

Polymer Logistics (UK) Limited

Report and Financial Statements

31 December 2010



Polymer Logistics (UK) Limited

Directors

M Mizrahy
G Feiner
A Dale

Secretary

D Gerner

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Bankers

Bank Leumi (UK) Plc
20 Stratford Place
London W1C 1BE

Registered Office

The Draw Bridge
Castle Court
Castlegate Business Park
Dudley DY1 4RD

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The Profit for the year amounted to £422,140 (2009 – profit of £363,327) The directors do not recommend the payment of any dividends

Principal activity and review of the business

The principal activity of the company during the year was that of renting and trading of plastic packaging and transportation equipment

The total revenue in 2010 was £11,984,963 compared to £10,359,394 in 2009, a increase of 16% in total income Most of the increase is due to a £1 5m increase in direct sales to retailers

Total EBIT for 2010 was £658,422 compared to £561,247 in 2009, an increase of 17% The increase in EBIT is a result of the increase in income

Year 2011 – consolidation and controlled growth

The company's principal aims for 2011 are clear The company will continue to focus on organic growth and meeting its business plan targets, managing the growth both on the service and the sales, and selectively pursuing new contract opportunities The company's strengthened management team will provide a platform from which to successfully execute this growth strategy

As a management team we will ensure that we have the resources in place to support the projected growth in 2011 and to identify and manage potential risks We will continue to assimilate controls and balances, both via our computerized systems and via close monitoring of our main KPI's being EBIT and turnover

The company remains focused on its customers' needs and continues to pursue its objective of becoming a leading RRP solution provider to retailers and their suppliers, challenging new categories and solving existing problems with innovative solutions

The Board is confident in the ability of the company's management to deliver in the year ahead The Board and management team continue to see opportunities for growth in our market

Principal risks and uncertainties

The company's internal risk management procedures are integrated into its internal reporting procedures and business strategy The company is implementing a KPI reporting system both on weekly and monthly basis and weekly internal management meetings

These actions ensure the company's executive management and the board of directors are fully informed on a regular basis

Here below we describe major risks categories that could materially affect the company business, financial conditions and operational result The company may also face other risks, which to the present time may not be known to the company, or the company may consider them as less material, but in the future could have an adverse impact on the company business

Directors' report (continued)

Principal risks and uncertainties (continued)

Customers' relations

The company business segment is the retail market. The company has long term relations with most of its retail customers, which are maintained by the company's commitment to deliver excellent service.

Losing one or more of these customers can result in a materially negative impact on the company's revenue, profit and cash-flow.

Competition

The company faces competition both on the service and sales businesses. The competition for the service business is from both other service providers of RRP and traditional packaging companies. The competition for the sales business comes mainly from other production companies of compatible equipment as that produced by the company. This competition may limit the company's ability to increase prices and negatively affect company revenues and profit.

Cash flow interest rate risk

The company exposure to the risk for changes in market interest rates relates primarily to the company's long-term debt obligations with a floating interest rate. This risk is minimal, as also the company's long-term credit is bearing the same floating interest rate.

Credit risk

The company trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not considered to be significant.

Going concern

The financial statements have been prepared on a going concern basis. The directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable.

Financial instruments

The company did not participate in any form of hedging transactions during the current financial year. Also, the company does not use forward exchange contracts relating to foreign currency transactions, because the company purchases and sells goods to fellow group companies. Therefore, all foreign currency risk is incurred by the company.

There are no other material exposures of the company relating to price risk, credit risk, liquidity risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the company.

Directors' report (continued)

Directors

The directors who served during the year were as follows

M Mizrahy

G Feiner

Z Yemini (resigned September 13th, 2011)

A Dale (appointed September 13th, 2011)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

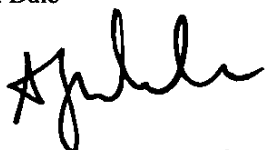
Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Director

A Dale



29.09.2011

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Independent auditors' report

to the members of Polymer Logistics (UK) Limited

We have audited the financial statements of Polymer Logistics (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of Polymer Logistics (UK) Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Helen Hemming (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

30 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	2	11,984,963	10,359,394
Cost of sales		(9,838,339)	(7,759,113)
Gross Profit		2,146,624	2,600,281
Distribution costs		(412,763)	(550,311)
Administrative expenses		(1,047,571)	(1,486,228)
Operating Profit	3	686,290	563,742
Loss on disposal of tangible fixed assets		(27,868)	(2,495)
		658,422	561,247
Interest receivable and similar income	6	30,380	47,415
Interest payable and similar charges	7	(60,765)	(76,501)
Profit on ordinary activities before taxation		628,037	532,161
Tax	8	(205,897)	(168,834)
Profit for the financial year	18	422,140	363,327

All results of Polymer Logistics (UK) Limited are from continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2010

	2010 £	2009 £
Profit retained for the financial year and attributable to the members	422,140	363,327
Reserve profit for share based payment plans	12,724	30,622
Total recognised gains relating to the year	434,864	393,949

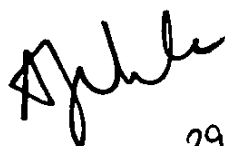
Balance sheet

at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible fixed assets	9	1,793,412	1,771,686
Fixed asset investments	10	1,414,701	1,414,701
		<u>3,208,113</u>	<u>3,186,387</u>
Current assets			
Stocks	11	223,441	219,719
Debtors			
amounts falling due after one year	12	1,992,058	1,996,911
amounts falling due within one year	12	4,465,023	3,372,574
Cash at bank and in hand		355	33,540
		<u>6,680,877</u>	<u>5,622,744</u>
Creditors: amounts falling due within one year	13	(3,509,290)	(3,566,543)
		<u>3,171,587</u>	<u>2,056,201</u>
Net current Assets			
		<u>6,379,700</u>	<u>5,242,588</u>
Total assets less current liabilities			
Creditors amounts falling due after more than one year	14	(645,833)	—
Provisions for liabilities			
Deferred taxation	8	(200,285)	(143,870)
		<u>5,533,582</u>	<u>5,098,718</u>
Capital and reserves			
Called up share capital	17	3	3
Share premium account	18	1,414,701	1,414,701
Capital reserve	18	1,767,194	1,767,194
Equity Benefits reserve	18	93,779	81,055
Profit and loss account	18	2,257,905	1,835,765
		<u>5,533,582</u>	<u>5,098,718</u>
Shareholders' funds	18	<u>5,533,582</u>	<u>5,098,718</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Director
A Dale



29.09.2011

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

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

Group financial statements

The financial statements presented are the individual company financial statements of Polymer Logistics (UK) Limited. The company has taken advantage of the exemption in Companies Act 2006 from preparation of group financial statements since the company is a wholly owned subsidiary of Polymer Logistics NV, established under the law of an EU Member State which prepares group financial statements that include the financial statements of the company.

Going concern

The financial statements have been prepared on a going concern basis. The directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable.

Statement of cash flows

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Tangible fixed assets

All fixed assets are initially recorded at cost and provision for impairment made where required.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	–	over 7 1/2 years
Rental equipment	–	over 5 years
Computer equipment	–	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company does not operate a company pension scheme

Share-based payments

Incentives in the form of shares are provided to certain employees under share options granted by the ultimate parent company, Polymer Logistics N V. The fair value of these options at the date of grant is determined by a valuation as described in note 20 and is charged to the profit and loss account over the relevant vesting periods

2. Turnover

Turnover represents amounts invoiced to third parties stated net of value added tax and is wholly attributable to the principal activities of the company

The geographical analysis of turnover is as follows

	2010 £	2009 £
United Kingdom and Ireland	11,504,331	10,359,394
Europe	480,632	-
	<u>11,984,963</u>	<u>10,359,394</u>

Notes to the financial statements

at 31 December 2010

3. Operating Profit

This is stated after charging

	2010 £	2009 £
Auditors' remuneration – audit services	22,550	18,654
– non-audit services (taxation)	5,500	6,250
	<u>28,050</u>	<u>24,904</u>
Depreciation of owned fixed assets	241,172	248,286
Loss on disposal of tangible fixed assets	27,868	2,495
	<u>269,040</u>	<u>250,781</u>
Exchange (gain)/loss on retranslation of foreign currency amounts	(62,651)	155,958
	<u>(62,651)</u>	<u>155,958</u>
Operating lease rentals – land and buildings	24,940	18,826
– plant and machinery	4,298,728	4,126,179
	<u>4,323,668</u>	<u>4,145,005</u>

4. Directors' emoluments

	2010 £	2009 £
Aggregate emoluments in respect of qualifying services	-	327,387
	<u>-</u>	<u>327,387</u>
	2010 £	2009 £
In respect of highest paid director		
Aggregate emoluments	-	177,387
Aggregate compensation for loss of office	-	150,000
	<u>-</u>	<u>327,387</u>
Total	-	327,387

A management charge in respect of administration costs is included within the rental payments made to Polymer Israel, the company's sister concern, which includes the director's remuneration for directors paid from outside the United Kingdom and for whom it is not possible to separately quantify

Notes to the financial statements

at 31 December 2010

5. Staff costs

	2010 £	2009 £
Wages and salaries	749,608	1,009,408
Employee stock options	12,723	30,622
Pension costs	25,094	11,613
Social security costs	79,906	107,602
	<u>867,331</u>	<u>1,159,245</u>

The average monthly number of employees during the year was made up as follows

	2010 No	2009 No
Distribution staff	1	7
Administrative staff	16	14
	<u>17</u>	<u>21</u>

6. Interest receivable and similar income

	2010 £	2009 £
Intercompany interest receivable	<u>30,380</u>	<u>47,415</u>

7. Interest payable and similar charges

	2010 £	2009 £
Bank interest payable	2,044	1,659
Bank loan interest payable	18,720	34,468
Bank charges and loan amortisation	10,001	10,374
Intercompany interest payable	30,000	30,000
	<u>60,765</u>	<u>76,501</u>

Notes to the financial statements

at 31 December 2010

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax on the profit for the year	162,745	130,738
Adjustments in respect of previous periods	(13,263)	5,309
Double tax relief	(77,267)	–
	<u>72,215</u>	<u>136,047</u>
Foreign tax	77,267	–
	<u>149,482</u>	<u>136,047</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	48,030	32,787
Changes in recoverable amounts of deferred tax assets	8,385	–
	<u>205,897</u>	<u>168,834</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	628,037	532,161
	<u>175,851</u>	<u>149,005</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)		
<i>Effects of</i>		
Expenses not deductible for tax purposes	5,815	6,214
Capital allowances in excess of depreciation	(22,483)	(33,055)
Other timing differences	3,563	8,574
Adjustments in respect of previous periods	(13,263)	5,309
	<u>149,482</u>	<u>136,047</u>

Notes to the financial statements

at 31 December 2010

8. Tax (continued)

(c) Deferred tax – amounts provided

	2010 £	2009 £
Capital allowances in advance of depreciation	200,285	143,870
Provision for deferred taxation		
At 1 January 2010		143,870
Profit and loss account movement arising during the year		48,030
Adjustments in respect of prior years		8,385
At 31 December 2010		200,285

(d) Factors that may affect future tax charges

On 22 June 2010 the UK Chancellor of the Exchequer announced a number of corporate tax reforms effective from 1 April 2011. This included the reduction in mainstream rate of UK corporation tax from 28% to 24% over a period of 4 years, beginning 1 April 2011 and a proposed reduction in the main and special rate of capital allowances to 18% and 8% respectively for accounting periods ending after April 2012. The reduction in the rate of corporation tax to 27% was substantially enacted on 21 July 2010. As the company's timing differences are expected to reverse after this date, deferred tax has been provided at 27%.

Subsequently, on 23 March 2011 the UK chancellor made an announcement to further reduce the rate of corporation tax to 26% from April 2011 and ultimately to 23% by April 2014. As none of these reductions had been substantially enacted at the balance sheet date, they are not reflected in these financial statements. The full impact of these changes has yet to be fully ascertained but it is likely that the company will have a lower UK effective tax rate on future profits.

Notes to the financial statements

at 31 December 2010

9. Tangible fixed assets

	<i>Fixtures and fittings £</i>	<i>Rental equipment £</i>	<i>Computer equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost					
At 1 January 2010	123,400	2,813,976	38,631	36,603	3,012,610
Additions	59,548	317,897	20,906	-	398,351
Disposals	(64,300)	(230,686)	(17,034)	(20,500)	(332,520)
At 31 December 2010	118,648	2,901,187	42,503	16,103	3,078,441
Depreciation					
At 1 January 2010	36,355	1,157,785	35,101	11,683	1,240,924
Provided during the year	17,243	208,660	6,929	8,340	241,172
Disposals	(37,406)	(127,725)	(16,965)	(14,971)	(197,067)
At 31 December 2010	16,192	1,238,720	25,065	5,052	1,285,029
Net book value					
At 31 December 2010	102,456	1,662,467	17,438	11,051	1,793,412
At 1 January 2009	87,045	1,656,191	3,530	24,920	1,771,686

10. Fixed asset investments

	<i>2010 £</i>	<i>2009 £</i>
Cost	1,414,701	1,414,701

Details of the investments in which the group and the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows

<i>Name</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Country of registration</i>	<i>Principal activities</i>
Polymer Logistics Inc	Ordinary shares	100%	United States of America	Leasing of retail ready packaging units

Notes to the financial statements

at 31 December 2010

10. Fixed asset investments (continued)

Subsidiary undertakings

On 30 December 2008 the company entered into a Contribution Agreement with the parent company, pursuant to which the company agreed to acquire the entire issued share capital of Polymer Logistics Inc (the "PLI Shares"), a fellow group company, in consideration for the allotment of one ordinary share of £1 in the capital of the company

The value of PLI Shares was determined by a valuation analysis done using the income approach to determine the market value of the enterprise. This approach was considered to be most appropriate as Polymer Logistics Inc is a privately owned company. The value excess of the par value of the share was recorded as share premium.

11. Stocks

	2010 £	2009 £
Consumables and spares	223,441	219,719

The difference between purchase price of stocks and their replacement cost is not material

12. Debtors

	2010 £	2009 £
Trade debtors	3,265,998	2,913,750
Amounts owed by group undertakings (see below)	2,965,386	2,433,244
Other debtors	882	899
Prepayments	224,815	21,592
	6,457,081	5,369,485

Included within amounts owed by group undertakings is £1,992,058 (2009 – £1,996,911) which is receivable after 1 year

Notes to the financial statements

at 31 December 2010

13. Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans - amount falling due within one year (note 15)	241,250	432,361
Bank overdraft	184,313	–
Trade creditors	629,031	1,032,039
Amounts owed to group undertakings	2,138,395	1,610,245
Corporation tax	6,478	40,337
Other taxation and social security costs	36,013	27,192
Other creditors	120,879	16,990
Accruals and deferred income	152,931	407,379
	<u>3,509,290</u>	<u>3,566,543</u>

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

	2010 £	2009 £
Loans (note 15)	645,833	–
	<u>645,833</u>	<u>–</u>

15. Loans

Creditors include bank loans and overdrafts, which are due for repayment as follows

	2010 £	2009 £
Amounts repayable		
In one year or less or on demand	250,000	432,361
In more than one year but not more than two years	250,000	–
In more than two years but not more than five years	395,833	–
Less issue costs	(8,750)	–
	<u>887,083</u>	<u>432,361</u>
Less included in creditors amounts falling due within one year	(241,250)	(432,361)
	<u>645,833</u>	<u>–</u>

The bank loans are secured by a fixed and floating charge over the assets of the company Polymer Logistics (Israel) Limited, a sister company incorporated in Israel, has also given unlimited guarantee for the liabilities of the company

Notes to the financial statements

at 31 December 2010

16. Other financial commitments

	2010		2009	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
In one year	36,140	52,155	–	18,452
In two to five years	52,155	70,325	–	34,455

In addition the company has entered into operating lease arrangements for plant and machinery which are cancellable at the company's discretion without the company giving notice

17. Issued share capital

	2010		2009	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	3	3	3	3

Included in allocated, called up and fully paid is 1 ordinary share with aggregate nominal value of £1 which was issued in consideration of share capital acquired in Polymer Logistics Inc (note 10) with the balance being recorded as share premium

The effective date of the transaction was 30 December 2008, although the share was not issued until 3 February 2009

Notes to the financial statements

at 31 December 2010

18. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Share premium account</i>	<i>Capital contribution reserve</i>	<i>Equity benefits reserve</i>	<i>Total share- holders' funds</i>
	£	£	£	£	£	£
At 1 January 2009	3	1,472,438	1,414,701	–	50,433	2,937,575
Retained profit for the year	–	363,327	–	–	–	363,327
Capital contribution arising on issue of share capital due to debt assignment	–	–	–	1,767,194	–	1,767,194
Credit reserve for share based payment	–	–	–	–	30,622	30,622
At 1 January 2010	3	1,835,765	1,414,701	1,767,194	81,055	5,098,718
Retained Profit for the year	–	422,140	–	–	–	422,140
Credit reserve for share based payment	–	–	–	–	12,724	12,724
At 31 December 2010	3	2,257,905	1,414,701	1,767,194	93,779	5,533,582

19. Share-based payments

- a) On September 10, 2007, the ultimate parent, Polymer Logistics N V granted four employees in UK, options to purchase up to 543,285 ordinary shares at exercise prices that range between £0.46 and £0.82. The options vest over periods of one to three years and expire 10 years from the date of grant. The vesting of options to purchase 405,000 shares are linked to the ultimate parent company financial performance as was recommended by the remuneration committee of the ultimate parent company and approved by its board of directors.

Unless otherwise determined by the Administrator, all options allocated on a certain date shall be subject to continued employment with or service to the company or affiliate by the participant. Options become vested and exercisable in accordance with the vesting schedule and/or the performance conditions of exercise specified in the grant letter, save that no option may be exercised in a close period. Options that have not been exercised within the period stipulated in or subsequent to this plan or the grant letter shall expire.

The fair value of the options was estimated by applying a Binomial option pricing model with adjustments for the specific terms and conditions of the options. Under this model, the per-option weighted average fair market value, as of the grant date, was £0.18 and the total fair market value of the options amounted to £97,899.

As at December 31, 2010 options to purchase 138,285 (2009: 273,285) ordinary shares were vested from that option plan. No new options were granted during the current and prior year under this scheme. Options to purchase 135,000 (2009: 270,000) shares were forfeited during the year.

Notes to the financial statements

at 31 December 2010

22. Share based payments (continued)

- b On 24 June 2008, the ultimate parent, Polymer Logistics N V granted four employees in UK, options to purchase up to 515,000 ordinary shares. The exercise price of the Options is £ 0.4121 per share, which represents a premium of 5% over the opening mid-market price per share as at the date of grant.

Each grant of Options will vest in three equal annual tranches, one in each of the three years after the date of grant. The Options will be subject to performance conditions, measured over a performance period of one, two or three years corresponding to their vesting period.

The performance measure for the 2008 financial year is nominal compound annual growth of fully diluted earnings per share of the parent company ("CAGR"). CAGR will be calculated by taking the fully diluted earnings per share in 2007 and the fully diluted earnings per share in 2008, 2009, and 2010 respectively for the three tranches, and calculating the CAGR between the two. For nominal CAGR of between 5% and 12.5%, between 25% and 100% of the Options will vest, on a straight-line basis. For nominal CAGR of less than 5%, no Options will vest. Options will lapse at the end of their performance period, to the extent that the performance condition has not been met. If the performance condition is met, Option holders may choose when to exercise their Option, any time between vesting and the end of the ten-year option term. There are no cash settlement options. The fair value of options granted was £41,221.

As at December 31, 2009 and 2010 no options were vested. No new options were granted during the current and prior year under this scheme. Options to purchase 171,667 (2009: 171,667) shares were forfeited during the year.

In respect of Polymer Logistics (UK) Limited, the expense recognised for share-based payments in respect of employee services received during the year ended on December 31, 2010 is £12,724 (2009: £30,622). The committed future charge to profit in respect of stock options expected to be £3,372.

20. Related party transactions

In accordance with Financial Reporting Standard no. 8, transactions with group entities are not disclosed as the company is a wholly owned subsidiary within a group that prepares publicly available group financial statements, which include the company.

21. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Polymer Logistics NV, a company registered in Holland. This is the largest and smallest group of which the company is a member for which group accounts are prepared. Copies of these accounts are available from the Registered Office on page 1.