STANDARD SOAP COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR END 30 SEPTEMBER 2010

COMPANY REGISTRATION NUMBER 03081008

STANDARD SOAP COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR END 30 SEPTEMBER 2010

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STANDARD SOAP COMPANY LIMITED

DIRECTORS' REPORT

YEAR END 30 SEPTEMBER 2010

The directors present their report and the financial statements of the company for the year ended 30 September 2010

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was the development and manufacture of personal care products, including liquids, solid soap bars and creams

The company suffered a higher operating loss of £4 54 million this year compared to £2 67 million last year The 2010 losses include provision for impairment of fixed and intangible assets of £1 06 million, which has been accounted for in accordance with International Accounting Standards (IAS)

Towards the end of the financial year, the order book has shown an increasing trend but the company has struggled to reliably deliver these orders on time due to weaknesses in the supply chain and production planning, as well as severe cash constraints

The cost of raw materials has continued to rise, affecting profit margins in the face of an overall weak economy in the UK

A decision was taken to change the leadership of the company and Michael Torrance has been appointed as Managing Director of Standard Soap Company Limited with effect from 4 October 2010

In efforts to stabilize the business and turn the company around, steps have already been taken to recapitalize the business, strengthen the supply chain, establish a manufacturing plan to clear the backlog of orders and recover customer confidence

The company remains dependent on the ongoing financial support from its parent company, Kuala Lumpar Kepong Berhad and the directors have received assurances that this financial support will continue until plans to turn around the business have been completed Without such financial support the company would be unable to keep trading as a going concern

RESULTS AND DIVIDENDS

The results for the year are set out on page 6

The directors do not recommend the payment of a dividend

RISK

The company's operations are financed by specific loans from its parent company as well as an overdraft and loan facility with its bank

The company mitigates credit risk associated with its customers' debt by applying credit verification and control procedures and by insuring trade credit balances against default or insolvency with an appropriate insurance company

The company also carries appropriate business insurance including public and product liability

RESEARCH AND DEVELOPMENT

The directors consider the future of the company to be through the development of its products It is the company's policy to take a prudent view of the expenditure incurred on research and development and so £382,469 (2009 £309,025) expended on research and development was written off in the year

STANDARD SOAP COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR END 30 SEPTEMBER 2010

DIRECTORS

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

L Cheng Chye	
K H Pung	(Appointed 4th October 2010)
M Torrance	(Appointed 4th October 2010)
J L Couzet	(Resigned 4th October 2010)
E K Yeoh	(Resigned 4th October 2010)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 applicable law and International Financial Reporting Standards (IFRS) 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 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,
- 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Target Winters Limited has expressed its willingness to remain in office as auditor

Signed on behalf of the directors

L Cheng Chye
Director

Approved by the directors on 26/11/10

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STANDARD SOAP COMPANY LIMITED

YEAR END 31 SEPTEMBER 2010

We have audited the financial statements of Standard Soap Company Limited for the period ended 30 September 2010 on pages 6 to 29 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 Sections 495 and 496 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 3, 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 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 directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the period then ended, and
- 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 MATTERS 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 AUDITOR'S REPORT

TO THE MEMBERS OF STANDARD SOAP COMPANY LIMITED *(continued)*

YEAR END 30 SEPTEMBER 2010

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

Target Winters Ltd

Simon Morrison
Senior Statutory Auditor

Dated 26 November 2010

For and on behalf of

Target Winters Limited
Chartered Accountants & Statutory Auditors
29 Ludgate Hill
London
EC4M 7JE

STANDARD SOAP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR END 30 SEPTEMBER 2010

	Note	2010 £	2009 £
REVENUE	2	**10,419,770**	9,907,489
Cost of sales		**(11,197,792)**	(10,267,652)
GROSS LOSS		**(778,022)**	(360,163)
Distribution costs		**(408,193)**	(303,228)
Administration expenses		**(3,356,882)**	(2,006,370)
OPERATING LOSS	3	**(4,543,097)**	(2,669,761)
Attributable to			
Operating loss before restructuring		**(3,402,216)**	(2,475,121)
Exceptional items	3	**(1,140,881)**	(194,640)
		(4,543,097)	(2,669,761)
Investment income	5	**326**	970
Other finance (costs)/income	5	**(140,000)**	25,000
Finance costs	5	**(129,811)**	(88,128)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(4,812,582)**	(2,731,919)
Income tax (expense)/credit	6	**-**	-
TOTAL LOSS FOR THE YEAR		**(4,812,582)**	(2,731,919)
Other comprehensive income			
Loss on defined benefit pension obligations		**(7,000)**	(3,100,000)
TOTAL OTHER COMPREHENSIVE INCOME		**(7,000)**	(3,100,000)
TOTAL COMPREHENSIVE INCOME		**(4,819,582)**	(5,831,919)

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations

The notes on pages 10 to 29 form part of these financial statements

STANDARD SOAP LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR END 30 SEPTEMBER 2010

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 October 2009	**2,000,000**	**(2,901,231)**	**(6,041,843)**	**(6,943,074)**
Loss for the year	-	-	(4,812,582)	(4,812,582)
Transfer from pension scheme reserve	-	118,000	(118,000)	-
	-	118,000	(4,930,582)	(4,812,582)
Actuarial loss on post-employment benefit obligations	-	-	(7,000)	(7,000)
Other comprehensive income	-	-	(7,000)	(7,000)
Total comprehensive income	**-**	**118,000**	**(4,937,582)**	**(4,819,582)**
As at 30 September 2010	**2,000,000**	**(2,783,231)**	**(10,979,425)**	**(11,762,656)**

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 October 2008	**2,000,000**	**(120,231)**	**(2,990,924)**	**(1,111,155)**
Loss for the year	-	-	(2,731,919)	(2,731,919)
Transfer to pension scheme reserve	-	(2,781,000)	2,781,000	-
	-	(2,781,000)	49,081	(2,731,919)
Actuarial loss on post-employment benefit obligations	-	-	(3,100,000)	(3,100,000)
Other comprehensive income	-	-	(3,100,000)	(3,100,000)
Total comprehensive income	**-**	**(2,781,000)**	**(3,050,919)**	**(5,831,919)**
As at 30 September 2009	**2,000,000**	**(2,901,231)**	**(6,041,843)**	**(6,943,074)**

The notes on pages 10 to 29 form part of these financial statements

STANDARD SOAP COMPANY LIMITED

BALANCE SHEET

30 SEPTEMBER 2010

	Note	2010 £	2010 £	2009 £	2009 £
ASSETS					
Non-current Assets					
Intangibles	7		-		9,144
Property, plant and equipment	8		1,243,596		2,545,299
Investments	9		100		100
			1,243,696		2,554,543
Current Assets					
Inventories	10	1,920,681		1,977,619	
Trade and other receivables	11	2,046,602		2,468,591	
Cash and cash equivalents		300		566	
		3,967,583		4,446,776	
TOTAL ASSETS			5,211,279		7,001,319
LIABILITIES					
Current Liabilities					
Trade and other payables	12	(3,406,625)		(2,641,676)	
Bank overdraft and loans	12	(2,065,730)		(1,952,927)	
		(5,472,355)		(4,594,603)	
Non-current Liabilities					
Bank loans	12		(8,333)		(42,843)
Trade and other payables	12		(8,710,016)		(6,405,716)
Post-employment benefit obligations	13		(2,783,231)		(2,901,231)
TOTAL LIABILITIES			(16,973,935)		(13,944,393)
NET ASSETS			(11,762,656)		(6,943,074)
EQUITY					
Ordinary share capital	17		2,000,000		2,000,000
Other reserves			(2,783,231)		(2,901,231)
Retained earnings			(10,979,425)		(6,041,843)
TOTAL EQUITY			(11,762,656)		(6,943,074)

These financial statements were approved by the directors and authorised for issue on 26/11/10, and are signed on their behalf by

K H Pung
Director

Company No 03078008

The notes on pages 10 to 29 form part of these financial statements.

STANDARD SOAP COMPANY LIMITED

STATEMENT OF CASH FLOWS

YEAR END 30 SEPTEMBER 2010

	2010		2009	
	£	£	£	£
Cash flows from operating activities				
Loss before taxation	**(4,812,582)**		(2,731,919)	
Adjusted for·				
Investment income	**(326)**		(970)	
Other finance costs/(income)	**140,000**		(25,000)	
Finance cost	**129,811**		88,128	
Operating loss	**(4,543,097)**		(2,669,761)	
Depreciation and amortisation	**327,308**		359,195	
Loss/(profit) on disposal	**416**		(6,751)	
Impairment of intangible assets, property, plant and equipment	**1,064,000**		-	
Post-employment benefit obligations directly through reserves	**(290,000)**		(290,000)	
Non cash post-employment benefit charges	**25,000**		(4,000)	
Decrease/(increase) in inventories	**56,938**		(461,959)	
Decrease/(increase) in trade and other receivables	**421,989**		(190,635)	
Increase/(decrease) in trade and other payables	**764,949**		539,815	
Net cash flows used in operating activities		**(2,172,497)**		(2,724,096)
Cash flows from investing activities				
Purchases of property, plant and equipment	**(117,233)**		(205,421)	
Proceeds from sale of property, plant and equipment	**36,356**		8,050	
Interest received	**326**		970	
Net cash flows used in investing activities		**(80,551)**		(196,401)
Cash flows from financing activities:				
Movement in bank borrowings	**(34,172)**		73,446	
Movement in related party borrowings	**2,257,892**		1,990,000	
Bank interest paid	**(83,403)**		(42,347)	
Net cash flows from financing activities		**2,140,317**		2,021,099
Net decrease in cash and cash equivalents		**(112,731)**		(899,398)
Cash and cash equivalents at the start of the period		**(1,919,364)**		(1,019,966)
Cash and cash equivalents at the end of the period		**(2,032,095)**		(1,919,364)

The notes on pages 10 to 29 form part of these financial statements

1. ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed but the European Union, and those parts of the Companies Act 2006 applicable to reporting under IFRS

Basis of preparation

The financial statements are presented in Pounds Sterling, being the functional currency of the company, and have been prepared under the historical cost convention, except for pensions that have been measured at fair value

Going concern

The company incurred a loss of £4,812,582 in the year and experienced an actuarial loss increasing the pension deficit by £7,000

After making relevant enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months These enquiries considered the following

- the ultimate parent company, Kuala Lumpur, Kepong Berhad, have provided necessary support to the company during the year, and have confirmed in writing that they will continue to provide this support for at least the next 12 months, and
- the company has bank loan and overdraft facilities provided by HSBC Bank Plc, which are guaranteed by, and will continued to be guaranteed by Kuala Lumpur Kepong Berhad for at least the next 12 months

In making their decision to grant ongoing financial support to the company, Kuala Lumpur Kepong Berhad have, in conjunction with the directors, considered the business plans of the company on both a short and long term basis, and have confirmed they are committed to provide further funding to the company as is reasonably required throughout at least the next 12 months in order to finance any ongoing losses, working capital requirements or other investment needs This includes the ongoing funding of the defined benefit pension deficit

The directors consider that this ongoing support from Kuala Lumpur Kepong Berhad will allow the company to continue operating as a going concern for at least the next 12 months Without this support the company would be unable to continue meeting its debts as they fall due and it would not be appropriate to prepare the financial statements on a going concern basis

The financial statements do not reflect any adjustments which would be necessary should the directors consider it inappropriate to prepare the financial statements on a going concern basis However, on the basis of this support and the confirmation thereof, the directors consider that the going concern basis is appropriate in preparing these financial statements

Income recognition

Revenue is derived from the provision of goods and services to third party and inter group customers

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured Revenue is measured at the fair value of the consideration received, excluding trade discounts, VAT and other sales taxes or duties

1 **ACCOUNTING POLICIES *(continued)***

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the year end date They are calculated according to the tax rates and tax laws enacted and substantively enacted at the year end date, based on the taxable profit for the year

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis

Foreign currency transactions

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the income statement

Leasing

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the term of the relevant lease

Borrowing costs

Borrowing costs are recognised in the income statement as finance costs in the period in which they are occur

Pension costs

The company operated a defined benefit pension scheme for employees The assets of the scheme are held separately from those of the company

The interest cost and the expected return on assets are shown as a net amount in the income statement as other finance costs or income, recognised in the period in which they arise, while service costs are spread systematically over the expected service lives of employees Actuarial gains and losses are recognised immediately in the statement of comprehensive income

Plan assets are recorded at fair value based on market price information and in the case of quoted securities is the published bid price Plan obligations are measured on an actuarial basis using the projected credit unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities Pension scheme deficits are recognised in full on the balance sheet, net of related deferred tax

Consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group The company has not prepared consolidated financial statements as it is exempt from the requirement to do so under the Companies Act 2006 as it is a subsidiary undertaking of Kuala Lumpur Kepong Berhad, a company incorporated in Malaysia, and is included in the consolidated financial statements of that company

1 **ACCOUNTING POLICIES *(continued)***

Intangible assets

Acquired trademarks are measured initially at cost and are amortised on a straight line basis over their estimated useful lives – being 10 years from the commencement of commercial production

Research costs are expensed as incurred Development costs are capitalised in line with IAS 38 'Intangible Assets' Following initial recognition of development expenditure, the cost is amortised on a straight line basis over the project's estimated useful life – being 10 years from the commencement of commercial production

Plant, property and equipment

Property, plant and equipment assets other than freehold land are carried at cost less accumulated depreciation and any recognised impairment in value

Property, plant and equipment assets are depreciated on a straight line basis from cost to their residual value over their anticipated useful economic lives

The following depreciation rates have been applied

Freehold Property	2 5%
Plant & Machinery	10%
Computer Equipment	33%
Fixtures & Fittings	20%
Motor Vehicles	33%

All property, plant and equipment are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

The recoverable amount is the higher of fair value less costs to sell, and value in use If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately in the income statement

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as a credit to the income statement immediately

1 ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods for resale, the weighted average purchase price is used For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Financial assets

The company's financial assets include cash and cash equivalents and trade receivables and other receivables and all, therefore, comprise loans and receivables

All financial assets are initially recognised at fair value plus transaction costs, when the company becomes party to the contractual provisions of the instrument

Interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income using the effective interest method

Trade and other receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment Provision for impairment of trade and other receivables is made when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivable The amounts of the impairment is determined as the difference between the assets' carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate Any change in their value through impairment or reversal of impairment is recognised in profit and loss

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset if transferred and that transfer qualifies for derecognition

A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual right to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risk and rewards of ownership of the asset

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value

Equity

Share capital represents the nominal value of equity shares that have been issued Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income

1 ACCOUNTING POLICIES *(continued)*

Financial liabilities

The company's financial liabilities include bank loans, trade and other payables

Financial liabilities are recognised when the company becomes a party to the contractual agreement of the instrument All interest related charges are recognised as an expense in 'finance costs' in the statement of comprehensive income using the effective interest method

Bank loans are raised for support of the long term funding of the company's operations They are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the statement of comprehensive income Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income on an accruals basis 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 which they arise

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settled payments

A financial liability is derecognised only when the obligation is extinguished, that is when the obligation is discharged or cancelled or expires

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities Shares containing such obligations are classed as financial liabilities

An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities Dividends and distributions relating to equity instruments are debited directly to equity

Segmental reporting

An operating segment is a distinguishable component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the directors to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available

As the directors review financial information for and make decisions about the company's performance overall, they have identified a single operating segment, that of development and manufacture of personal care products

1. ACCOUNTING POLICIES *(continued)*

Standard and interpretations in issue, not yet effective

The company has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective

IAS 24	Related Party Disclosures (Revised 2009) – Effective for periods beginning on or after 1 January 2011
IAS 36	Impairment of Assets (Improvements Project 2009 and 2010) – Effective for periods beginning on or after 1 January 2010
IFRS 7	Financial Instruments Disclosures – Effective for periods beginning on or after 1 January 2011
IFRS 8	Operating Segments (Improvements Project 2009 and 2010) – Effective for periods beginning on or after 1 January 2010
IFRS 9	Financial Instruments – Effective for periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements (Improvements Project 2009 and 2010) – Effective for annual periods beginning on or after 1 January 2010 and 2011
IAS 7	Statement of cash flows (Improvements Project 2009) – Effective for periods beginning on or after 1 January 2010

The company has commenced assessment of the impact of the above standards on presentation and disclosure but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognized in the financial statements other than those disclosed in the following notes

Note 8 – Measurement of the recoverable amount of cash generating units

Note 13 – Provision of retirement benefits and contingencies

2 SEGMENTAL INFORMATION

The company operates within one segment All revenue for the period is attributable to the provision of personal care products (sale of goods)

	2010 £	2009 £
Segment revenues (sale of goods)	**10,419,770**	9,907,489
Cost of sales	**(11,197,792)**	(10,267,652)
Distribution costs	**(408,193)**	(303,228)
Administration expenses	**(3,356,882)**	(2,006,370)
Segment operating loss	**(4,543,097)**	(2,669,761)
Segment assets	**5,211,279**	7,001,319

The segmental information also includes the following

	2010 £	2009 £
Investment income	**326**	970
Other finance income/(charges)	**(140,000)**	25,000
Finance costs	**(129,811)**	(88,128)

3 OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2010 £	2009 £
Amortisation	**1,144**	1,131
Depreciation of property, plant & equipment	**326,164**	358,064
(Profit)/Loss on disposal of property, plant & equipment	**416**	(6,751)
Research & development	**382,469**	309,025
Auditors remuneration	**10,000**	9,000
Plant & equipment operating lease rentals	**59,238**	59,241
Net loss/(profit) on foreign currency translation	**43,905**	54,190
Exceptional items	**1,140,881**	194,640

In 2009 exceptional items represent redundancy costs incurred as a result of restructuring activities undertaken by the company

In 2010 exceptional items represent further redundancy costs of £18,313, Pension Protection Fund Levy of £58,568, impairment of Property, plant and equipment of £1,056,000 and impairment of intangible assets of £8,000

STANDARD SOAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR END 30 SEPTEMBER 2010

4. PARTICULARS OF EMPLOYEES & DIRECTORS

The average monthly number of employees (including directors) during the financial year amounted to

	2009	2008
	No	No
Number of production staff	**156**	158
Number of administrative staff	**16**	15
Number of sales staff	**6**	9
	178	182

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	**2,797,251**	2,716,750
Social security costs	**180,633**	209,534
Other pension costs	**300,560**	229,644
	3,278,444	3,155,928

The directors' aggregate emoluments in respect of qualifying services were

	2010	2009
	£	£
Emoluments receivable	-	46,420
Value of company pension contributions to defined benefit scheme	-	988
	-	47,408

The number of directors who accrued benefits under company pension schemes was as follows

	2010	2009
	No	No
Defined benefit schemes	-	1

The emoluments of directors who are also directors of parent companies are shown in those companies' financial statements

5. FINANCE INCOME & COSTS

	2010	2009
Other finance income/(costs)	£	£
Net pension finance costs	**(140,000)**	25,000
Finance costs		
Amounts payable to group companies	**(46,408)**	(43,387)
Bank interest	**(83,403)**	(44,741)
	(129,811)	(88,128)

6. TAXATION

	2010 £	2009 £
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-

Factors affecting the tax charge for the year

	2010 £	2009 £
Loss on ordinary activities before taxation	**(4,812,582)**	(2,731,919)
Loss on ordinary activities by rate of UK corporation tax 28%	**(1,347,523)**	(764,937)
Non taxable income	**(26,186)**	-
Depreciation in excess of capital allowances	**293,886**	10,122
Expenses not allowable for tax purposes	**6,365**	24,484
Other short term timing differences	**(5,550)**	12,149
Unrelieved tax losses	**1,079,008**	718,182
Current tax charge	-	-

At 30 September 2010 the company has estimated losses of £9,413,000 (2009 £5,579,000) available to carry forward against future trading profits No deferred tax has been recognised in respect of these losses as the timing of future profits against which the losses may be offset is uncertain

7 INTANGIBLES

	Development Costs £	Trademarks £	Total £
COST			
At 1 October 2009 and 30 September 2010	**6,939**	**4,373**	**11,312**
AMORTISATION			
At 1 October 2009	**1,326**	**842**	**2,168**
Charge for the year	**693**	**451**	**1,144**
Impairment	**4,920**	**3,080**	**8,000**
At 30 September 2010	**6,939**	**4,373**	**11,312**
NET BOOK VALUE			
At 30 September 2010	-	-	-
At 30 September 2009	-	3,531	9,144

Intangible assets have been reviewed at the year end for impairment, in accordance with IAS 36 'Impairment of Assets' An impairment of £8,000 has been included based on the discounted future cash flows cash generating units within the company

8. PROPERTY, PLANT & EQUIPMENT

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
COST					
At 1 October 2009	1,866,157	4,535,191	9,190	219,950	6,630,488
Additions	3,970	90,224	-	23,039	117,233
Disposals	(15,158)	(20,700)	-	(3,449)	(39,307)
At 30 September 2010	1,854,969	4,604,715	9,190	239,540	6,708,414
DEPRECIATION					
At 1 October 2009	436,551	3,555,134	2,522	90,982	4,085,189
Charge for the year	31,296	239,417	1,838	53,613	326,164
Impairment	169,000	790,000	4,830	92,170	1,056,000
On disposals	-	(1,958)	-	(576)	(2,534)
At 30 September 2010	636,847	4,582,593	9,190	236,189	5,464,819
NET BOOK VALUE					
At 30 September 2010	1,218,122	22,122	-	3,351	1,243,596
At 30 September 2009	1,429,606	980,057	6,668	128,968	2,545,299

The gross book value of freehold property includes £1,254,969 (2009 £1,266,157) of depreciable assets

All property, plant and equipment have been reviewed at the year end for impairment, in accordance with IAS 36 'Impairment of Assets' An impairment of £1,056,000 has been included based on the discounted future cash flows cash generating units within the company

9 INVESTMENTS

	Subsidiary companies £
COST	
At 1 October 2009 and 30 September 2010	100
NET BOOK VALUE	
At 30 September 2010	100
At 30 September 2009	100

The company holds 100% of the issued share capital of Premier Soap Company Limited, a dormant company which is incorporated in England & Wales

The aggregate share capital and reserves at the year end was £100

10. INVENTORIES

	2010 £	2009 £
Raw materials and consumables	**1,532,035**	1,281,474
Finished goods and goods for resale	**388,646**	696,145
	1,920,681	1,977,619

11. TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Trade receivables	**1,633,044**	1,907,036
Receivables due from related parties	**289,390**	368,375
Other receivables	**540**	65,224
Prepayments and accrued income	**123,628**	127,956
	2,046,602	2,468,591

All of the company's trade and other receivables have been reviewed for indicators of impairment No provision for impairment has been recorded at the year end date

The age of financial assets past due but not impaired is as follows

	2010 £	2009 £
Up to three months past due	**180,054**	685,047
More than three months past due	**83,632**	73,208
	263,686	758,255

Financial assets by category

The IAS 39 categories of financial asset included in the balance sheet and headings in which they are included are as follows

Current assets	2010 £	2009 £
Loans and receivables		
Trade receivables	**1,633,044**	1,907,036
Receivables due from related parties	**289,390**	368,375
Other receivables	**540**	65,224
Cash and cash equivalents	**300**	566
Non financial assets		
Prepayments and accrued income	**123,628**	127,956
	2,046,902	2,469,157

12 TRADE AND OTHER PAYABLES

	2009 £	2009 £
Bank overdraft and loans	**2,074,063**	1,995,770
Trade payables	**1,171,212**	1,825,953
Payables due to related parties	**9,805,688**	6,923,603
Other payables	**52,016**	87,240
Social security and taxation	**128,549**	72,831
Accruals and deferred income	**959,176**	137,765
	14,190,704	11,043,162

Financial liabilities by category

The IAS 39 categories of financial liabilities included in the balance sheet and headings in which they are included are as follows

Current liabilities	**2009** **£**	**2009** **£**
Other financial liabilities at amortised cost		
Bank overdraft and loans	**2,065,730**	**1,952,927**
Trade payables	**1,171,212**	**1,825,953**
Payables due to related parties	**1,095,672**	**517,887**
Other payables	**52,016**	**87,240**
Liabilities not within the scope of IAS 39		
Social security and taxation	**128,549**	**72,831**
Accruals and deferred income	**959,176**	**137,765**
Non-current liabilities		
Other financial liabilities at amortised cost		
Bank loans	**8,333**	**42,843**
Payables due to related parties	**8,710,016**	**6,405,716**
	14,190,704	**11,043,162**

Bank overdraft and loans have been secured by the company's ultimate parent undertaking, Kuala Lumpur Kepong Berhad (see note 1)

Payables due to related parties have been reviewed further in note 18

13 POST EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution

The company operates a defined contribution stakeholder pension scheme (which became available from 1 March 2002) The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund

	2010	2009
	£	£
Contributions payable by the company for the year	**25,040**	22,596
Contributions payable to the fund at the year end and included in payables	**(422)**	(3,637)

Defined benefit

The company operates a funded defined benefit scheme (which was closed to new entrants with effect from 1 March 2002), the assets of which are held as a segregated fund and administered by trustees At 30 September 2010, contributions of £32,515 (2009 £24,472) were payable to the defined benefit scheme and are included within other payables

The contributions to the defined benefit scheme are determined by an independent qualified actuary on the basis of triennial valuation, using the projected unit valuation method The last actuarial valuation as at 6 April 2008, carried out by Quattro Pensions Consulting Limited, indicated that the market value of the scheme's assets at the review date was £8,134,000 and that the actuarial value of those assets represented 84% of the value of past service liabilities on an ongoing basis

In accordance with the actuary's recommendations, the funding rates have been increased to recoup the deficit over the remaining average service lifetime of existing members The Trustees and employer have agreed to a level of future employer contributions as follows

- The employer will pay 12 7% of pensionable salaries monthly, plus
- On or before 31 March 2009 and on each subsequent 31 March, ending on 31 March 2014 a lump sum of £290,000, plus
- Life insurance premiums for death in service cover and the expenses of running the scheme In addition, employee contribution rates remain at 8%

The valuation used for IAS19 disclosures has been based on the most recent actuarial valuation at 6 April 2008 as updated to take accounts of the requirements of IAS19 by Quattro Pensions Consulting Limited in order to assess the liabilities of the scheme at 30 September 2010 Scheme assets are stated at their market value at 30 September 2010

As the pension scheme is closed to new entrants the projected unit method will give rise to an increase in the current service cost as the members of the scheme approach retirement

13 POST EMPLOYMENT BENEFIT OBLIGATIONS *(continued)*

Principal assumptions

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice The major assumptions, on a weighted average basis, used by the actuaries were as follows

	2010 (% p a)	2009 (% p a)
Future salary increases	**3 99**	4 18
Future pension increases	**2 99**	3 18
Discount rate	**4 95**	5 46
Expected return on plan assets	**5 11**	5 59

Mortality assumptions are based on those used in the triennial valuation The mortality tables used are the PNXA00 series tables by year of birth, rated up three years, with an adjustment for future improvements in mortality in line with the medium cohort projections and a 1% floor

Rate of return on scheme assets

The expected rates of return to apply from the triennial valuation at 6 April 2008 are set to be net of investment management fees and scheme expenses, derived as follows,

- Return on bonds set equal to the discount rate less 0 3% deduction for expenses and investment management costs,
- Return on gilts taken as 3 53%, the current redemption yield on 15 year gilts,
- Return on cash set to be 0 5%, the current bank base rate, and
- Return on equities is set to be 2% above the net return on bonds

The assets in the defined benefit pension scheme were

	2010 £'000s	2009 £'000s
Equities	**3,184**	3,249
Bonds	**6,660**	5,203
Other assets	**355**	499
Fair value of plan assets	**10,199**	8,951
Present value of funded obligations	**12,982**	11,852
Liability in the balance sheet	**(2,783)**	(2,901)

A deferred tax asset of £779,000 (2009 £812,000) is attached to the deficit on the scheme However, this asset has not been recognised in these financial statements because the company has insufficient taxable profits to realise the asset

13 POST EMPLOYMENT BENEFIT OBLIGATIONS *(continued)*

Movement in pension deficit during the year

Changes in the fair value of the defined benefit pension scheme assets are as follows

	2010 £'000s	2009 £'000s
Opening value of scheme assets	8,951	7,801
Company contributions	359	353
Employee contributions	44	51
Benefit payments	(333)	(368)
Expected return on scheme assets	502	594
Actuarial gain/(loss)	676	520
Closing value of scheme assets	10,199	8,951

Changes in the present value of the defined benefit pension obligations are as follows

	2010 £'000s	2009 £'000s
Opening value of obligations	(11,852)	(7,921)
Service cost	(94)	(59)
Interest cost	(642)	(569)
Employee contributions	(44)	(51)
Benefits paid	333	368
Actuarial (loss)/gain	(683)	(3,620)
Closing value of obligations	(12,982)	(11,852)

The amounts that have been charged to the Income statement and Comprehensive statement of income for the year ended 30 September 2010 as set out below

	2010 £'000s	2009 £'000s
Analysis of amounts charged to operating profit		
Current service cost	(94)	(59)
Total charge to operating profit	(94)	(59)
Analysis of amounts (charged)/credited to finance (cost)/income		
Expected return on pension scheme assets	502	594
Interest on pension scheme liabilities	(642)	(569)
Net pension cost (note 5)	(140)	25
Total charge to Income statement	(234)	(34)
Analysis of amounts recognised in Statement of comprehensive income:		
Recognised actuarial gain/(loss)	(7)	(3,100)
Total loss recognised in Statement of comprehensive income	(7)	(3,100)

13 POST EMPLOYMENT BENEFIT OBLIGATIONS *(continued)*

Summary of movement in deficit during the year

	2010 **£'000s**	2009 £'000s
Opening deficit	**(2,901)**	(120)
Current service cost	**(94)**	(59)
Other finance (cost)/income	**(140)**	25
Contributions by employer	**359**	353
Actuarial (loss)/gain	**(7)**	(3,100)
Closing deficit	**(2,783)**	(2,901)

History of movements

The history of movements in defined benefit pension scheme assets and liabilities, and history of actuarial gains and losses are as follows

	2010	2009	2008	2007	2006
	£'000s	£'000s	£'000s	£'000s	£'000s
Total market value of assets	**10,199**	8,951	7,801	8,793	7,616
Present value of liabilities	**(12,982)**	(11,852)	(7,921)	(10,466)	(11,061)
Pension deficit	**(2,783)**	(2,901)	(120)	(1,673)	(3,445)
Actuarial (loss)/gain on scheme assets	**676**	520	(1,667)	486	377
Actuarial (loss)/gain on scheme liabilities	**(683)**	(3,620)	2,918	1,082	(680)
At 30 September	**(7)**	(3,100)	1,251	1,568	(303)

14 FINANCIAL COMMITTTMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	Other	
	2010	2009
	£	£
Operating leases payable		
Within 1 year	**42,428**	17,150
Within 2 to 5 years	**29,116**	65,642
	71,544	82,792

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial instruments are bank borrowings, related party borrowings, cash, bank deposits and various items such as short term receivables and payables that arise from its operations The main purpose of these financial instruments is to fund the company's working capital requirement during the year

The main risks arising from the company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange risk The directors review and agree policies for managing each of these risks and they are summarised below These policies have remained unchanged throughout the period

Credit risk

The company's principal financial assets are bank balances and trade and other receivables The company's credit risk is primarily attributable to its trade and loan receivables The amounts presented in the balance sheet are net of allowance for doubtful receivables An allowance for impairment is made where there is objective evidence the company will not be able to collect all amounts due according to the original terms of the receivable concerned The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below,

	2010	2009
	£	£
Classes of financial assets – carrying amount		
Cash and cash equivalents	**300**	566
Trade and other receivables	**1,923,274**	2,352,201
	1,923,574	2,352,767

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls External credit ratings and/or reports on customers and other counterparties are obtained and used The company's policy is to deal only with credit worthy counterparties

The company's management considers that all the above financial assets that are not impaired for the reporting dates under review are of good credit quality, including those that are past due

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable working capital needs The company does this by taking out loans with banks and obtaining additional funding from related parties

The company's borrowing analysis at the balance sheet date is as follows

	2010	2009
	£	£
In less than one year		
Bank overdraft	**2,032,395**	1,919,930
Bank loan	**33,335**	32,997
Amounts due to related parties	**1,095,671**	517,887
In more than one year		
Bank loan	**8,333**	42,843
Amounts due to related parties	**8,710,016**	6,405,716
	11,879,750	8,919,373
Split within Current and Non-current liabilities		
Bank overdraft	**2,032,395**	1,919,930
Bank loan	**41,668**	75,840
Amounts due to related parties	**9,805,687**	6,923,603
	11,879,750	8,919,373

Bank overdraft and loans

Bank borrowings are secured by the ultimate parent undertaking, Kuala Lumpur Kepong Berhad, and the company has received confirmation that borrowings will continue to be guaranteed for at least the next 12 months

Amounts due to related parties

Amounts due to related parties are shown in note 18 Amounts due in more than one year include £712,921 (2009 £666,521) due to the ultimate parent undertaking, on which interest of 6 75% per annum is charged

Foreign exchange risk

The company is exposed to foreign exchange rise principally via transactional exposure, from the cost of future purchases of goods for resale which are denominated in a currency other than the functional currency of the company

This risk is managed through use of natural hedges where possible, matching receipts from customers in foreign currency to purchases that are required in foreign currency In addition, agreements for the purchase of goods are denominated in the functional currency of the company where possible

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The company finances its operations through retained profit, cash balances and the use of short and long term borrowings Where possible, fixed rates of interest apply for bank and certain related party borrowings

When the company places cash balances on deposit, rates used are fixed in the short term but for sufficiently short periods that there is no need to hedge against implied risk

The directors consider the fair value of the loans not to be significantly different from their carrying value

Capital risk management

The company's objectives when managing capital are

- to safeguard the company's ability to continued as a going concern, so that it continues to provide returns and benefits for shareholders,
- to support the company's stability and growth,
- to provide capital for the purpose of strengthening the company's risk management capability, and
- to provide an adequate return to shareholders

The company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities The management regards total equity as capital and reserves, for capital management purposes

16. FAIR VALUE DISCLOSURES

Measurement methods for financial assets and liabilities accounted for at amortised cost and at fair value are described below,

Trade and other receivables, cash and cash equivalents and trade and other payables

The carrying amount is considered a reasonable approximation of fair value due to the short duration of these instruments

Bank loans

Fair value is considered to be equivalent to book value as loans are obtained at market rates

17 SHARE CAPITAL

	2010 and 2009 No of shares	2010 and 2009 £
Allotted, issued and fully paid		
Ordinary share of £1 each	2,000,000	2,000,000

18 RELATED PARTY TRANSACTIONS & CONTROL

The company is a wholly owned subsidiary undertaking of KLK Overseas Investments Limited, a company incorporated in the British Virgin Islands

The ultimate parent undertaking of the company is Kuala Lumpur Kepong Berhad, a company incorporated in Malaysia Copies of the ultimate parent company's financial statements, of which the company is included, are available from Wisma Taiko,1 Jalan SP Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia

At the year end the company had the following balances with fellow group undertakings,

	2010 £	2009 £
Amounts due from related parties		
Crabtree & Evelyn Trading Ltd	**289,390**	185,665
Crabtree & Evelyn (USA) Inc	-	566,569
Provision for Crabtree & Evelyn (USA) Inc	-	(383,858)
Amounts due to related parties		
Due in less than one year		
KSP Manufacturing Sdn Bhd	**960,614**	236,924
KLK Industrial Holdings Snd Bhd	**100,724**	51,671
Taiko Palm-Oleo (Zhangjiagang) Co Ltd	**65,055**	2,079
Palm-Oleo (Klang) Snd Bhd	**6,316**	226,204
Due in more than one year		
Kuala Lumpur Kepong Berhad	**712,921**	666,521
KLK Overseas Investments Ltd	**7,707,095**	5,449,195
KL-Kepong International Ltd	**290,000**	290,000

Interest is charged on loans from the ultimate parent company, at 6 75% per annum, being £46,408 (2009 £43,387)

A further balance of £223,167 (2009 £nil) is included in Accruals at the year end, payable to the immediate parent company

During the year the company made the following transactions with fellow group undertakings shown above, all occurring on an arms length basis,

	2010 £	2009 £
Transactions		
Sales of manufactured goods to group companies	**2,705,767**	2,353,915
Purchases of raw materials from other group companies and recharge of travel expenses	**1,251,931**	1,637,320

Arguz Asia Pacific Sdn Bhd, a company related by virtue of common directorship, was recharged expenses of £32,961 (2009 £9,064) during the year, of which the total was outstanding at the year end