

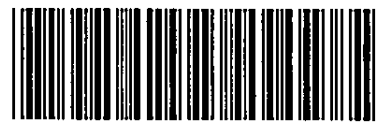
AMENDING

BAKER & TAYLOR (UK) LTD

Annual report and financial statements

for the year ended 25 June 2010

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Annual report for the year ended 25 June 2010

	Pages
Officers and professional advisers	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 17

Officers and professional advisers

DIRECTORS

D Jennings
J Leonard
T Morgan
G Powell
D White
A Wight

SECRETARY

D Jennings

REGISTERED OFFICE

Unit B, Bicester Park
Charbridge Way
Bicester
Oxfordshire
OX26 4ST

BANKERS

NatWest Bank Plc
Norwich City Office
45 London Street
Norwich
NR2 1HX

SOLICITORS

Kimbells LLP
Power House
Harrison Close
Knowlhill
Milton Keynes
MK5 8PA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
RG1 1JG

**Directors' report
for the year ended 25 June 2010**

The directors present their annual report and the audited financial statements of the company for the year ended 25 June 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Advanced Marketing (Europe) Limited

The company's principal activity is the wholesale distribution of general interest books and related products to membership warehouse clubs and speciality retailers. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

FUTURE OUTLOOK

The company intends to preserve or increase its market share in all areas where it has an established presence by continuing to maintain strong relationships with customers and by enhancing its added value services. The year ended 25 June 2010 has shown an increase in sales and profit and trading continues to be satisfactory in spite of difficult economic conditions facing the retail sector in the UK.

KEY PERFORMANCE INDICATORS (KPIs)

The directors of the company manage its operations primarily by monitoring of the profitability of products sold in relation to financial targets. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Baker and Taylor (UK) Ltd.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the United Kingdom is a continuing risk. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers and suppliers.

The company's principal assets are stocks and trade debtors. Stocks are shown net of adequate provision. The company closely monitors all overdue accounts and takes appropriate action to minimise credit exposure.

Financial risk management

The company's operations expose it to a variety of cash flow financial risks that include the effects of changes in credit risk, liquidity risk, foreign exchange risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects of these risks on the performance of the company.

Credit risk: The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly.

Interest rate cash flow risk: The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at a fixed rate.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 7. The directors do not recommend the payment of any dividend (12 months ended 26 June 2009: £nil).

DIRECTORS

The directors of the company during the year, and up to the date of signing of the financial statements are set out as follows:

D White
G Powell
D Jennings (appointed 28 February 2010)
J Leonard
T Morgan
A Wight

**Directors' report
for the year ended 25 June 2010**

STATEMENT OF 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 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting 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
- 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.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities. Every effort is made to re-use boxes and pallets. Unwanted packaging is either recycled or disposed of responsibly.

EMPLOYMENT POLICIES

The company continues to encourage the participation of its employees in the business in which they work. Established communication and consultation procedures exist which aim to ensure that employees are informed and involved in matters that are of interest and concern to them.

The company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The policies also allow disabled persons to compete on an equal basis. Any existing employee who becomes disabled is given the training required to ensure that, wherever possible, continuity of employment can be maintained. The company promotes all aspects of health and safety throughout the company in the interest of its employees.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant auditor information of which the company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Directors' report
for the year ended 25 June 2010**

DIRECTORS' INDEMNITIES

The company maintains liability insurance for its directors and officers. Following shareholder approval the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Approved by the board of directors and signed on behalf of the board

A handwritten signature in black ink, appearing to read 'G. D. Powell', with a stylized flourish at the end.

G Powell

Director

22 March, 2011

Independent auditors' report to the members of Baker & Taylor (UK) Limited

We have audited the financial statements of Baker & Taylor (UK) Limited for the year ended 25 June 2010 which comprise the profit and loss account, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit and 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.

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 25 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

BAKER & TAYLOR (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

Gavin Crawford (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

22 March, 2011

Profit and loss account for the year ended 25 June 2010

		Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
	Note		
TURNOVER	2	30,078	28,409
Cost of sales		(21,937)	(20,718)
GROSS PROFIT		<u>8,141</u>	<u>7,691</u>
Distribution costs		(2,961)	(3,264)
Administrative expenses		(4,059)	(3,785)
OPERATING PROFIT	3	<u>1,121</u>	<u>642</u>
Interest receivable and similar income	4	2	12
Interest payable and similar charges	5	(41)	(31)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,082</u>	<u>623</u>
Tax charge on profit on ordinary activities	8	(76)	(145)
PROFIT FOR THE FINANCIAL YEAR	18	<u><u>1,006</u></u>	<u><u>478</u></u>

The results for the years above are derived entirely from continuing activities

The company has no recognised gains and losses other than the profits above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

Balance sheet as at 25 June 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	9	996	1,349
Investments	10	80	80
		<u>1,076</u>	<u>1,429</u>
CURRENT ASSETS			
Stocks	11	4,858	4,027
Debtors	12	4,785	4,398
Cash at bank and in hand		1,967	2,373
		<u>11,610</u>	<u>10,798</u>
CREDITORS amounts falling due within one year	13	<u>(9,214)</u>	<u>(9,614)</u>
NET CURRENT ASSETS		<u>2,396</u>	<u>1,184</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,472</u>	<u>2,613</u>
CREDITORS amounts falling due after more than one year	14	(75)	(216)
PROVISIONS FOR LIABILITIES	16	-	(6)
NET ASSETS		<u>3,397</u>	<u>2,391</u>
CAPITAL AND RESERVES			
Called up share capital	17	50	50
Profit and loss account	18	3,347	2,341
TOTAL SHAREHOLDERS' FUNDS	19	<u>3,397</u>	<u>2,391</u>

These financial statements on pages 7 to 18 were approved by the board of directors on 22 March, 2011 and signed on behalf of the board of directors



G Powell
Director

Notes to the financial statements for the year ended 25 June 2010

1 ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied throughout the year are set out below. Following the acquisition of the company by Baker & Taylor Inc, the financial statements of the company are prepared to the immediate Friday prior to the accounting reference date.

Cash flow statement and related party transactions

The company is exempt from the requirements of FRS 1 'Cash flow statements (revised 1996)' to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Castle Harlan Inc, whose consolidated financial statements, which include the company's financial statements, are publicly available.

The company is also exempt under the terms of paragraph 3(c) FRS 8 'Related party transactions' from disclosing related party transactions with entities that are part of the Baker & Taylor Inc group.

Consolidation

The company is a wholly-owned subsidiary of Castle Harlan Inc, and is included in the consolidated financial statements of Castle Harlan Inc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 2006.

Turnover

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts. The company recognises revenue from product sales when the goods are shipped or delivered and title passes to the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are initially stated at cost, being their purchase cost together with any incidental expenses of acquisitions. The carrying values of tangible fixed assets are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable. Any permanent impairment of tangible fixed assets will be charged to the profit and loss account in the year it arises. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	-	6.67% - 25%
Fixtures, fittings and equipment	-	25%
Motor vehicles	-	33%

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Finance leases

Assets held under finance leases and similar contracts are capitalised as tangible fixed assets and depreciated over the useful economic life of the asset. The capital elements of future lease obligations are recorded as liabilities while the interest elements are charged to the profit and loss account using the actuarial method so interest charged falls as the lease progresses.

Notes to the financial statements for the year ended 25 June 2010

1. ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Stocks

Stocks are valued using first in first out basis at the lower of the cost and estimated net realisable value, after taking due allowance for obsolete, defective and slow moving items.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in future, with the following exceptions:

Provision is made for tax gains arising on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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 on the basis of all the evidence available.

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

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. TURNOVER

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Geographical market		
United Kingdom	29,703	28,218
Rest of European Union	232	191
Rest of World	143	-
	<u>30,078</u>	<u>28,409</u>

Turnover is derived from the company's principal activity, which is considered by the directors to be one class of business.

**Notes to the financial statements
for the year ended 25 June 2010**

3. OPERATING PROFIT

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Operating profit is stated after charging.		
Depreciation of owned assets	326	360
Depreciation of assets held under finance lease	85	85
Operating lease rentals		
land and buildings	424	424
other assets	78	82
Auditors' remuneration		
audit services	28	27
services relating to taxation	12	12
	<u> </u>	<u> </u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Bank interest	2	12
	<u> </u>	<u> </u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Finance interest	23	31
Other interest	18	-
	<u> </u>	<u> </u>
	<u>41</u>	<u>31</u>

6. EMPLOYEES

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Administration and management	28	31
Sales and distribution	199	203
	<u> </u>	<u> </u>
	<u>227</u>	<u>234</u>

**Notes to the financial statements
for the year ended 25 June 2010**

6. EMPLOYEES (CONTINUED)

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Wages and salaries	3,324	3,289
Social security costs	297	291
Other pension costs (see note 20)	105	92
	<u>3,726</u>	<u>3,672</u>

7. DIRECTORS' EMOLUMENTS

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Aggregate emoluments	403	246
Company pension contributions to money purchase schemes	26	22
	<u>429</u>	<u>268</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Aggregate emoluments	201	129
Company pension contributions to money purchase schemes	12	12
	<u>213</u>	<u>141</u>

Three directors accrue retirement benefits under a money purchase pension scheme (Year ended 26 June 2009 two)

Notes to the financial statements for the year ended 25 June 2010

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

The standard rate of corporation tax in the UK was 28% (Year ended 26 June 2009 28%) Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year

(a) Analysis of charges in the year

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Current Tax		
United Kingdom corporation tax on profits for the year	170	189
Adjustment in respect of previous years	(76)	(66)
Total current tax	94	123
Deferred tax		
Origination and reversal of timing differences	(18)	22
Total deferred tax	(18)	22
Tax charge on profit on ordinary activities	76	145

(b) Reconciliation to current tax charge

The tax assessed for the year is lower (Year ended 26 June 2009 lower) than the standard rate of corporation tax in the UK (28%) The differences are explained below

	Year ended 25 June 2010 £'000	Year ended 26 June 2009 £'000
Profit on ordinary activities before tax	1,082	623
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (Year ended 26 June 2009 28%)	303	174
Effect of:		
Expenses not deductible for tax purposes	6	5
Depreciation in excess of capital allowances	20	21
Other timing differences	2	-
Group relief claimed not paid	(161)	(11)
Adjustments to tax charge in respect of previous year	(76)	(66)
Current tax	94	123

**Notes to the financial statements
for the year ended 25 June 2010**

9. TANGIBLE ASSETS

	Motor vehicles £'000	Plant and machinery £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 27 June 2009	156	2,369	3,738	6,263
Additions	-	8	50	58
Disposals	-	(19)	-	(19)
At 25 June 2010	<u>156</u>	<u>2,358</u>	<u>3,788</u>	<u>6,302</u>
Accumulated depreciation				
At 27 June 2009	57	1,530	3,327	4,914
Charge for the year	35	197	179	411
Disposals	-	(19)	-	(19)
At 25 June 2010	<u>92</u>	<u>1,708</u>	<u>3,506</u>	<u>5,306</u>
Net book value				
At 25 June 2010	<u>64</u>	<u>650</u>	<u>282</u>	<u>996</u>
At 26 June 2009	<u>99</u>	<u>839</u>	<u>411</u>	<u>1,349</u>

The net book value of tangible fixed assets includes amount of £266,113 (26 June 2009 £352,000) in respect of assets held under finance lease

10 INVESTMENTS

	2010 £'000	2009 £'000
Cost and net book value		
At 26 June 2009 and at 25 June 2010	<u>80</u>	<u>80</u>

The directors believe that the book value of investments is supported by their underlying net assets

The company owns 100% of the issued ordinary share capital of The Book Shed (Bargain Books) Limited, a company incorporated in England and Wales. The company was dormant for the year under review. The aggregate capital and reserves at 25 June 2010 is £82,000 (2009 £82,000)

11. STOCKS

	2010 £'000	2009 £'000
Finished goods	<u>4,858</u>	<u>4,027</u>

**Notes to the financial statements
for the year ended 25 June 2010**

12. DEBTORS

	2010	2009
	£'000	£'000
Trade debtors	3,524	3,067
Amount owed by group undertaking	800	1,026
Prepayments and accrued income	414	305
Corporation tax	35	-
Deferred tax asset (see note 16)	12	-
	<u>4,785</u>	<u>4,398</u>

The amount owed by group undertakings bears no interest. The amounts due are unsecured and have no fixed repayment date.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade creditors	3,883	4,148
Corporation tax	-	289
Other taxation and social security costs	82	98
Accruals and deferred income	697	560
Amounts owed to group undertakings	4,411	4,411
Finance leases	141	108
	<u>9,214</u>	<u>9,614</u>

The amounts owed to group undertakings bear no interest, are unsecured and have no fixed repayment date.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£'000	£'000
Finance lease	<u>75</u>	<u>216</u>

15. OTHER BORROWING

Finance leases

Future minimum payments under finance leases are as follows

	2010	2009
	£'000	£'000
Expiry date		
Within one year	67	-
In more than one year, but not more than five years	163	375
	<u>230</u>	<u>375</u>
Total gross payments	230	375
Less finance charges included above	(14)	(51)
	<u>216</u>	<u>324</u>

The finance leases are secured on the tangible assets purchased.

**Notes to the financial statements
for the year ended 25 June 2010**

16. DEFERRED TAX ASSET

	2010 £'000	2009 £'000
Depreciation in advance of capital allowances (2009 accelerated capital allowances)	8	(10)
Other timing differences	4	4
	<u>12</u>	<u>(6)</u>
Total deferred tax asset (provision)	<u>12</u>	<u>(6)</u>

17. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

18. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 26 June 2009	2,341
Profit for the financial year	<u>1,006</u>
Balance at 25 June 2010	<u>3,347</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Profit for the financial year	1,006	478
Opening shareholders' funds	<u>2,391</u>	<u>1,913</u>
Closing shareholders' funds	<u>3,397</u>	<u>2,391</u>

20. PENSION COSTS

The company operates a defined contribution pension scheme. 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 and amounted to £105,000 (2009 £92,000). At the balance sheet date there were outstanding contributions of £14,407 (2009 £7,735) payable to the fund.

**Notes to the financial statements
for the year ended 25 June 2010**

21. OPERATING LEASE COMMITMENTS

As at 25 June 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Expiry date				
Within one year	-	-	18	-
Between two and five years	-	-	50	59
Over five years	458	458	-	-
	<u>458</u>	<u>458</u>	<u>68</u>	<u>59</u>

22. CAPITAL COMMITMENT

Capital expenditure authorised and contracted at 25 June 2010 but not provided in these financial statements amounted to £Nil (26 June 2009 £Nil)

23. ULTIMATE PARENT COMPANY CONTROLLING PARTY

The immediate parent company is Advanced Marketing (Europe) Ltd, a company incorporated in England, who own 100% of Baker & Taylor (UK) Limited

The directors regard Castle Harlan Inc, a private equity firm incorporated in the United States of America, as the ultimate holding company and controlling party. The smallest and largest group in which the results of the company are consolidated is that headed by the ultimate parent company. Copies of these financial statements are available from Castle Harlan Inc, 150 East 58th Street, New York 10155, USA