

Company Registration No. 516832 (England and Wales)

E P PACKAGING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998



E P PACKAGING LIMITED

COMPANY INFORMATION

Directors	R A Thompson R Steele A W Haiselden N Pretzlik K Baldwin C Gawne
Secretary	A W Haiselden
Company number	516832
Registered office	194 High Street Tonbridge Kent TN9 1BE
Auditors	Carley & Company St James's House 8 Overcliffe Gravesend Kent DA11 0HJ
Bankers	National Westminster Bank Plc Lombard Business Centre 3rd Floor 21 Lombard Street London EC3P 3AR
Solicitors	Wright Son & Pepper 9 Grays Inn Square London WC1R 5JF Eversheds 10 Newhall Street Birmingham B3 3LX

E P PACKAGING LIMITED

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E P PACKAGING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company was that of a manufacturer of plastic packaging for the food, cosmetic and toy industries.

The company's balance sheet as detailed on page 5 show a satisfactory position, shareholder's funds amounting to £1,073,799.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts.

Year 2000

We are in the process of assessing the risks to the business in detail. We are considering not only our own systems but also those of our major suppliers and customers. Once our assessment is complete we will develop detailed plans to deal with any such risks as are identified.

Directors

The following directors have held office since 1 January 1998:

R A Thompson
R Steele
A W Haiselden
N Pretzlik
K Baldwin
C Gawne

Directors' interests

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

	Ordinary of 25p each	
	31 December 1998	1 January 1998
A W Haiselden	-	-
N Pretzlik	-	-
K Baldwin	-	-
C Gawne	-	-
R Steele	-	-
R A Thompson	-	-

The directors' interests in the share capital of the holding company are shown in the accounts of that company.

Auditors

Carley & Company 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.

E P PACKAGING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

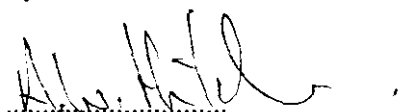
Directors' responsibilities

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



A W Haiselden

Director

22nd June 1999

E P PACKAGING LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF E P PACKAGING LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Carley & Company

Chartered Accountants
Registered Auditor

23rd July 1999

St James's House
8 Overcliffe
Gravesend
Kent
DA11 0HJ

E P PACKAGING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

		1998	1997
	Notes	£	£
Turnover	2	7,375,294	6,520,714
Cost of sales		(5,802,993)	(5,234,858)
Gross profit		1,572,301	1,285,856
Distribution costs		(686,377)	(612,865)
Administrative expenses		(595,802)	(384,064)
Operating profit	3	290,122	288,927
Interest payable and similar charges	4	(19,260)	(36,031)
Profit on ordinary activities before taxation		270,862	252,896
Tax on profit on ordinary activities	5	(62,453)	(22,506)
Profit on ordinary activities after taxation	13	208,409	230,390

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.

E P PACKAGING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	6	1,860,869		1,619,087	
Investments	7	250		250	
		<u>1,861,119</u>		<u>1,619,337</u>	
Current assets					
Stocks	8	520,407		457,170	
Debtors	9	2,279,195		1,625,442	
Cash at bank and in hand		66,041		16,958	
		<u>2,865,643</u>		<u>2,099,570</u>	
Creditors: amounts falling due within one year	10	<u>(2,880,559)</u>		<u>(2,225,573)</u>	
Net current liabilities			<u>(14,916)</u>		<u>(126,003)</u>
Total assets less current liabilities			1,846,203		1,493,334
Creditors: amounts falling due after more than one year	11		<u>(772,404)</u>		<u>(627,944)</u>
			<u>1,073,799</u>		<u>865,390</u>
Capital and reserves					
Called up share capital	12	500,000		500,000	
Profit and loss account	13	573,799		365,390	
Shareholders' funds - equity interests	14	<u>1,073,799</u>		<u>865,390</u>	

The financial statements were approved by the Board on 22nd June 1999


R A Thompson
Director

E P PACKAGING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
Net cash inflow from operating activities	491,145	1,001,683
Returns on investments and servicing of finance		
Interest paid	(19,260)	(36,031)
Net cash outflow for returns on investments and servicing of finance	(19,260)	(36,031)
Taxation	(21,756)	(19,774)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(418,257)	(352,380)
Payments to acquire investments	-	(250)
Receipts from sales of tangible assets	3,500	883,823
Net cash (outflow)/inflow for capital expenditure	(414,757)	531,193
Net cash inflow before management of liquid resources and financing	35,372	1,477,071
Financing		
New long term bank loan	110,000	-
Other new long term loans	6,454	-
Repayment of other long term loans	-	(933,250)
Capital element of finance lease contracts	(102,743)	(87,140)
Net cash inflow/(outflow) from financing	13,711	(1,020,390)
Increase in cash in the year	49,083	456,681

E P PACKAGING LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

1	Reconciliation of operating profit to net cash inflow from operating activities	1998	1997
		£	£
	Operating profit	290,122	288,927
	Depreciation of tangible assets	309,654	261,529
	Profit on disposal of tangible assets	(2,286)	(10,850)
	Increase in stocks	(63,237)	(57,415)
	Increase in debtors	(653,753)	(18,569)
	Increase in creditors within one year	610,645	538,061
	Net cash inflow from operating activities	491,145	1,001,683

2	Analysis of net debt	1 January 1998	Cash flow	Other non-cash changes	31 December 1998
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	16,958	49,083		66,041
	Debt:				
	Finance leases	(175,343)	102,743	(134,393)	(206,993)
	Debts falling due after one year	(548,873)	(116,454)	-	(665,327)
		(724,216)	(13,711)	(134,393)	(872,320)
	Net debt	(707,258)	35,372	(134,393)	(806,279)

3	Reconciliation of net cash flow to movement in net debt	1998	1997
		£	£
	Increase in cash in the year	49,083	456,681
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(13,711)	1,020,390
	Change in net debt resulting from cash flows	35,372	1,477,071
	New finance lease	(134,393)	-
	Movement in net debt in the year	(99,021)	1,477,071
	Opening net debt	(707,258)	(2,184,329)
	Closing net debt	(806,279)	(707,258)

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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 and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Land and buildings Freehold	2% per annum
Plant and machinery	10 - 50% per annum
Fixtures, fittings & equipment	10 - 50% per annum
Motor vehicles	25% per annum

1.4 Leasing and hire purchase commitments

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 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

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

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.

1.8 Tooling Costs

Costs incurred in preparing prototypes are shown in prepayments to the extent that they will be recovered against future sales. They are amortised over two years from incurring expenditure.

2 Turnover

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

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	309,654	261,529
	Auditors' remuneration	5,635	6,088
		<u> </u>	<u> </u>
4	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	3,284	16,574
	Hire purchase interest	15,976	19,457
		<u> </u>	<u> </u>
		19,260	36,031
		<u> </u>	<u> </u>
5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 28% (1997 - 22%)	62,453	22,506
		<u> </u>	<u> </u>

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

6 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 1998	489,238	1,953,606	207,230	63,305	2,713,379
Additions	93,873	352,861	84,668	21,248	552,650
Disposals	-	(21,551)	-	(17,000)	(38,551)
At 31 December 1998	583,111	2,284,916	291,898	67,553	3,227,478
Depreciation					
At 1 January 1998	45,481	923,394	105,914	19,503	1,094,292
On disposals	-	(20,338)	-	(16,999)	(37,337)
Charge for the year	8,670	249,423	36,001	15,560	309,654
At 31 December 1998	54,151	1,152,479	141,915	18,064	1,366,609
Net book value					
At 31 December 1998	528,960	1,132,437	149,983	49,489	1,860,869
At 31 December 1997	443,757	1,030,212	101,316	43,802	1,619,087

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

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 December 1998	364,671	-	49,465	414,136
At 31 December 1997	326,062	1,636	43,801	371,499
Depreciation charge for the year				
31 December 1998	46,313	-	15,560	61,873
31 December 1997	49,830	1,635	6,137	57,602

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

7 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 1998 & at 31 December 1998	<u>250</u>

8 Stocks and work in progress

	1998 £	1997 £
Raw materials and consumables	338,071	310,509
Work in progress	5,793	2,102
Finished goods and goods for resale	176,543	144,559
	<u>520,407</u>	<u>457,170</u>

9 Debtors

	1998 £	1997 £
Trade debtors	1,992,200	1,464,233
Other debtors	18,572	38,397
Prepayments and accrued income	268,423	122,812
	<u>2,279,195</u>	<u>1,625,442</u>

Prepayments include £205,436 (1997: £96,348) tooling costs incurred which the directors believe will be recovered in full against future sales.

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

10 Creditors: amounts falling due within one year	1998	1997
	£	£
Confidential invoice discounting balance	1,306,140	844,420
Net obligations under finance lease and hire purchase contracts	99,916	96,272
Trade creditors	1,164,362	947,810
Amounts owed to parent and fellow subsidiary undertakings	55,952	144,460
Corporation tax	62,453	21,756
Other taxes and social security costs	97,991	93,510
Other creditors	17,329	13,512
Accruals and deferred income	76,416	63,833
	<u>2,880,559</u>	<u>2,225,573</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

The confidential invoice discounting balance is secured on the company's trade debtors.

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

11 Creditors: amounts falling due after more than one year	1998	1997
	£	£
Bank loans	110,000	-
Other loans	555,327	548,873
Net obligations under finance leases and hire purchase agreements	107,077	79,071
	<u>772,404</u>	<u>627,944</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:	555,327	548,873
Wholly repayable within five years	110,000	-
	<u>665,327</u>	<u>548,873</u>
Loan maturity analysis		
Between one and two years	22,000	-
Between two and five years	88,000	-
In five years or more	555,327	548,873
	<u></u>	<u></u>
The bank loan is secured by a first legal charge over the freehold property.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	114,079	106,746
Repayable between one and five years	119,507	84,467
	<u>233,586</u>	<u>191,213</u>
Finance charges and interest allocated to future accounting periods	(26,593)	(15,870)
	<u>206,993</u>	<u>175,343</u>
Included in liabilities falling due within one year	(99,916)	(96,272)
	<u>107,077</u>	<u>79,071</u>
12 Share capital	1998	1997
	£	£
Authorised		
2,000,000 Ordinary of 25p each	500,000	500,000
	<u></u>	<u></u>
Allotted, called up and fully paid		
2,000,000 Ordinary of 25p each	500,000	500,000
	<u></u>	<u></u>

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1998	365,390
Retained profit for the year	208,409
	<hr/>
Balance at 31 December 1998	573,799
	<hr/> <hr/>

14 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	208,409	230,390
Opening shareholders' funds	865,390	635,000
	<hr/>	<hr/>
Closing shareholders' funds	1,073,799	865,390
	<hr/> <hr/>	<hr/> <hr/>

15 Capital commitments

	1998 £	1997 £
At 31 December 1998 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	46,203	54,668
	<hr/> <hr/>	<hr/> <hr/>

16 Directors' emoluments

	1998 £	1997 £
Emoluments for qualifying services	183,333	121,125
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1997 - 3).

E P PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

17 Transactions with directors

The following director had a loan during the year. The movement on this loan is as follows:

	Amount outstanding		Maximum in year
	1998	1997	
	£	£	£
K Baldwin	11,541	12,879	12,879

The loan was made during 1993 and interest is payable at 2% over the National Westminster Bank Plc base rate calculated on a daily basis.

18 Employees

Number of employees

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

	1998 Number	1997 Number
Production staff	114	106
Administration staff	11	9
Sales staff	5	4
	<u>130</u>	<u>119</u>

Employment costs

	£	£
Wages and salaries	<u>1,612,410</u>	<u>1,462,474</u>

19 Control

The company is a subsidiary of Arthur Woollacott Limited. The ultimate parent company is Arthur Woollacott Holdings Limited, a company registered in England and Wales.

Copies of the financial statements of Arthur Woollacott Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.