of the company are consolidated is that headed by Franz Haniel & Cie GmbH. The consolidated accounts, which are available to the public, may be obtained from D-47118 Duisburg, Germany.

Franz Haniel & Cie GmbH is controlled by members of the Haniel family.

Detailed trading and profit and loss account Year to 31 December 2007

This page does not form part of the statutory financial statements

	2007 £	2007 £	2006 £	2006 £
Sales				
To external companies		4,533,971		4,107,062
Cost of sales				
Stocks at 1 January 2007	34,947		45,748	
Purchases	2,379,985		2,205,279	
Freight costs	500,487		411,561	
Less discounts	(229)		(405)	
	2,915,190		2,662,183	
Less Stocks at 31 December 2007	(30,903)		(34,947)	
		2,884,287		2,627,236
Gross profit	(36 38%)	1,649,684	(36 03%)	1,479,826
Other income				
Interest receivable and similar income		12,428		10,204
Rent receivable		12,000		3,000
		1,674,112		1,493,030
Personnel expenses				
Staff costs	273,527		288,807	
Pension contributions	11,587		11,957	
		285,114		300,764
Establishment expenses				
Rent and rates	48,481		47,996	
Light, heat and power	5,764		3,891	
		54,245		51,887
Carried forward		1,334,753		1,140,379

Distribution and administrative expenses Year to 31 December 2007

This page does not form part of the statutory financial statements

	2007 £	2007 £	2006 £	2006 £
Brought forward		1,334,753		1,140,379
Selling and distribution expenses				
Printing and mailing	740,430		693,083	
Telephone	10,737		11,889	
		751,167		704,972
Administrative expenses				
Staff training	4,227		4,218	
Staff recruitment	4,532		6,042	
Printing and stationery	6,305		5,726	
Legal and professional	9,196		3,651	
Audit and accountancy	18,500		17,500	
Insurance – general	4,695		6,705	
Insurance – motor vehicles	1,491		1,553	
Computer costs	61,479		66,351	
Repairs and maintenance	4,503		4,114	
Travelling	10,259		11,153	
Motor expenses	8,876		6,037	
Cleaning	3,723		6,529	
General expenses	12,642		8,220	
Loss on sale fixed assets	—		222	
		150,428		148,021
Finance				
Provision for credit notes	—		(18,000)	
Bank charges	11,365		12,225	
Sundry interest	172		44	
Depreciation of fixed assets	8,876		18,564	
Provision for doubtful debts	5,602		3,328	
		26,015		16,161
Profit on ordinary activities for the year		407,143		271,225