Polymer Logistics (UK) Limited

Report and Financial Statements

31 December 2012

Registered No 04015336

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
Unit 2, The Draw Bridge
Castle Court
Castlegate Business Park
Dudley DY1 4RD

Registered No 04015336

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £58,579 (2011 – profit of £472,957) The directors do not recommend a final dividend (2011 – £nil)

Principal activities 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 2012 was £ 12,007,484 compared to £10,720,399 in 2011, an increase of 12% in total income Most of the increase is due to a £2 3m increase in direct sales to retailers compensate by a decrease in pool revenues of £1m

Total EBIT for 2012 was £148,571 compared to £652,553 in 2011, a decrease of 77% The decrease in EBIT is mainly a result of the change in the underlying cost base

Future developments

The company's principal aims for 2013 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

As a management team we will ensure that we have the resources in place to support the projected growth in 2013 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 (Retail Ready Packaging) 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

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

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 In drawing this conclusion the directors have considered the cross guarantees in place on group banking facilities

Directors' report (continued)

Directors

The directors who served the company during the year were as follows

M Mizrahy
G Feiner
A Dale

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

A Dale
Director

16 July 2013

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate 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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22 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 auditor

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 2012 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

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

Independent auditors' report (continued)

to the members of Polymer Logistics (UK) Limited

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

16 July 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	12,007,484	10,720,399
Cost of sales		(10,447,996)	(8,417,569)
Gross Profit		1,559,488	2,302,830
Distribution costs		(158,063)	(409,959)
Administrative expenses		(1,252,854)	(1,241,185)
Operating Profit	3	148,571	651,686
(Loss) Income on disposal of tangible fixed assets		(32,196)	867
		116,375	652,553
Interest receivable and similar income	6	60,893	36,999
Interest payable and similar charges	7	(100,662)	(70,054)
Profit on ordinary activities before taxation		76,606	619,498
Tax	8	(18,027)	(146,541)
Profit for the financial year	17	58,579	472,957

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

	2012 £	2011 £
Profit retained for the financial year and attributable to the members	58,579	472,957
Reserve profit for share based payment plans	6,984	3,425
Total recognised gains and losses relating to the year	65,563	476,382

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	9	2,746,084	2,438,093
Fixed asset investments	10	3,070,230	3,070,230
		5,816,314	5,508,323
Current assets			
Stocks	11	354,238	189,394
Debtors			
amounts falling due after one year	12	768,752	1,343,751
amounts falling due within one year	12	2,375,140	4,227,058
Cash at bank and in hand		304	176,146
		3,498,434	5,936,349
Creditors: amounts falling due within one year	13	(2,193,079)	(3,891,791)
Net current assets		1,305,355	2,044,558
Total assets less current liabilities		7,121,669	7,552,881
Creditors. amounts falling due after more than one year	14	(825,210)	(1,343,751)
Provisions for liabilities			
Deferred taxation	8(c)	(220,932)	(199,166)
		6,075,527	6,009,964
Capital and reserves			
Called up share capital	16	3	3
Share premium account	17	1,414,701	1,414,701
Capital contribution reserve	17	1,767,194	1,767,194
Equity benefits reserve	17	104,188	97,204
Profit and loss account	17	2,789,441	2,730,862
Shareholders' funds	17	6,075,527	6,009,964

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

A Dale
Director

16 July 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

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

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 In drawing this conclusion the directors have considered the cross guarantees in place on group banking facilities

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 N V , established under the law of an EU Member State which prepares group financial statements that include the financial statements of the company

Statement of cash flows

The directors have taken advantage of the exemption in FRS 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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured The following specific recognition criteria must also be met before revenue is recognised

Sale of goods

Revenues from sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer

Rental income

Revenues from renting of products are recognised at the time that services are rendered

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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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

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 exception

- 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 leases

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

Pensions

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 undertaking, Polymer Logistics N V The fair value of these options at the date of grant is determined by a valuation as described in note 18 and is charged to the profit and loss account over the relevant vesting periods

Notes to the financial statements

at 31 December 2012

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

	2012 £	2011 £
United Kingdom and Ireland	11,426,709	10,370,905
Europe	580,775	349,494
	12,007,484	10,720,399

3. Operating Profit

This is stated after charging/(crediting)

			2012 £	2011 £
Auditors' remuneration	–	audit services	31,750	24,082
	–	non-audit services (taxation)	5,950	9,420
Depreciation of owned fixed assets			364,824	283,573
(Loss)/Profit on disposal of tangible fixed assets			(32,196)	867
Exchange loss on retranslation of foreign currency amounts			12,651	20,432
Operating lease rentals	–	land and buildings	534,528	229,647
	–	plant and machinery	3,286,481	3,050,534

4. Directors' remuneration

	2012 £	2011 £
Aggregate remuneration in respect of qualifying services	145,221	140,453

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 2012

5. Staff costs

	2012	2011
	£	£
Wages and salaries	1,346,871	1,032,444
Employee stock options	6,984	3,425
Pension costs	60,818	62,005
Social security costs	122,888	110,246
	1,537,561	1,208,120

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

	No	No
Distribution	34	15
Administrative	15	19
	49	34

6 Interest receivable and similar income

	2012	2011
	£	£
Intercompany interest receivable	60,893	36,999

7. Interest payable and similar charges

	2012	2011
	£	£
Bank interest payable	6,940	1,689
Bank loan interest payable	60,893	29,567
Bank charges and loan amortisation	16,154	10,993
Other interest	4,023	-
Exchange differences	12,652	-
Intercompany interest payable	-	27,805
	100,662	70,054

Notes to the financial statements

at 31 December 2012

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012	2011
	£	£
Current tax.		
UK corporation tax on the profit for the year	20,131	147,661
Adjustments in respect of previous periods	(23,869)	–
Double tax relief	(9,543)	(4,538)
	(13,281)	143,123
Foreign tax	9,543	4,538
Total current tax (note 8(b))	(3,738)	147,661
Deferred tax:		
Origination and reversal of timing differences	-	2,453
Changes in recoverable amounts of deferred tax assets	21,765	(3,573)
Tax on profit on ordinary activities	18,027	146,541

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	76,606	619,498
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%)	18,768	164,167
Effects of		
Expenses not deductible for tax purposes	11,258	6,574
Capital allowances in excess of depreciation	(4,996)	(27,918)
Other timing differences	(4,899)	4,838
Adjustments in respect of previous periods	(23,869)	–
Current tax for the year (note 8(a))	(3,738)	147,661

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

(c) Deferred tax – amounts provided

	2012	*2011*
	£	£
Capital allowances in advance of depreciation	220,932	199,166

	£
Provision for deferred taxation	
At 1 January 2012	199,166
Profit and loss account movement arising during the year	672
Adjustments in respect of prior years	21,093
At 31 December 2012	220,932

(d) Factors that may affect future tax charges

The standard rate of UK corporation tax was 26% at the start of 2012 In his budget of 21 March 2012, the UK Chancellor of the Exchequer announced a decrease to 24% effective from 1 April 2012, with further reductions of 1% each year until April 2014, giving a closing rate of 22%

On 5 December 2012, the UK Chancellor of the Exchequer announced a further reduction in the tax rate to 21% effective from 1 April 2014 On 20 March 2013, the UK Chancellor of the Exchequer announced a further reduction to 20% effective form 1 April 2015 At 31 December 2012 a rate of 23% has been substantively enacted and therefore applied in these accounts

The impact of these changes on deferred tax liability is immaterial

Notes to the financial statements

at 31 December 2012

9. Tangible fixed assets

	Fixtures and fittings	*Rental equipment*	*Computer equipment*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 1 January 2012	411,447	3,415,619	51,311	16,103	3,894,480
Additions	213,709	666,093	1,927	16,150	897,879
Disposals	(31,141)	(457,336)	-	-	(488,477)
At 31 December 2012	594,015	3,624,376	52,238	32,253	4,303,882
Depreciation					
At 1 January 2012	45,629	1,367,020	34,660	9,078	1,456,387
Provided during the year	70,554	276,493	10,186	7,592	364,824
Disposals	(6,986)	(256,427)	-	-	(263,413)
At 31 December 2012	109,197	1,387,085	44,846	16,670	1,557,798
Net book value					
At 31 December 2012	484,818	2,237,291	8,391	15,583	2,746,084
At 1 January 2012	365,818	2,048,599	16,651	7,025	2,438,093

10. Investments

	2012	*2011*
	£	*£*
Opening Balance	3,070,230	1,414,701
Additional contribution	-	1,655,529
Cost	3,070,230	3,070,230

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

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

On 27 December 2011 the board of Polymer Logistics (UK) Limited passed a resolution to gift Polymer Logistics Inc the outstanding Debt of £1,655,529 as paid in capital

Notes to the financial statements

at 31 December 2012

11. Stocks

	2012	2011
	£	£
Consumables and spares	354,238	189,394

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

12. Debtors

	2012	2011
	£	£
Trade debtors	2,260,523	3,517,096
Amounts owed by group undertakings (see below)	621,846	1,918,751
Other debtors	4,205	–
Corporation tax	16,421	–
Prepayments	240,897	134,962
	3,143,892	5,570,809

Included within amounts owed by group undertakings is £768,752 (2011 – £1,343,751) which is receivable after 1 year

13. Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank loans – amount falling due within one year (note 15)	605,134	562,521
Bank overdraft	305,522	–
Trade creditors	506,273	737,356
Amounts owed to group undertakings	-	2,012,198
Corporation tax	-	49,368
Other taxation and social security costs	22,839	40,620
Other creditors	182,036	211,044
Accruals and deferred income	571,275	278,684
	2,193,079	3,891,791

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

	2012	2011
	£	£
Loans (note 15)	825,210	1,343,751

Notes to the financial statements

at 31 December 2012

15. Loans

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

	2012	*2011*
	£	*£*
Amounts repayable		
In one year or less or on demand	614,498	575,000
In more than one year but not more than two years	513,108	575,000
In more than two years but not more than five years	311,093	768,751
Less issue costs	(8,354)	(12,479)
	1,430,344	1,906,272
Less included in creditors amounts falling due within one year	(605,134)	(562,521)
	825,210	1,343,751

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 As at 31 December 2011 and 2012 these loans carried interest ranging from LIBOR+2 5% to LIBOR+3 5%

16. Issued share capital

		2012		*2011*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	3	3	3	3

17. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Share premium account*	*Capital contribution reserve*	*Equity benefits reserve*	*Total share-holders' funds*
	£	*£*	*£*	*£*	*£*	*£*
At 1 January 2011	3	2,257,905	1,414,701	1,767,194	93,779	5,533,582
Profit for the year	–	472,957	–	–	–	472,957
Credit reserve for share based payment	–	–	–	–	3,425	3,425
At 1 January 2012	3	2,730,862	1,414,701	1,767,194	97,204	6,009,964
Profit for the year	–	58,579	–	–	–	58,579
Credit reserve for share based payment	–	–	–	–	6,984	6,984
At 31 December 2012	3	2,789,441	1,414,701	1,767,194	104,188	6,075,527

Notes to the financial statements

at 31 December 2012

18. 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 undertaking financial performance as was recommended by the remuneration committee of the ultimate parent undertaking and approved by its board of directors

Unless otherwise determined by the Administrator, all options allocated on a certain date shall subject to continued employment with or service to the company or affiliate by the participant 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 31 December 2012 options to purchase 82,980 (2011 – 82,980) ordinary shares were vested from that option plan No new options were granted during the current and prior year under this scheme During the year no options were forfeited (2011 – 55,305)

As of December 31 2012 all options were vested from this option plan

(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 undertaking ('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 31 December 2011 and 2012 all options were vested No new options were granted during the current and prior year under this scheme

Notes to the financial statements

at 31 December 2012

18. Share-based payments (continued)

(c) On 1 January 2013, 150,000 share options were granted to senior executive under the Senior Executive Plan (SEP) The exercise price of the options of €0 534 was equal to the market price of the shares on the date of grant The options vest over periods of three years and expire 10 years from the date of grant

Unless otherwise determined by the Administrator, all Options Allocated on a certain date shall, subject to continued employment with or service to the Company or Affiliate by the Participant, become vested and exercisable in accordance with the vesting schedule and/or the performance conditions of exercise (if any) 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

In respect of Polymer Logistics (UK) Limited, the expense recognised for share-based payments in relation to employee services received during the year ended 31 December 2012 is £6,984 (2011 – £3,425) The committed future charge to profit in respect of stock options is expected to be £7,898

19. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

		2012		*2011*
	Land and buildings	*Plant and machinery*	*Land and buildings*	*Plant and machinery*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	129,797	48,562	295,735	52,155
In two to five years	287,564	73,942	311,750	70,325

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

20. Related party transactions

In accordance with FRS 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

Notes to the financial statements

at 31 December 2012

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 financial statements are prepared Copies of these financial statements are available from the Registered Office on page 1

22. Contingent Liabilities

The Company is part of group banking facilities where cross-guarantees have been issued by the Company in favour of banks on behalf of other group companies and vice versa As at 31 December 2012, the amounts guaranteed by the Company totalled £14,800,000