

FUERST DAY LAWSON (U.S.A.) LIMITED

Report and Financial Statements

52 week period from 30 December 2005 to 29 December 2006



FUERST DAY LAWSON (U.S.A.) LIMITED

REPORT AND FINANCIAL STATEMENTS

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FUERST DAY LAWSON (U.S.A) LIMITED

DIRECTORS' REPORT

The directors present their annual report, together with the financial statements and auditors' report, for the 52 week period ended 29 December 2006

ACTIVITIES

The principal activity of the Company is the sale of specialist raw materials

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

2006 saw Company revenue for the period increase by 25.5% to £4.2m (2005 £3.3m) Profit before tax was £0.2m (2005 £0.23m)

The results are expected to be satisfactory in 2007

RESULTS AND DIVIDENDS

Details of the results for the period are set out in the profit and loss account on page 7. A dividend of £1.50 per share was declared and paid on 29 December 2006 (dividend declared and paid 30 Dec 2005 - £2.00 per share). The retained profit for the period of £14,913 (year ended 30 Dec 2005 - £19,561) has been transferred to reserves.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. A significant risk is movements in foreign currency exchange rates on the principal values of forward commodity contracts. It is the Company policy to fully hedge all such contracts with forward currency contracts to reduce this risk.

It is the Company policy that no speculative trading in financial instruments will be undertaken.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Fox Roy Merchants Limited

J C Duffus & Co (London) Limited

No director held any beneficial interests in the shares of the Company or any other group company.

CHANGE OF ACCOUNTING DATE

The Company's accounting reference date is 31 December, the directors however have taken advantage of the provisions under section 223(3) of the Companies Act 1985 and have prepared the financial statements to the last Friday of the year.

AUDITORS

In the case of each person who is a director of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

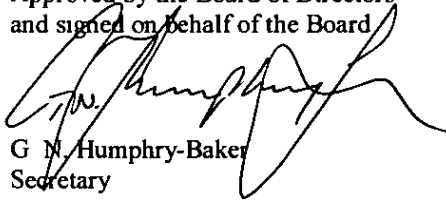
This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

FUERST DAY LAWSON (U.S.A) LIMITED

DIRECTORS' REPORT

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'G N. Humphry-Baker', is written over the printed name and title.

G N. Humphry-Baker
Secretary
23 April 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period and comply with United Kingdom Generally Accepted Accounting Practice and the Companies Act 1985. 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 whether applicable UK Accounting Standards have been followed, 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUERST DAY LAWSON (USA) LIMITED

We have audited the financial statements of Fuerst Day Lawson (USA) Limited for the 52 week period from 30 December 2005 to 29 December 2006 which comprise of the profit and loss account, the balance sheet, the cash flow Statement and the related notes 1 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 auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements.

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 circumstances of the Company, consistently applied and adequately disclosed.

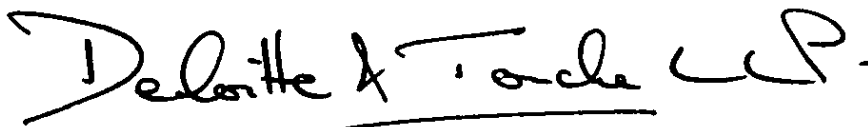
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUERST DAY LAWSON (USA) LIMITED

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 29 December 2006 and of the Company's profit for the 52 week period from 30 December 2005 to 29 December 2006,
- 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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style. The words "Deloitte" and "Touche" are connected, and "LLP" is written at the end. There is a horizontal line under the signature.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London, UK

23 April 2007

FUERST DAY LAWSON (U.S.A.) LIMITED

PROFIT AND LOSS ACCOUNT

52 week period ended 29 December 2006

	Notes	Period ended 29 Dec 2006 £	Period ended 30 Dec 2005 £
TURNOVER	1	4,167,201	3,319,006
Cost of sales		(3,671,454)	(2,789,947)
Gross profit		495,747	529,059
Operating charges		(300,000)	(300,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	4	195,747	229,059
Interest receivable and similar income		-	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		195,747	229,061
Tax charge on profit on ordinary activities	6	(30,834)	(9,500)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		164,913	219,561
Dividends paid on equity shares	7	(150,000)	(200,000)
Retained profit for the period		14,913	19,561
Retained profit brought forward		131,822	112,261
Retained profit carried forward		146,735	131,822

The Company's turnover and operating profit for both the current and prior period all relate to continuing operations. There were no acquisitions or discontinued operations during the current or preceding period.

All recognised gains or losses and all movements in shareholders' funds in both the period ended 29 December 2006 and the year ended 30 December 2005 are reflected in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented in these financial statements.

FUERST DAY LAWSON (U.S.A.) LIMITED

BALANCE SHEET 29 December 2006

	Notes	At 29 Dec 2006 £	At 30 Dec 2005 £
CURRENT ASSETS			
Stocks		1,072,122	690,716
Debtors	8	759,621	803,232
Cash at bank and in hand		68,861	259,003
		<u>1,900,604</u>	<u>1,752,951</u>
CREDITORS: amounts falling due within one year			
Bank overdrafts		817,281	85,613
Trade creditors		355,006	289,127
Amounts due to group undertakings	9	548,607	1,244,249
Other creditors including taxation	10	31,975	1,140
		<u>1,752,869</u>	<u>1,620,129</u>
NET CURRENT ASSETS		<u>147,735</u>	<u>132,822</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account		146,735	131,822
TOTAL SHAREHOLDERS' FUNDS	12	<u>147,735</u>	<u>132,822</u>

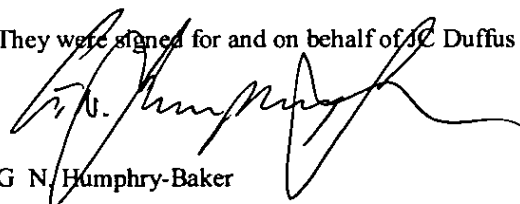
These financial statements were approved by the Board of Directors and authorised for issue on 23 April 2007

They were signed for and on behalf of Fox Roy Merchants Limited by



M D Lawson

They were signed for and on behalf of J.C. Duffus & Co (London) Limited by



G N Humphry-Baker

FUERST DAY LAWSON (U.S.A.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 December 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is the total amount (excluding value added tax) invoiced to customers by the Company and, in the case of sales in which the Company acts as agent of a supplier, the Company's commission earnings.

Stocks and valuation of forward stock contracts

Stocks are stated at the lower of cost and net realisable value and consist of commodities held for resale. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal.

Provision is made where an overall net loss is anticipated on the maturity of forward stock contracts outstanding at the accounting date; overall net profits are not recognised until maturity. Provision is also made for losses on forward contracts outstanding at the accounting date arising in respect of specific defaults by counterparties.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at either the forward exchange rates contracted at the bank or at the rates ruling at the date of the transactions. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, where relevant, at rates contracted for forward currency contracts. Resulting exchange translation differences are dealt with through the profit and loss account.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

FUERST DAY LAWSON (U.S.A.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 December 2006

2. CASH FLOW STATEMENT

The Company has taken advantage of an exemption afforded by Financial Reporting Standard 1 Cash Flow Statements, not to prepare a cash flow statement as more than 90% of the voting rights are controlled within the Group and its cash flows are included within the parent company's consolidated financial statements

3. SEGMENTAL ANALYSIS

No segmental analysis of the activities of the Company is given since, in the opinion of the directors, this would be seriously prejudicial to the interests of the Company

4. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	Period ended 29 Dec 2006 £	Period ended 30 Dec 2005 £
Operating profit is arrived at after charging:		
Auditors' remuneration – audit	951	1,003

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

The directors of the Company were not entitled to any remuneration for their services to the Company in 2006 (year ended 30 Dec 2005 – £nil)

	Period ended 29 Dec 2006 No.	Period ended 30 Dec 2005 No.
Average number of persons employed		
Trading and administration	1	1

An analysis between trading and administrative staff is inappropriate as trading staff are also involved in administrative duties

	Period ended 29 Dec 2006 £	Period ended 30 Dec 2005 £
Staff costs during the period (including directors)		
Wages and salaries	60,289	59,442
Social security costs	6,828	6,710
Other pension costs	111	12
	67,228	66,164

FUERST DAY LAWSON (U.S.A.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 December 2006

6.(A) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 29 Dec 2006 £	Period ended 31 Dec 2004 £
United Kingdom corporation tax charge at 19% (year ended 30 Dec 2005 - 19%) based on the profit for the period	30,834	9,500
Total tax charge on profit on ordinary activities	30,834	9,500

6.(B) FACTORS EFFECTING CURRENT TAX CHARGE FOR THE PERIOD

The current tax charge assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 19% (year ended 30 Dec 2005 - 19%)

The differences are explained below

	Period ended 29 Dec 2006 £	Period ended 30 Dec 2005 £
Profit on ordinary activities before tax	195,747	229,061
Tax at 19% for the period (year ended 29 Dec 2005 - 19%)	37,192	43,522
Adjustment in respect of prior years	22,284	-
Group relief not paid for	(28,642)	(34,022)
Current tax charge for period	30,834	9,500

Factors affecting future tax charges are essentially the same as those that affected the current tax charge. No significant changes are expected.

7. DIVIDENDS PAID

	Period ended 29 Dec 2006 £	Period ended 31 Dec 2005 £
Dividends paid of £150 per ordinary share (period ended 30 Dec 2005 - £200 per ordinary share)	150,000	200,000

The dividend of £150 per ordinary share was proposed, declared and paid on 29 December 2006. The dividend of £200 per ordinary share was proposed, declared and paid on 30 December 2005.

8. DEBTORS

	At 29 Dec 2006 £	At 30 Dec 2005 £
Trade debtors	759,621	803,079
Other debtors	-	153
	759,621	803,232

All debtors are due within one year.

FUERST DAY LAWSON (U.S.A.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 December 2006

9. AMOUNTS OWED TO GROUP UNDERTAKINGS

	At 29 Dec 2006 £	At 30 Dec 2005 £
Amounts owed to parent undertaking	548,607	1,244,249

10. OTHER CREDITORS INCLUDING TAXATION

	At 29 Dec 2006 £	At 30 Dec 2005 £
Corporation tax	31,975	1,140

11. CALLED UP SHARE CAPITAL

	At 29 Dec 2006 £	At 30 Dec 2005 £
Authorised, allotted, called up and fully paid: 1,000 Ordinary shares of £1 each (30 Dec 200 – 1000 shares)	1,000	1,000

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Period ended 29 Dec 2006 £	Period ended 30 Dec 2005 £
Retained profit for the financial period	14,913	19,561
Net addition to shareholders' funds	14,913	19,561
Opening shareholders' funds	132,822	113,261
Closing shareholders' funds	147,735	132,822

13. CONTINGENT LIABILITIES

The Company has entered into guarantees securing certain banking facilities of its parent company and fellow subsidiaries. The overdraft in respect of such facilities amounted to £10,197,041 at 29 December 2006 (30 Dec 2005 - £6,361,423).

The Company has entered into an indemnity agreement with one of its bankers in respect of guarantees to a US Customs agent.

Other contingent liabilities which arose in the normal course of business comprised

	At 29 Dec 2006 £	At 30 Dec 2005 £
VAT group election	100,616	126,681

FUERST DAY LAWSON (U.S.A.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 December 2006

14 RELATED PARTY TRANSACTIONS

The Company has taken advantage of an exemption afforded by Financial Reporting Standard 8 Related Party Disclosures, not to disclose transactions with other group companies by virtue of more than 90% of the voting rights being controlled within the Group

There are no other related party transactions requiring disclosure

15. PARENT COMPANY

The Company's immediate and ultimate parent company is Fuerst Day Lawson Holdings Limited, a company incorporated in Great Britain. Fuerst Day Lawson Holdings Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. The ultimate controlling party is Mr Maurice Day Lawson.

Copies of the Group accounts for Fuerst Day Lawson Holdings Limited are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.