

Amipak Limited
Directors' Report and Financial Statements
for the Period ended 28 February 2000

Company Registration No. 3708621 (England and Wales)



Amipak Limited

Company Information

Directors	M B Friedler	(Appointed 4 February 1999)
	P Schwitzer	(Appointed 4 February 1999)

Secretary	M B Friedler
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Company number	3708621
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Registered office	16/18 Factory Lane Croydon CR0 3RL
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Auditors	Enoch & Partners Hillside House 2-6 Friern Park London N12 9BY
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Amipak Limited

Directors' Report for the Period ended 28 February 2000

The directors present their report and financial statements for the period ended 28 February 2000.

Principal activities and review of the business

The principal activity of the company is that of the manufacture and processing of packaging materials.

The company was incorporated on 4 February 1999 and on 6 April 1999 took over the combined businesses of F & Z Packaging Limited and Home Supplies (Paper) Limited.

Results and dividends

The results for the period are set out on page 3.

Directors

The following directors have held office since 4 February 1999:

M B Friedler	(Appointed 4 February 1999)
P Schwitzer	(Appointed 4 February 1999)

Directors' interests

The directors' interests in the shares of the company, including spouse's interest as required by the Companies Act, were as stated below:

	Ordinary shares of £ 1 each	
	28 February 2000	4 February 1999
M B Friedler	500	1
P Schwitzer	500	1

Auditors

Enoch & Partners were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

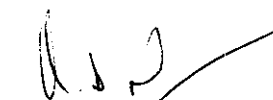
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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.

By order of the board



M B Friedler

Secretary

10 November 2000

Amipak Limited

Auditors' Report to the shareholders of Amipak Limited

We have audited the financial statements on pages 3 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

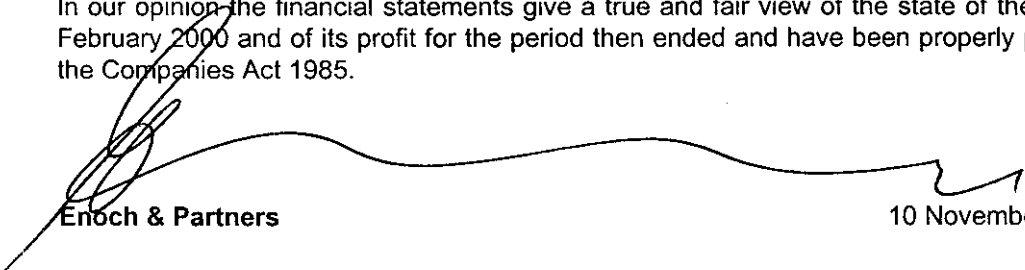
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Enoch & Partners

10 November 2000

Chartered Accountants
Registered Auditor

Hillside House
2-6 Friern Park
London
N12 9BY

Amipak Limited

Profit and Loss Account for the Period ended 28 February 2000

	Notes	2000 £
Turnover	2	5,260,076
Cost of sales		(4,615,181)
Gross profit		<u>644,895</u>
Distribution costs		(44,176)
Administrative expenses		(520,464)
Operating profit	3	<u>80,255</u>
Other interest receivable and similar income	4	2,279
Interest payable and similar charges	5	(15,106)
Profit on ordinary activities before taxation		<u>67,428</u>
Tax on profit on ordinary activities	6	(24,200)
Profit on ordinary activities after taxation	15	<u><u>43,228</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

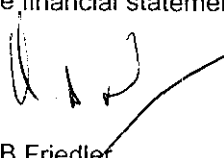
There are no recognised gains and losses other than those passing through the profit and loss account.

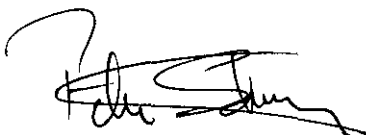
Amipak Limited

Balance Sheet as at 28 February 2000

	Notes	2000 £	£
Fixed assets			
Tangible assets	7		390,658
Current assets			
Stocks	8	285,909	
Debtors	9	1,292,883	
Cash at bank and in hand		127,385	
		<u>1,706,177</u>	
Creditors: amounts falling due within one year	10	(1,056,645)	
		<u></u>	
Net current assets			649,532
Total assets less current liabilities			<u>1,040,190</u>
Creditors: amounts falling due after more than one year	11		(99,130)
Provisions for liabilities and charges	12		<u>(11,500)</u>
			<u>929,560</u>
Capital and reserves			
Called up share capital	14		1,000
Share premium account	15		885,332
Profit and loss account	15		43,228
			<u></u>
Shareholders' funds - equity interests	16		<u>929,560</u>

The financial statements were approved by the Board on 10 November 2000


M B Friedler
Director


P Schwitzer
Director

Amipak Limited**Cash Flow Statement
for the Period ended 28 February 2000**

		2000 £
Net cash outflow from operating activities		(503,229)
Returns on investments and servicing of finance		
Interest received	2,279	
Interest paid	(9,038)	
Interest element of finance lease rentals	(6,068)	
Net cash outflow for returns on investments and servicing of finance		(12,827)
Capital expenditure		
Assets acquired on merger	(374,707)	
Payments to acquire tangible assets	(135,431)	
Receipts from sales of tangible assets	6,000	
Net cash outflow for capital expenditure		(504,138)
Net cash outflow before management of liquid resources and financing		(1,020,194)
Financing		
Issue of ordinary share capital	886,332	
New long term bank loan	49,768	
Other new short term loans	8,040	
Capital element of finance lease contracts	91,712	
Net cash inflow/(outflow) from financing		1,035,852
Increase/(decrease) in cash in the period		15,658

**Notes to the Cash Flow Statement
for the Period ended 28 February 2000**

1	Reconciliation of operating profit to net cash outflow from operating activities	2000
		£
	Operating profit/(loss)	80,255
	Depreciation of tangible assets	117,957
	Profit on disposal of tangible assets	(4,477)
	(Increase)/decrease in stocks	(285,909)
	Increase in debtors	(1,292,883)
	Increase in creditors within one year	881,828
	Net cash outflow from operating activities	(503,229)
2	Analysis of net debt	4 February 1999
		Cash flow
		Other non-cash changes
		£
	Net cash:	
	Cash at bank and in hand	-
	Bank overdrafts	(111,727)
		15,658
	Debt:	
	Finance leases	(91,712)
	Debts falling due within one year	(8,040)
	Debts falling due after one year	(49,768)
		(149,520)
	Net debt	(133,862)
3	Reconciliation of net cash flow to movement in net debt	2000
		£
	Increase in cash in the period	15,658
	Cash inflow from increase in debt and lease financing	(149,520)
	Movement in net debt in the period	(133,862)
	Opening net debt	-
	Closing net debt	(133,862)

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% Reducing balance
Fixtures and equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

2000

£

Operating profit is stated after charging:

Depreciation of tangible assets	117,957
Auditors' remuneration	12,000

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

4	Other interest receivable and similar income	2000
		£
	Bank interest	2,279
5	Interest payable	2000
		£
	On bank loans and overdrafts	2,878
	Other interest	6,160
	Lease finance charges	6,068
		15,106
6	Taxation	2000
		£
	U.K. current year taxation	
	U.K. corporation tax at 20%	12,700
	Deferred taxation	11,500
		24,200

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

7 Tangible fixed assets

	Plant and machinery	Fixtures and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 4 February 1999	-	-	-	-
Additions on merger	739,665	127,084	152,335	1,019,084
Additions	46,120	78,811	10,500	135,431
Disposals	-	-	(16,149)	(16,149)
At 28 February 2000	785,785	205,895	146,686	1,138,366
Depreciation				
At 4 February 1999	-	-	-	-
Accumulated depreciation on merger	465,725	96,825	81,827	644,377
On disposals	-	-	(14,626)	(14,626)
Charge for the period	74,747	24,996	18,214	117,957
At 28 February 2000	540,472	121,821	85,415	747,708
Net book value				
At 28 February 2000	245,313	84,074	61,271	390,658

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 28 February 2000	91,125	32,297	123,422
Depreciation charge for the period			
28 February 2000	30,375	9,601	39,976

8 Stocks and work in progress

	2000 £
Raw materials and consumables	154,990
Work in progress	30,416
Finished goods and goods for resale	100,503
	285,909

Amipak Limited**Notes to the Financial Statements
for the period ended 28 February 2000**

9 Debtors	2000
	£
Trade debtors	1,213,012
Other debtors	69,415
Prepayments and accrued income	10,456
	1,292,883
 10 Creditors: amounts falling due within one year	 2000
	£
Bank loans and overdrafts	119,767
Net obligations under finance lease and hire purchase contracts	42,350
Trade creditors	604,360
Corporation tax	12,700
Other taxes and social security costs	66,465
Other creditors	78,752
Accruals and deferred income	132,251
	1,056,645

The bank borrowings are secured by an unscheduled mortgage debenture dated 27 April 1999 incorporating a fixed and floating charge over all current and future assets of the company.

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

11 Creditors: amounts falling due after more than one year	2000
	£
Bank loans	49,768
Net obligations under finance leases and hire purchase agreements	49,362
	99,130
Analysis of loans	
Not wholly repayable within five years by instalments:	57,808
	57,808
Included in current liabilities	(8,040)
	49,768
Loan maturity analysis	
Between one and two years	8,040
Between two and five years	32,160
In five years or more	9,568
Net obligations under finance leases and hire purchase contracts	
Repayable within one year	50,362
Repayable between one and five years	58,982
	109,344
Finance charges and interest allocated to future accounting periods	(17,632)
	91,712
Included in liabilities falling due within one year	(42,350)
	49,362

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

12 Provisions for liabilities and charges

**Deferred
taxation
£**

Profit and loss account	11,500
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Deferred tax is provided at 20% analysed over the following timing differences:

**Fully
provided
2000
£**

Accelerated capital allowances	11,500
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13 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. Contributions paid in the year amounted to £85,904.

14 Share capital

**2000
£**

Authorised

1,000 Ordinary shares of £ 1 each	1,000
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Allotted, called up and fully paid

1,000 Ordinary shares of £ 1 each	1,000
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15 Statement of movements on reserves

**Share
premium
account
£**

**Profit and
loss account
£**

Retained profit for the period	-	43,228
Premium on shares issued during the period	885,332	-
Balance at 28 February 2000	885,332	43,228

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

16 Reconciliation of movements in shareholders' funds	2000
	£
Profit for the financial period	43,228
Proceeds from issue of shares	886,332
Net increase in shareholders funds	929,560
Opening shareholders' funds	-
Closing shareholders' funds	929,560

17 Contingent liabilities

The company's bankers have given a Terminable Indemnity for £50,000 to a third party for which the bank has recourse to the company.

18 Directors' emoluments	2000
	£
Emoluments for qualifying services	146,500
Company pension contributions to money purchase schemes	65,911
	212,411

19 Transactions with directors

The company trades from two premises, both owned directly or indirectly by the Directors. Market rents are payable and these amounted to £139,165 in the period.

Amipak Limited

Notes to the Financial Statements for the period ended 28 February 2000

20 Employees

Number of employees

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

	2000 Number
Administration	11
Cost of Sales	59
	70

Employment costs

	£
Wages and salaries	946,249
Other pension costs	85,904
	1,032,153