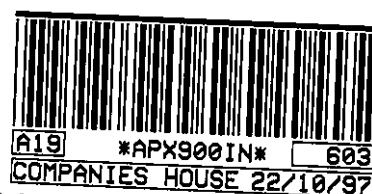


Printo Wrappings Limited
Directors' Report and Financial Statements
for the year ended 31 December 1996

Arthur C Heyward & Co.
Chartered Accountants
Avon House
360-366 Oxford Street
London W1N 0LE



Printo Wrappings Limited

Company Information

Directors	A.N.De B.N.De
Secretary	Ian Walker
Company Number	743512 (England and Wales)
Registered Office	Felstead Street Hackney London E9 5LG
Auditors	Arthur C Heyward & Co. Avon House 360-366 Oxford Street London W1N 0LE
Bankers	Barclays Bank plc 8-9 Hanover Square London W1A 4ZW
Solicitors	Paisner & Co. Bouverie House 154 Fleet Street London EC4A 2DQ

Printo Wrappings Limited

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Printo Wrappings Limited

Directors' Report for the year ended 31 December 1996

The directors present their report and the financial statements for the year ended 31 December 1996.

Principal Activities and Review of the Business

The company's principal activity remains that of film and paper convertors.

The level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and Dividends

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

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £148,477 is transferred to reserves.

Fixed Assets

The significant changes in fixed assets during the year are explained in note 6 to the financial statements.

Market Value of Land and Buildings

The market value of land and buildings is, in the opinion of the directors, likely to be significantly higher than their book value.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1996	1995
Anthony Dee	Ordinary shares	-	-
Brian Dee	Ordinary shares	-	-

Anthony Dee held 6,373 shares and Brian Dee 6,372 shares in Swizzels Matlow Ltd, the holding company, out of an issued share capital of 38,252 Ordinary shares of £1 each. No director had at any time during the year a material interest in any contract of significance in relation to the company's interest.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Arthur C Heyward & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

Printo Wrappings Limited

Directors' Report for the year ended 31 December 1996 (continued)

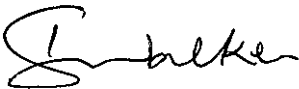
Directors' Responsibilities

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;
- state whether applicable 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 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.

This report was approved by the Board on 17th April 1997



Ian Walker
Secretary

Printo Wrappings Limited

Auditors' Report
to the shareholders of Printo Wrappings Limited

We have audited the financial statements on pages 4 to 14 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.

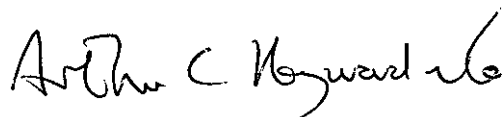
Basis of opinion

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur C Heyward & Co.

Chartered Accountants
Registered Auditor

17 April 1997

Avon House
360-366 Oxford Street
London W1N 0LE

Printo Wrappings Limited

Profit and Loss Account
for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	3,695,832	3,626,059
Cost of sales		(2,810,583)	(2,819,875)
Gross profit		885,249	806,184
Distribution costs		(445,648)	(426,426)
Administrative expenses		(204,948)	(232,455)
Other operating income		1,000	1,000
Operating profit	3	235,653	148,303
Interest payable and similar charges	4	(5,050)	(9,702)
Profit on ordinary activities before taxation		230,603	138,601
Tax on profit on ordinary activities	5	(82,126)	(43,713)
Profit for the year	13	£ 148,477	£ 94,888

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

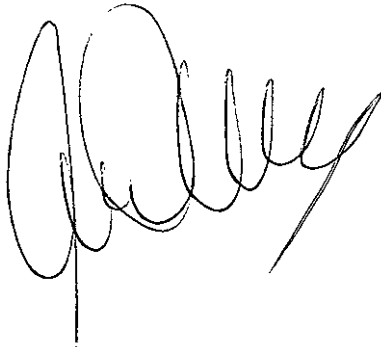
Printo Wrappings Limited

Balance Sheet as at 31 December 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	6	968,394	979,591
Current Assets			
Stocks	7	1,335,541	1,294,542
Debtors	8	138,730	129,264
Cash at bank and in hand		71,035	11,746
		<u>1,545,306</u>	<u>1,435,552</u>
Creditors: amounts falling due within one year	9	<u>(790,184)</u>	<u>(840,104)</u>
Net Current Assets		<u>755,122</u>	<u>595,448</u>
Total Assets Less Current Liabilities		<u>1,723,516</u>	<u>1,575,039</u>
Provision for Liabilities and Charges	10	<u>(100,000)</u>	<u>(100,000)</u>
		<u>£1,623,516</u>	<u>£1,475,039</u>
Capital and Reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	1,622,516	1,474,039
Shareholders' Funds (equity interests)	14	<u>£1,623,516</u>	<u>£1,475,039</u>

The financial statements were approved by the Board on 17th April 1997.

A.N.De
Director



B.N.De
Director



Printo Wrappings Limited

Cash Flow Statement
for the year ended 31 December 1996

	1996	1995
	£	£
Net cash inflow from operating activities	189,347	293,035
Returns on investments and servicing of finance		
Interest paid	(5,050)	(9,702)
Net cash outflow from returns on investments and servicing of finance	(5,050)	(9,702)
Taxation		
Corporation tax paid	(46,126)	(45,713)
Tax paid	(46,126)	(45,713)
Investing activities		
Payments to acquire tangible assets	(78,882)	(39,089)
Receipts from sales of tangible assets	-	800
Net cash outflow from investing activities	(78,882)	(38,289)
Net cash inflow before financing	59,289	199,331
Increase in cash and cash equivalents	£ 59,289	£ 199,331

Printo Wrappings Limited

Notes to the Cash Flow Statement
for the year ended 31 December 1996

1	Reconciliation of operating profit to net cash inflow from operating activities	1996 £	1995 £	
	Operating profit	235,653	148,303	
	Depreciation of tangible assets	90,079	87,649	
	Profit on disposal of tangible assets	-	159	
	Increase in stocks	(40,999)	(44,625)	
	Increase in debtors	(9,466)	23,040	
	Decrease in creditors due within one year	(85,920)	78,509	
	Net cash inflow from operating activities	<u>£ 189,347</u>	<u>£ 293,035</u>	
2	Analysis of changes in cash and cash equivalents during the year	1996 £	1995 £	
	Balance at 1 January 1996	11,746	(187,585)	
	Net cash inflow	59,289	199,331	
	Balance at 31 December 1996	<u>£ 71,035</u>	<u>£ 11,746</u>	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1996 £	1995 £	Change in year £
	Cash at bank and in hand	71,035	11,746	59,289
		<u>£ 71,035</u>	<u>£ 11,746</u>	<u>£ 59,289</u>

Printo Wrappings Limited

Notes to the Financial Statements for the year ended 31 December 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable Accounting Standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.4 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:

Land and buildings	-	Straight line over forty years
Plant and machinery	-	10-20% Straight line/Reducing balance
Fixtures, fittings and equipment	-	10-25% Straight line/Reducing balance
Motor vehicles	-	25% Reducing balance

No depreciation is provided in respect of freehold land.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

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 Pensions

The expected cost of pensions in respect of the company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Pension costs are assessed in accordance with the advice of an actuary.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Printo Wrappings Limited

Notes to the Financial Statements for the year ended 31 December 1996

2. Turnover

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

3. Operating Profit

	1996 £	1995 £
Operating profit is stated after charging:		
Depreciation of tangible assets	90,079	87,649
Hire of plant and machinery	3,900	5,788
Operating lease rentals-plant and machinery	8,678	8,460
Auditors' remuneration	5,200	4,950

4. Interest Payable

	1996 £	1995 £
On bank overdraft	5,050	9,702
	<u>£ 5,050</u>	<u>£ 9,702</u>

5. Taxation

	1996 £	1995 £
U.K. Current year taxation		
U.K. Corporation tax at 33% (1995 - 33%)	82,000	46,000
Prior years		
U.K. Corporation tax	126	(2,287)
	<u>£ 82,126</u>	<u>£ 43,713</u>

Printo Wrappings Limited

Notes to the Financial Statements
for the year ended 31 December 1996

6. Tangible Assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 1996	692,820	983,712	130,055	65,819	1,872,406
Additions	-	47,922	30,960	-	78,882
At 31 December 1996	692,820	1,031,634	161,015	65,819	1,951,288
Depreciation					
At 1 January 1996	52,080	724,648	81,661	34,426	892,815
Charge for year	16,018	48,514	17,698	7,849	90,079
At 31 December 1996	68,098	773,162	99,359	42,275	982,894
Net book values					
At 31 December 1996	£624,722	£258,472	£61,656	£23,544	£968,394
At 31 December 1995	£640,740	£259,064	£48,394	£31,393	£979,591

7. Stocks and Work in Progress

	1996 £	1995 £
Work in progress	3,762	41,936
Finished goods and raw materials	1,331,779	1,252,606
	£1,335,541	£1,294,542

Consignment stock amounting to £913,756 (1995-£737,890) are included in finished goods. The stock is held by the holding company, Swizzels Matlow Limited.

8. Debtors

	1996 £	1995 £
Trade debtors	6,543	576
Other debtors	80,323	79,976
Prepayments and accrued income	51,864	48,712
	£ 138,730	£ 129,264

Printo Wrappings Limited

Notes to the Financial Statements for the year ended 31 December 1996

9. Creditors: amounts falling due within one year	1996 £	1995 £
Trade creditors	362,609	380,052
Amounts owed to group undertaking	266,678	353,392
Corporation tax	82,000	46,000
Other taxes and social security costs	51,101	48,733
Accruals and deferred income	27,796	11,927
	<u>£ 790,184</u>	<u>£ 840,104</u>

10. Provisions for Liabilities and Charges

Deferred tax is provided at 33% (1995 - 33%) analysed over the following timing differences:

	Not provided		Provided	
	1996	1995	1996	1995
	£	£	£	£
Accelerated capital allowances	130,842	134,034	17,085	17,085
Other timing differences	(3,869)	-	82,915	82,915
	<u>£ 126,973</u>	<u>£ 134,034</u>	<u>£ 100,000</u>	<u>£ 100,000</u>

No provision has been made for any liability to taxation that may arise on the sale of freehold buildings as it is not the intention of the directors to dispose of the property.

11. Pension Costs

The employees of the company are members of a funded defined benefit final salary scheme, The Swizzels Matlow Limited Retirement Benefits Plan. The contributions requested by the holding company in respect of the company's employees are charged to the profit and loss account. The holding company is responsible for any shortfall in the funding of the scheme. The pension cost for the year amounted to £11,725 (1995 - £54,764).

A full actuarial review of the scheme was undertaken at 31 March 1996. Details of the actuarial valuation of the group scheme are contained in the accounts of the holding company, Swizzels Matlow Limited.

Printo Wrappings Limited

Notes to the Financial Statements
for the year ended 31 December 1996

12.	Share Capital	1996 £	1995 £
	Authorised		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
13.	Profit And Loss Account	1996 £	1995 £
	Retained profits at 1 January 1996	1,474,039	1,379,151
	Retained profit for the year	<u>148,477</u>	<u>94,888</u>
	Retained profits at 31 December 1996	<u>£1,622,516</u>	<u>£1,474,039</u>
14.	Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
	Profit for the financial year	148,477	94,888
	Opening shareholders' funds	<u>1,475,039</u>	<u>1,380,151</u>
	Closing shareholders' funds	<u>£1,623,516</u>	<u>£1,475,039</u>
15.	Contingent Liabilities		

There is an unlimited cross guarantee between the holding company, Swizzels Matlow Limited, and the company.

Printo Wrappings Limited

Notes to the Financial Statements
for the year ended 31 December 1996

16. Capital Commitments	1996 £	1995 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	37,779	-
Authorised but not contracted for	-	7,132
	<u> </u>	<u> </u>

The commitment under other operating leases payable in the next year, which expires within two to five years amounts to £1,240.

17. Directors' Emoluments	1996 £	1995 £
Remuneration	<u>13,140</u>	<u>22,226</u>
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman and the highest-paid director	<u>£ 13,140</u>	<u>£ 22,226</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:	Number	Number
£Nil - £5,000	<u>1</u>	<u>1</u>

18. Related Party Transactions

Exemption has been taken of related party disclosures in respect of group transactions on the grounds that details of the company are included in publicly available consolidated accounts of Swizzels Matlow Limited.

Printo Wrappings Limited

Notes to the Financial Statements for the year ended 31 December 1996

19. Employees

Number of employees

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

	1996 Number	1995 Number
Administrative	7	7
Production	36	35
	<u>43</u>	<u>42</u>

Employment costs

	£	£
Wages and salaries	849,842	799,668
Social security costs	75,057	68,514
Other pension costs	11,725	54,764
	<u>£936,624</u>	<u>£922,946</u>

20. Ultimate Parent Company

The ultimate parent company is Swizzels Matlow Limited, a company registered in England and Wales.