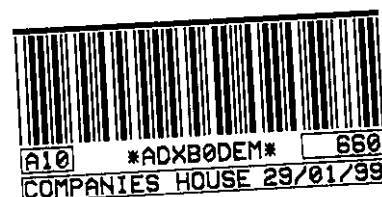


# PET Technologies Limited

## Report and Accounts

Year ended 31 December 1997

*Registered No. 1038677*



**DIRECTORS**

J A Brown (Resigned 30 May 1997)  
R C Brown (Resigned 31 December 1997)  
J D Thom (Resigned 27 April 1998)  
D J Stevens (Appointed 31 December 1997, resigned 27 April 1998)  
D Van Hooser (Appointed 27 April 1998)  
T L Young (Appointed 27 April 1998)

**SECRETARY**

BTR Secretaries Limited  
BTR House  
Carlisle Place  
London  
SW1P 1BX (Resigned 27 April 1998)  
  
K M Rees (Appointed 27 April 1998)

**AUDITORS**

Ernst & Young  
Apex Plaza  
Reading  
Berkshire  
RG1 1YE

**REGISTERED OFFICE**

Porters Wood  
St Albans  
Hertfordshire  
AL3 6NY

# PET Technologies Limited

## DIRECTORS' REPORT

The directors present their annual report and the accounts for the year ended 31 December 1997.

### RESULTS AND DIVIDENDS

The profit for the financial year amounted to £0.3m (1996: the company did not trade as a separate company, but as a branch of ACI Rockware Ltd). The directors do not recommend payment of a dividend.

### PRINCIPAL ACTIVITIES

The company's principal activity during the year was the manufacture of plastics containers, mainly in PET resin but also in polypropylene. These products being supplied to a variety of manufacturers for filling with their products.

### REVIEW OF THE BUSINESS

PET Technologies went through a period of reorganisation during the first six months of 1997. Profits grew steadily throughout 1997 to close at a satisfactory figure considering the initial disruption to the business.

### EVENTS SINCE THE BALANCE SHEET

Since the 1997 year end PET Technologies as part of the ACI Packaging Group world-wide was disposed of by BTR plc to Owens-Illinois Inc.

During 1998 the company has incurred significant buying advantages as a consequence of joining the Owens European purchasing group. Additionally, through sharing costs and skilled personnel throughout Europe the company is gaining access to highly skilled personnel and increased resources.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year are those listed on page 2.

The interests of the directors existing at the year end in the share capital of BTR plc were:

	<i>Warrants</i>		<i>Ordinary shares</i>		<i>SAYE</i>		<i>SESOS</i>		<i>LTIP</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
J D Thom	60	390	355	355	9,950	10,101	75,500	75,500	17,000	-
D J Stevens	-	-	-	-	5,186	-	125,000	-	68,250	-

Movements in directors interests in share options of BTR plc were as follows:

	<i>Granted</i>	<i>Exercised</i>
	<i>1997</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>
J D Thom - SAYE	3,670	3,821
- LTIP	17,000	-

# PET Technologies Limited

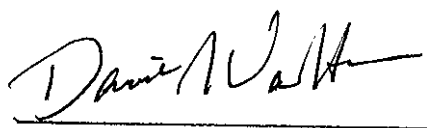
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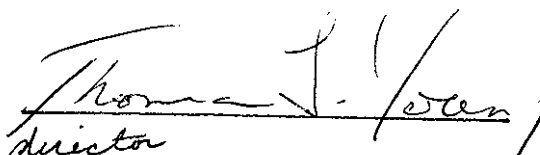
## DIRECTORS' REPORT

### AUDITORS

In accordance with S386 of the Companies Act 1985 a resolution to dispense with the obligation to appoint auditors annually was passed on 24 May 1991. Accordingly, Ernst & Young shall be deemed to be reappointed as auditors 28 days after the accounts are sent to the members.

On behalf of the Board

  
\_\_\_\_\_  
director

  
\_\_\_\_\_  
director

## PET Technologies Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS**

to the members of PET Technologies Limited

We have audited the accounts on pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

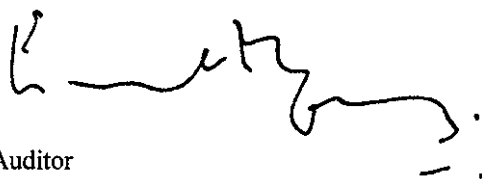
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor

27 January 1999

# PET Technologies Limited

## PROFIT AND LOSS ACCOUNT

Year ended at 31 December 1997

	<i>Note</i>	<i>1997</i> £'000	<i>1996</i> £'000
<b>TURNOVER</b>	2	8,798	-
Cost of sales		(3,954)	-
		<u>4,844</u>	<u>-</u>
<b>GROSS PROFIT</b>			
Distribution costs		609	-
Administrative expenses		3,899	-
		<u>336</u>	<u>-</u>
<b>OPERATING PROFIT</b>	3	336	-
Interest payable	5	(34)	-
		<u>302</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities	7	-	-
		<u>-</u>	<u>-</u>
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>		<u>302</u>	<u>-</u>

The results for the financial year are derived from continuing operations; in the preceding year the business was trading as a branch of ACI Rockware Ltd.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £302,000 in the year ended 31 December 1997 (1996: £nil).

# PET Technologies Limited

## BALANCE SHEET at 31 December 1997

	Notes	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	6,825	6,817
<b>CURRENT ASSETS</b>			
Stocks	9	1,765	967
Debtors	10	2,273	2,407
Cash at bank and in hand		295	1
		4,333	3,375
<b>CREDITORS: amounts falling due within one year</b>	11	(1,425)	(2,089)
<b>NET CURRENT ASSETS</b>		2,908	1,286
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,733	8,103
<b>CREDITORS: amounts falling due after more than one year</b>	12	(9,208)	(7,880)
		525	223
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	65	65
Share premium account	15	167	167
Capital reserve account	15	8	8
Profit and loss account	15	285	(17)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		525	223

These accounts were approved by the board of directors on

Director David A. Smith

28 October 1998  
date

Director Thomas J. Young  
date 29 Oct 1998



NOTES TO THE ACCOUNTS  
at 31 December 1997

**1 ACCOUNTING POLICIES**

The accounts are prepared in accordance with all applicable accounting standards. The particular accounting policies adopted are described below.

*Accounting convention*

The accounts are prepared under the historical cost convention.

*Depreciation of tangible fixed assets*

Depreciation is provided to write off the cost or valuation of tangible fixed assets over their estimated useful lives on a straight line basis. The rates of depreciation applied to fixed assets are as follows:

Plant, machinery and equipment	-	7.5% – 33% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	20% per annum

*Moulds and development costs*

Moulds and relevant development costs are depreciated over varying periods up to a maximum of five years depending upon:

- (a) their useful life;
- (b) the length of the customer contracts.

Depreciation is on a straight line basis commencing in the month in which the mould is first used.

*Valuation of stocks*

- (i) Stocks of finished goods are valued at the lower of cost and net realisable value. Cost of finished goods is defined as all the costs of production including attributable factory overheads.
- (ii) All other stocks and stores are valued at lower of cost and net realisable value.

*Leasing and hire purchase commitments*

Fixed assets leased under finance leases are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

The costs of operating leases are charged to profit and loss account on a straight line basis over the lease term.

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling the balance sheet date.

All differences are taken to the profit and loss account.

*Deferred taxation*

Deferred taxation is provided on timing differences arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates which it is estimated that tax will arise. Advance corporation tax which is available to reduce the corporation tax payable on future profits is deducted from the provision for deferred taxation.

# PET Technologies Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the manufacture and installation of fire-prevention equipment.

An analysis of turnover by geographical market is given below:

	1997 £'000	1996 £'000
United Kingdom	7,887	-
Rest of Europe	671	-
United States of America	230	-
Other	10	-
	<u>8,798</u>	<u>-</u>

### 3 OPERATING PROFIT

	1997 £'000	1996 £'000
Depreciation of owned fixed assets	1,006	-
Depreciation of assets held under finance leases and hire purchase contracts	18	-
Provision for diminution in value	58	-
Amortisation of development costs	101	-
Auditors' remuneration	15	-
Operating lease rentals - plant and machinery	39	-
	<u></u>	<u></u>

### 4 STAFF COSTS

	1997 £'000	1996 £'000
Wages and salaries	1,892	-
Social security costs	146	-
Other pension costs	42	-
	<u>2,080</u>	<u>-</u>

The monthly average number of employees during the year was as follows:

	1997 £'000	1996 £'000
Sales and marketing	3	-
Manufacturing	98	-
Administration	6	-
	<u>107</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
at 31 December 1997

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Finance charges payable under finance leases and hire purchase contracts	34	-

**6 DIRECTORS' EMOLUMENTS**

The directors received £Nil emoluments during the year (1996: £Nil).

During the year one director exercised share options.

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

Based on the result for the year there is no taxation liability.

If full provision had been made for deferred taxation for the year, the taxation charge would have been reduced by £84,000 (1996: £1,234,000 increase) as follows:

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Capital allowances in advance of depreciation	1,150	1,234
	<u>1,150</u>	<u>1,234</u>

# PET Technologies Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 8 TANGIBLE FIXED ASSETS

	<i>Plant and machinery £'000</i>	<i>Equipment and vehicles £'000</i>	<i>Total £'000</i>
Cost:			
At 1 January 1997	9,323	3,465	12,788
Additions	725	365	1,090
Disposals	-	-	-
At 31 December 1997	10,048	3,830	13,878
Accumulated depreciation:			
At 1 January 1997	3,372	2,599	5,971
Provided during the year	602	422	1,024
Disposals	-	-	-
Provision for diminution in value	58	-	58
At 31 December 1997	4,032	3,021	7,053
Net book value:			
At 31 December 1997	6,016	809	6,825
At 31 December 1996	5,951	866	6,817

The net book values of tangible assets held under finance leases are as follows:

	<i>1997 £'000</i>	<i>1996 £'000</i>
Plant and machinery:		
cost		
depreciation	225	225
net book value	(66)	(48)
	159	177

### 9 STOCKS

	<i>1997 £'000</i>	<i>1996 £'000</i>
Raw material and consumables	493	512
Work in progress	205	45
Finished goods and goods for resale	1,067	410
	1,765	967

The directors consider that there is no material difference between the value of stock stated above and its replacement cost.

# PET Technologies Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 10 DEBTORS: amounts falling due within one year

	1997 £'000	1996 £'000
Trade debtors	1,630	1,470
Amounts due from parent and fellow subsidiary undertakings	13	241
Recoverable tooling	402	541
Development costs	-	24
Other debtors	-	45
Prepayments and accrued income	228	86
	<u>2,273</u>	<u>2,407</u>

Included in recoverable tooling is £113,000 which is recoverable in more than one year.

### 11 CREDITORS: amounts falling due within one year

	1997 £'000	1996 £'000
Obligations under finance leases	29	58
Trade creditors	1,107	1,739
Amounts due to fellow group undertakings	35	101
Other creditors	-	32
Other taxes and social security	91	53
Accruals and deferred income	163	106
	<u>1,425</u>	<u>2,089</u>

### 12 CREDITORS: amounts falling due after more than one year

	1997 £'000	1996 £'000
Amounts due to immediate parent undertaking	2,932	3,500
Amounts due to ultimate parent undertaking	6,276	4,380
	<u>9,208</u>	<u>7,880</u>

### 13 DEFERRED TAXATION

	Provided		Not provided	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Accelerated capital allowances	-	-	1,150	1,234

# PET Technologies Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 14 SHARE CAPITAL

	1997 £	1996 £
<i>Authorised, allotted and fully paid:</i>		
32,000 'A' ordinary shares of £1 each	32,000	32,000
33,207 'B' ordinary shares of £1 each	33,207	33,207
100 'C' ordinary shares of £1 each	100	100
	<u>65,307</u>	<u>65,307</u>

As share classes rank pari passu except with regard to spectral pre-emption rights on liquidation, as set out in the company's articles of association.

### 15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss shareholders' account £'000	Total funds £'000
At 31 December 1996	65	167	8	(17)	223
Profit for the year	-	-	-	302	302
At 31 December 1997	<u>65</u>	<u>167</u>	<u>8</u>	<u>285</u>	<u>525</u>

### 16 PENSION COMMITMENTS

The company is a member of the BTR Group pension scheme. This defined benefit scheme is based in the UK. The assets of the scheme are held in a separate trustee administered fund. The company's contributions to the scheme are made in accordance with the recommendations of the independent actuaries of the scheme. The latest actuarial valuation of the BTR Group Pension scheme was made by a qualified actuary at 6 April 1997 and relevant details are disclosed in the accounts of BTR.

### 17 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £150,000 (1996: £Nil).

### 18 OTHER FINANCIAL COMMITMENTS

	1997 £'000	1996 £'000
Operating leases which include no land and buildings and which expire:		
within one year	1,553	8,453
in two to five years	37,571	32,000
	<u>39,124</u>	<u>40,553</u>

# PET Technologies Limited

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## NOTES TO THE ACCOUNTS at 31 December 1997

### 19 CASH FLOW STATEMENT

As the company was at the year end a wholly owned subsidiary of BTR plc, a company registered in England and Wales, which prepared a company registered in England and Wales, which prepares a consolidated cash flow statement, the Company has taken advantage of the exemption provided under the scope of FRS1 (Revised 1996) not to prepare a cash flow statement.

### 20 PENSION COMMITMENTS

The employees of PET Technologies Limited are members of the BTR Group Pension Scheme. This defined benefit scheme is based in the UK. The assets of the BTR Group Pension Scheme are held in a separate trustee administered fund. The company's contributions to the BTR Group Pension Scheme are based on pension costs across the group as a whole.

The latest actuarial valuation of the BTR Group Pension Scheme was made by qualified actuaries at 5 April 1997 and relevant details are disclosed in the accounts of BTR

### 21 RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary undertaking of BTR plc, a company registered in England and Wales, which prepares published consolidated financial statements, the company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries of the BTR Group. There are no other related party transactions.

Disclosure of the Directors' interests in the shares of the company and BTR plc is made in the Directors' Report.

### 21 IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking of PET Technologies Limited is Rockware Group Limited.

### 22 ULTIMATE PARENT UNDERTAKING AND POST BALANCE SHEET EVENT

As at the year end the ultimate parent undertaking of PET Technologies Limited was BTR plc, a company registered in England and Wales. Copies of the group accounts of BTR plc can be obtained from the company secretarial department at BTR plc, BTR House, Carlisle Place, London, SW1P 1BX.

Since the 1997 year end, PET Technologies, as part of the ACI Packaging Group, was sold by BTR plc to Owens-Illinois Inc.