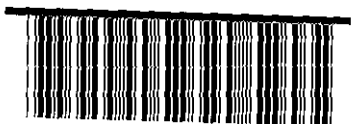
Amipak Limited

Directors' Report and Financial Statements

for the year ended 28 February 2001



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Company Registration No. 3708621 (England and Wales)

Company Information

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

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Directors' Report
for the year ended 28 February 2001

The directors present their report and financial statements for the year ended 28 February 2001.

Principal activities and review of the business

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

Results and dividends

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

Directors

The following directors have held office since 29 February 2000:

M B Friedler
P Schwitzer

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	28 February 2001	29 February 2000
M B Friedler	500	500
P Schwitzer	500	500

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.

On behalf of the board

M B Friedler
Director
5 October 2001

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

5 Oct 2001

Enoch & Partners

Chartered Accountants
Registered Auditor

Hillside House
2-6 Friern Park
London
N12 9BY

Profit and Loss Account for the year ended 28 February 2001

	Notes	2001 £	2000 £
Turnover	2	6,005,301	5,260,076
Cost of sales		(5,265,455)	(4,615,181)
Gross profit		739,846	644,895
Distribution costs		(67,852)	(44,176)
Administrative expenses		(544,385)	(520,464)
Operating profit	3	127,609	80,255
Other interest receivable and similar income		4,437	2,279
Interest payable and similar charges	4	(20,744)	(15,106)
Profit on ordinary activities before taxation		111,302	67,428
Tax on profit on ordinary activities	5	(24,659)	(24,200)
Profit on ordinary activities after taxation		86,643	43,228
Dividends	6	(50,000)	-
Retained profit for the year	15	36,643	43,228

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 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	7		327,102		390,658
Current assets					
Stocks	8	333,828		285,909	
Debtors	9	1,256,961		1,292,883	
Cash at bank and in hand		65,714		127,385	
		1,656,503		1,706,177	
Creditors: amounts falling due within one year	10	(997,370)		(1,056,645)	
Net current assets			659,133		649,532
Total assets less current liabilities			986,235		1,040,190
Creditors: amounts falling due after more than one year	11		(80,826)		(99,130)
Provisions for liabilities and charges	12		(6,386)		(11,500)
			899,023		929,560
Capital and reserves					
Called up share capital	14		1,000		1,000
Share premium account	15		818,152		885,332
Profit and loss account	15		79,871		43,228
Shareholders' funds - equity interests	16		899,023		929,560

The financial statements were approved by the Board on 5 October 2001

M B Friedler
Director

P Schwitzer
Director

Cash Flow Statement for the year ended 28 February 2001

		2001 £		2000 £
Net cash inflow/(outflow) from operating activities		168,337		(503,229)
Returns on investments and servicing of finance				
Interest received	4,437		2,279	
Interest paid	(12,668)		(9,038)	
Interest element of finance lease rentals	(8,076)		(6,068)	
Net cash outflow for returns on investments and servicing of finance		(16,307)		(12,827)
Taxation		(15,173)		-
Capital expenditure				
Assets acquired on merger	-		(374,707)	
Payments to acquire tangible assets	(45,479)		(135,431)	
Receipts from sales of tangible assets	-		6,000	
Net cash outflow for capital expenditure		(45,479)		(504,138)
Equity dividends paid		(50,000)		-
Net cash inflow/(outflow) before management of liquid resources and financing		41,378		(1,020,194)
Financing				
Issue of ordinary share capital	-		886,332	
Adjustment to share premium	(67,180)		-	
Issue of shares	(67,180)		886,332	
New long term bank loan	-		49,768	
Other new short term loans	-		8,040	
Repayment of long term bank loan	(3,548)		-	
Capital element of finance lease contracts	(42,648)		91,712	
(Decrease)/increase in debt	(46,196)		149,520	
Net cash (outflow)/inflow from financing		(113,376)		1,035,852
(Decrease)/increase in cash in the year		(71,998)		15,658

Notes to the Cash Flow Statement for the year ended 28 February 2001

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2001	2000
	£	£
Operating profit	127,609	80,255
Depreciation of tangible assets	109,034	117,957
Profit on disposal of tangible assets	-	(4,477)
Increase in stocks	(47,919)	(285,909)
Decrease/(increase) in debtors	35,922	(1,292,883)
(Decrease)/Increase in creditors within one year	(56,309)	881,828
Net cash inflow/(outflow) from operating activities	168,337	(503,229)

2 Analysis of net debt

	29 February 2000	Cash flow	Other non-cash changes	28 February 2001
	£	£	£	£
Net cash:				
Cash at bank and in hand	127,385	(61,671)	-	65,714
Bank overdrafts	(111,727)	(10,327)	-	(122,054)
	15,658	(71,998)	-	(56,340)
Debt:				
Finance leases	(91,712)	42,648	-	(49,064)
Debts falling due within one year	(8,040)	-	-	(8,040)
Debts falling due after one year	(49,768)	3,548	-	(46,220)
	(149,520)	46,196	-	(103,324)
Net debt	(133,862)	(25,802)	-	(159,664)

3 Reconciliation of net cash flow to movement in net debt

	2001	2000
	£	£
(Decrease)/increase in cash in the year	(71,998)	15,658
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	46,196	(149,520)
Movement in net debt in the year	(25,802)	(133,862)
Opening net debt	(133,862)	-
Closing net debt	(159,664)	(133,862)

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, fittings & 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 year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	109,034	117,957
Auditors' remuneration	12,000	12,000

4	Interest payable	2001 £	2000 £
	On bank loans and overdrafts	4,784	2,878
	Other interest	7,884	6,160
	Lease finance charges	8,076	6,068
		20,744	15,106

5	Taxation	2001 £	2000 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000 - 20%)	27,300	12,700
	Deferred taxation	(5,114)	11,500
		22,186	24,200
	Prior years		
	U.K. corporation tax	2,473	-
		24,659	24,200

6	Dividends	2001 £	2000 £
	Ordinary interim paid	50,000	-

7 **Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 29 February 2000	785,785	205,895	146,686	1,138,366
Additions	38,104	7,375	-	45,479
At 28 February 2001	823,889	213,270	146,686	1,183,845
Depreciation				
At 29 February 2000	540,472	121,821	85,416	747,709
Charge for the year	70,854	22,862	15,318	109,034
At 28 February 2001	611,326	144,683	100,734	856,743
Net book value				
At 28 February 2001	212,563	68,587	45,952	327,102
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 2001	47,416	-	47,416
At 28 February 2000	91,125	32,297	123,422
Depreciation charge for the year			
28 February 2001	15,805	-	15,805
28 February 2000	30,375	9,601	39,976

8 Stocks and work in progress

	2001 £	2000 £
Raw materials and consumables	142,472	154,990
Work in progress	36,074	30,416
Finished goods and goods for resale	155,282	100,503
	333,828	285,909

9 Debtors

	2001 £	2000 £
Trade debtors	1,251,900	1,213,012
Other debtors	-	69,415
Prepayments and accrued income	5,061	10,456
	1,256,961	1,292,883

10 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	130,094	119,767
Net obligations under finance leases	14,458	42,350
Trade creditors	686,612	604,360
Corporation tax	27,300	12,700
Other taxes and social security costs	45,505	66,465
Other creditors	34,280	78,752
Accruals and deferred income	59,121	132,251
	997,370	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.

11 Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans	46,220	49,768
Net obligations under finance leases	34,606	49,362
	80,826	99,130
Analysis of loans		
Not wholly repayable within five years by instalments:	54,260	57,808
	54,260	57,808
Included in current liabilities	(8,040)	(8,040)
	46,220	49,768
Loan maturity analysis		
In more than one year but not more than two years	8,040	8,040
In more than two years but not more than five years	32,160	32,160
In more than five years	5,820	9,568
Net obligations under finance leases		
Repayable within one year	18,369	50,362
Repayable between one and five years	40,311	58,982
	58,680	109,344
Finance charges and interest allocated to future accounting periods	(9,616)	(17,632)
	49,064	91,712
Included in liabilities falling due within one year	(14,458)	(42,350)
	34,606	49,362

12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 29 February 2000	11,500
Profit and loss account	(5,114)
Balance at 28 February 2001	6,386

Deferred taxation provided in the financial statements is as follows:

	Fully provided 2001 £	2000 £
Accelerated capital allowances	6,386	11,500

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 £82,249 (2000 : £85,904).

14 Share capital

	2001 £	2000 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	1,000	1,000

15 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 29 February 2000	885,332	43,228
Retained profit for the year	-	36,643
Share premium - prior year adjustment	(67,180)	-
Balance at 28 February 2001	818,152	79,871

Notes to the Financial Statements for the year ended 28 February 2001

16 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	86,643	43,228
Dividends	(50,000)	-
	36,643	43,228
Proceeds from issue of shares	-	886,332
Adjustment to share premium	(67,180)	-
Net increase in shareholders funds	899,023	929,560
Opening shareholders' funds	929,560	-
Closing shareholders' funds	899,023	929,560

17 Contingent liabilities

The company's bankers have given a terminable indemnity for £35,000 to a third party for which the bank has recourse to the company.

18 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	138,000	146,500
Company pension contributions to money purchase schemes	65,973	65,911
	203,973	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 £161,833 (2000 : £139,165) in the year.

20 Employees

Number of employees

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

	2001 Number	2000 Number
Administration	11	11
Cost of Sales	59	59
	70	70

Employment costs

	£	£
Wages and salaries	984,721	946,249
Other pension costs	82,249	85,904
	1,066,970	1,032,153