

# **Plysu plc**

## **Interim Report 1999**

### **Chairman's statement**

On 21 October it was announced that the directors had agreed with Nampak Ltd the terms of a recommended cash offer for the entire issued share capital of the Company.

Our decision to recommend this offer was largely influenced by the fact that, notwithstanding some five years of steady growth and continuous improvements in our earnings per share, the Company's share price failed to reflect either that progress or the future potential. I believe that poor investor sentiment towards smaller UK companies particularly in the packaging sector left the company seriously undervalued. The offer, which represented a 60% premium on the closing price on the day prior to announcement, therefore provided an attractive opportunity for our shareholders to realise their investment. Furthermore, we see significant opportunities for the strategic development of our businesses which will be enhanced by being part of the enlarged Nampak group.

On 22 November, the offer was declared unconditional as to acceptances, but we have had to wait until now to receive from the Office of Fair Trading the decision concerning a possible reference of the acquisition proposal to the Competition Commission.

I am very pleased to be able to confirm to you that it was announced on 10 December 1999 that no such reference has been recommended and that Nampak's offer has been declared unconditional in all respects.

*Settlement under the terms of the offer is due to be made by 24 December 1999. In accordance with the offer no interim dividend has been declared.*

In many ways it is sad when a Company such as ours loses its independence but I strongly believe that this is, in the circumstances, in the best interest of our shareholders, our employees and our customers.

Whilst this issue has inevitably received much of our attention in recent weeks, I am pleased to report that the business has continued to prosper and our results for the first six months are satisfactory.

Compared with the same period last year, profit on ordinary activities before taxation increased by 7.3% to £4.4m, on turnover of £81m (£73m). The result was achieved after considerable work was undertaken to integrate the BXL operation into our organisation. The cost of this was offset by a negative goodwill credit of £660k arising mainly from this acquisition.

Undiluted earnings per share improved to 7.0p (5.9p).

All the divisions, with the exception of Plysu Brands, have contributed to this improvement. Containers division has responded well in difficult trading conditions and is beginning to emerge from a prolonged period of disappointing results. Personal Care is enjoying the benefits of the enhancements to the factory, and prospects for the future are encouraging. Liquid Foods division delivered good results and the investments in Spain, to which I referred last year, are performing well.

I also reported at the end of last year, our acquisition of BXL Plastics from BP Chemicals. The result from these activities is in line with our expectations and we see good prospects for the future.

Our main raw material, high density polyethylene, has jumped 50% in price over the last 6 months; this is having an inevitable impact on our results. These prices reflect a tight supply situation but our supplies have been maintained throughout albeit with some difficulty.

I feel confident that overall, the prospects for the company and employees are excellent and I would like to take this opportunity, on behalf of the board and all our shareholders, to thank all employees for their loyalty and commitment.

David O'Shaughnessy  
*Chairman*  
16 December 1999



# Plysu plc

## Consolidated summarised profit and loss account

Unaudited

|                                                                |      | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|----------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|--------------------------------------|
|                                                                | Note |                                             |                                             |                                      |
| <b>Group Turnover</b>                                          |      |                                             |                                             |                                      |
| Liquid Foods                                                   |      | 34.8                                        | 31.5                                        | 64.2                                 |
| Containers and Personal Care                                   |      | 38.8                                        | 33.5                                        | 70.7                                 |
| Brands                                                         |      | 6.2                                         | 7.1                                         | 12.8                                 |
| Protection Systems and other                                   |      | 0.9                                         | 1.0                                         | 2.3                                  |
| <b>Total</b>                                                   |      | <b>80.7</b>                                 | <b>73.1</b>                                 | <b>150.0</b>                         |
| <b>Operating profit on ordinary activities before interest</b> |      | <b>5.3</b>                                  | <b>5.4</b>                                  | <b>13.8</b>                          |
| Net Interest                                                   |      | (0.9)                                       | (1.3)                                       | (2.5)                                |
| <b>Profit on ordinary activities before taxation</b>           |      | <b>4.4</b>                                  | <b>4.1</b>                                  | <b>11.3</b>                          |
| Taxation                                                       | 1    | (1.0)                                       | (1.3)                                       | (3.5)                                |
| <b>Profit on ordinary activities after taxation</b>            |      | <b>3.4</b>                                  | <b>2.8</b>                                  | <b>7.8</b>                           |
| Interim dividend                                               |      | -                                           | 1.1                                         |                                      |
| <b>Earnings per share</b>                                      |      |                                             |                                             |                                      |
| - Basic                                                        |      | 7.0p                                        | 5.9p                                        | 16.2p                                |
| - Diluted                                                      |      | 7.0p                                        | 5.8p                                        | 16.1p                                |
| <b>Interim dividend per share</b>                              |      | <b>Nil</b>                                  | <b>2.2p</b>                                 |                                      |

All of the profits for the current and prior periods relate to continuing activities.

## Consolidated statement of total recognised gains and losses

Unaudited

|                                                                   | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|-------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|
| Profit on ordinary activities after taxation                      | 3.4                                         | 2.8                                         | 7.8                                  |
| Exchange gains and (losses) on foreign currency net investments   | (0.6)                                       | 1.6                                         | 0.8                                  |
| <b>Total recognised gains and losses for the financial period</b> | <b>2.8</b>                                  | <b>4.4</b>                                  | <b>8.6</b>                           |

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## Consolidated balance sheet

Unaudited

|                                              | 30 September<br>1999<br>£m | 30 September<br>1998<br>£m | 31 March<br>1999<br>£m |
|----------------------------------------------|----------------------------|----------------------------|------------------------|
| <b>Fixed assets</b>                          |                            |                            |                        |
| Intangible assets                            |                            |                            |                        |
| Goodwill                                     | 1.7                        | 0.4                        | 1.9                    |
| Negative goodwill                            | (2.2)                      | -                          | (2.9)                  |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
|                                              | (0.5)                      | 0.4                        | (1.0)                  |
| Tangible assets                              | 80.8                       | 71.5                       | 79.4                   |
| <b>Current assets</b>                        |                            |                            |                        |
| Stocks                                       | 13.5                       | 11.0                       | 14.4                   |
| Debtors                                      | 36.3                       | 30.7                       | 38.7                   |
| Cash                                         | 1.4                        | 5.3                        | 2.9                    |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
|                                              | 51.2                       | 47.0                       | 56.0                   |
| <b>Creditors</b>                             |                            |                            |                        |
| Amounts falling due within one year          | (58.6)                     | (67.0)                     | (51.1)                 |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
| <b>Net current (liabilities)/ assets</b>     | (7.4)                      | (20.0)                     | 4.9                    |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
| <b>Total assets less current liabilities</b> | 72.9                       | 51.9                       | 83.3                   |
| <b>Creditors</b>                             |                            |                            |                        |
| Amounts falling due after more than one year | (12.6)                     | (0.3)                      | (25.4)                 |
| Provisions for liabilities and charges       | (7.7)                      | (2.9)                      | (8.1)                  |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
| <b>Net assets</b>                            | 52.6                       | 48.7                       | 49.8                   |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
| Called up equity share capital               | 4.8                        | 4.8                        | 4.8                    |
| Share premium account                        | 1.0                        | 1.0                        | 1.0                    |
| Profit and loss account                      | 46.8                       | 42.9                       | 44.0                   |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
| <b>Equity shareholders' funds</b>            | 52.6                       | 48.7                       | 49.8                   |
| Minority interest                            | -                          | -                          | -                      |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |
|                                              | 52.6                       | 48.7                       | 49.8                   |
|                                              | <hr/>                      | <hr/>                      | <hr/>                  |

# Plysu plc

## Consolidated summarised cash flow statement

Unaudited

|                                                                      | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|----------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|
| Net cash inflow from operating activities                            | 6.9                                         | 8.6                                         | 27.7                                 |
| Returns on investments and servicing of finance                      | (1.0)                                       | (1.3)                                       | (2.4)                                |
| Taxation                                                             | (0.3)                                       | (0.3)                                       | (3.1)                                |
| Capital expenditure and financial investment                         | (8.8)                                       | (8.3)                                       | (17.6)                               |
| Acquisitions and disposals                                           | (1.6)                                       | (4.3)                                       | (5.6)                                |
| Equity dividends paid                                                | (3.1)                                       | (3.0)                                       | (4.1)                                |
| Net cash outflow before management of liquid resources and financing | (7.9)                                       | (8.6)                                       | (5.1)                                |
| Financing                                                            |                                             |                                             |                                      |
| Issue of ordinary share capital                                      | -                                           | 0.1                                         | 0.1                                  |
| Increase/ (decrease) in debt                                         | 7.4                                         | (0.7)                                       | 4.2                                  |
| (Decrease)/ increase in cash in the period                           | (0.5)                                       | (9.2)                                       | (0.8)                                |

## Reconciliation of net cash flow to movement in net debt

Unaudited

|                                                                | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|
| (Decrease)/increase in cash in the period                      | (0.5)                                       | (9.2)                                       | (0.8)                                |
| Cash flow from (increase)/decrease in debt and lease financing | (7.4)                                       | 0.6                                         | (4.2)                                |
| Change in net debt resulting from cash flows                   | (7.9)                                       | (8.6)                                       | (5.0)                                |
| Translation difference                                         | 0.2                                         | (0.2)                                       | (0.3)                                |
| Movement in net debt in the period                             | (7.7)                                       | (8.8)                                       | (5.3)                                |
| Opening net debt                                               | (25.4)                                      | (20.1)                                      | (20.1)                               |
| Closing net debt                                               | (33.1)                                      | (28.9)                                      | (25.4)                               |

## Plysu plc

### Reconciliation of movements in shareholders' funds

Unaudited

|                                                               | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|---------------------------------------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|
| Profit on ordinary activities after taxation                  | 3.4                                         | 2.8                                         | 7.8                                  |
| Dividends                                                     | -                                           | (1.1)                                       | (4.2)                                |
| Other recognised gains and losses related to the period (net) | (0.6)                                       | 1.6                                         | 0.8                                  |
| New share capital issued including share premium              | -                                           | 0.1                                         | 0.1                                  |
| <b>Net increase/ (decrease) in shareholders funds</b>         | <b>2.8</b>                                  | <b>3.4</b>                                  | <b>4.5</b>                           |
| Opening shareholders' funds                                   | 49.8                                        | 45.3                                        | 45.3                                 |
| <b>Closing shareholders' funds</b>                            | <b>52.6</b>                                 | <b>48.7</b>                                 | <b>49.8</b>                          |

### Reconciliation of operating profit to operating cash flows

Unaudited

|                                                  | Six months to<br>30 September<br>1999<br>£m | Six months to<br>30 September<br>1998<br>£m | Year ended<br>31 March<br>1999<br>£m |
|--------------------------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|
| Operating profit                                 | 5.3                                         | 5.4                                         | 13.8                                 |
| Net goodwill release                             | (0.5)                                       | -                                           | (1.2)                                |
| Depreciation charges                             | 6.0                                         | 5.9                                         | 11.2                                 |
| Profit on sale of tangible assets                | -                                           | -                                           | 0.1                                  |
| Decrease/ (increase) in stocks                   | 0.7                                         | 0.4                                         | (1.8)                                |
| Decrease/ (increase) in debtors                  | 1.7                                         | 2.7                                         | 1.2                                  |
| (Decrease)/ increase in creditors and provisions | (6.3)                                       | (5.8)                                       | 4.4                                  |
| <b>Cash inflow from operating activities</b>     | <b>6.9</b>                                  | <b>8.6</b>                                  | <b>27.7</b>                          |

## Plysu plc

### Supplementary analysis of turnover

Unaudited

|                   | By destination             |             | By origin                  |             |
|-------------------|----------------------------|-------------|----------------------------|-------------|
|                   | Six months to 30 September |             | Six months to 30 September |             |
|                   | 1999                       | 1998        | 1999                       | 1998        |
|                   | £m                         | £m          | £m                         | £m          |
| United Kingdom    | 62.2                       | 56.1        | 63.5                       | 56.4        |
| Netherlands       | 4.3                        | 4.4         | 6.2                        | 6.4         |
| Belgium           | 2.6                        | 3.2         | 5.3                        | 5.9         |
| France            | 4.7                        | 4.0         | 1.1                        | 1.1         |
| Spain             | 4.1                        | 2.8         | 4.0                        | 2.7         |
| Germany           | 1.6                        | 1.8         | 0.6                        | 0.6         |
| Rest of the world | 1.2                        | 0.8         | -                          | -           |
| <b>Group</b>      | <b>80.7</b>                | <b>73.1</b> | <b>80.7</b>                | <b>73.1</b> |

## Notes to the interim report

1. Taxation has been provided at a rate of 23% for the six months ended 30 September 1999 (1998: 32%). This is in line with the estimated effective rate of tax for the full year.
2. The financial information as set out does not constitute the company's statutory accounts for the year ended 31 March 1999 (but is derived from those accounts). Statutory accounts for that year have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.
3. The interim report for the six months to 30 September 1999 has been prepared in accordance with the accounting policies set out in the Group's Report and Accounts for the year ended 31 March 1999.
4. No interim dividend has been declared.
5. Gearing was 63% (1998: 59%) and at 31 March 1999 was 51%. (Based on the group's net debt expressed as a percentage of shareholders' funds.)
6. The company remains very confident that its internal operations will not be affected by Y2K issues; contingency arrangements have been made for the millennium period.

# Review report

Independent review report by KPMG Audit Plc to Plysu plc

## Introduction

We have been instructed by the company to review the financial information set out on pages 3 to 7 and we have read the other information contained in the interim report and considered whether any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board. A review consists principally of making enquires of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 1999.

KPMG Audit Plc  
*Chartered Accountants*  
Milton Keynes  
16 December 1999

## **Directors**

DH O'Shaughnessy Ψ  
(*Chairman*)

MVS Macintyre C Eng  
(*Chief executive*)

SS Nobbs FCA  
(*Financial director*)

ND Templeton-Ward BA  
(*Managing director*)

A G Bruce BSc C Eng Ψ

A A A Sips Ψ

Ψ *Non-executive*

## **Secretary**

P Manuel BA FCIS

## **Registered office**

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## **Website**

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## **Registrars and transfer office**

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