

REGISTERED NO: 1146077

DIRECTORS' REPORT

The directors present the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is the manufacture and sale of liquid packaging cartons and the sale of associated machinery for the forming and filling of cartons.

During the year the company disposed of a division of its business, details of which are disclosed in note 5 to the financial statements.

On 13 December 2003 the company's entire share capital was acquired by SIG Holdings (UK) Limited.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £1,188,000. Although the directors are disappointed in the results for the year, they consider that solid foundations for further growth have been laid and view the future with confidence.

FUTURE DEVELOPMENTS

The directors will continue to manage the business with a view to improving the company's profitability in the current year.

DIRECTORS

Mr R Rademacher and Mr A Rosenstock held office throughout the year.

DIRECTORS' INTERESTS

None of the directors who held office at 31st December 2003 had interests in the share capital of the company.

POLITICAL AND CHARITABLE DONATIONS

During the year, the company made various charitable donations totalling £3,006 (2002: £1,892).

DIRECTORS RESPONSIBILITIES

Preparation of the Financial Statements

This statement, which should be read together with the auditors' report set out on page 3, is made with the view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and the profit or loss for the financial year.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors consider that in preparing the financial statements on pages 4 to 13 appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have the general responsibility for taking such steps as are reasonably open to safeguard the assets of the company and to detect fraud and other irregularities.



CREDITOR PAYMENT POLICY AND PRACTICE

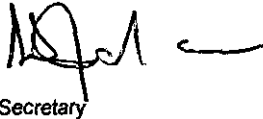
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2003, the company had an average of 60 days purchases outstanding in trade creditors.

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting

BY ORDER OF THE BOARD



Secretary

Date: 27 August 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIG COMBIBLOC LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise of the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

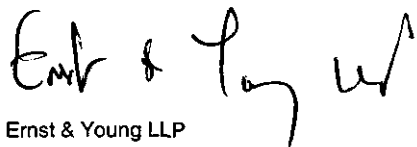
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31st December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

17-Aug-04

SIG COMBIBLOC LIMITED

PROFIT AND LOSS ACCOUNT - YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £'000	2002 £'000
TURNOVER	(2)	38,461	26,565
OPERATING COSTS	(4a)	37,252	23,823
OPERATING PROFIT		1,209	2,742
LOSS ON SALE OF OPERATIONS	(5)	(1,355)	-
LOSS ON SALE OF TANGIBLE FIXED ASSETS		(277)	(36)
INTEREST	(6)	(1,135)	(560)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,558)	2,146
TAXATION (CREDIT)/CHARGE	(7)	(370)	656
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(1,188)	1,490
DIVIDENDS (EQUITY PAID)	(8)	-	(36,723)
LOSS RETAINED FOR THE FINANCIAL YEAR		(1,188)	(35,233)

The movement on reserves is shown in Note 19 to the financial statements.

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £1,188,000 in the year ended 31st December 2003 and the profit of £1,490,000 in the year ended 31st December 2002.

SIG COMBIBLOC LIMITED

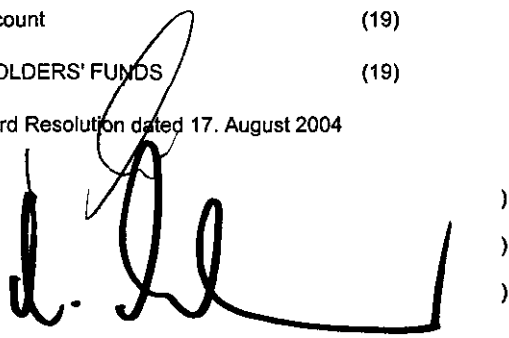
BALANCE SHEET - 31ST DECEMBER 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible Assets	(12)	13.311	15.866
CURRENT ASSETS			
Stocks	(13)	8.366	4.602
Debtors	(14)	4.342	4.128
Cash at Bank and in hand	(15)	7.228	2.652
		<u>19.936</u>	<u>11.382</u>
CREDITORS			
Amounts falling due within one year	(16)	14.191	6.431
NET CURRENT ASSETS		<u>5.745</u>	<u>4.951</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19.056</u>	<u>20.817</u>
CREDITORS			
Amounts falling due after more than one year	(16)	15.000	15.000
PROVISIONS FOR LIABILITIES AND CHARGES	(17)	254	827
		<u>3.802</u>	<u>4.990</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	(18)	1.500	1.500
Capital Contribution	(18)	2.000	2.000
Profit and Loss Account	(19)	302	1.490
EQUITY SHAREHOLDERS' FUNDS	(19)	<u>3.802</u>	<u>4.990</u>
		=====	=====

Approved by a Board Resolution dated 17. August 2004

A Rosenstock

R Rademacher



)
) Directors
)

SIG COMBIBLOC LIMITED
CASH FLOW STATEMENT - YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £'000	2002 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(4b)	6,713	4,631
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-----	-----
Interest paid		(884)	-
Interest received		1	190
		-----	-----
		(883)	190
TAXATION		-----	-----
Corporation Tax Paid		(318)	(564)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		-----	-----
Payments to acquire tangible fixed assets		(2,197)	(1,908)
Receipts from sales of tangible fixed assets		386	7
		-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,811)	(1,901)
ACQUISITIONS AND DISPOSALS		-----	-----
Receipts from sale of operations		875	-
EQUITY DIVIDENDS PAID		-	(36,723)
		-----	-----
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		4,576	(34,367)
		-----	-----
FINANCING		-----	-----
Receipt of loan from former fellow subsidiary undertaking	(16)	-	15,447
Loan from fellow subsidiary undertaking		-	15,000
Capital contribution received	(18)	-	2,000
		-----	-----
NET CASH INFLOW FROM FINANCING		-	32,447
		-----	-----
INCREASE/(DECREASE) IN CASH	(15)	4,576	(1,920)
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES

Accounting Convention - the financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation - depreciation is calculated to write off the book value of tangible assets over their expected life by equal annual instalments, except that depreciation is not provided on the cost of freehold land or assets under construction.

Tangible fixed assets are depreciated at the following rates:

Freehold buildings	2%
Plant, machinery and vehicles	7.5 to 33.3%

Stocks - stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and goods for resale - purchases on an average cost basis.

Work in progress and finished goods - cost of direct materials, labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign Currencies - assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end or which are appropriate to a transaction.

Differences arising from fluctuations in exchange rates are taken to profit and loss account where they relate to items of a trading nature.

Those arising on long term assets and liabilities are taken to reserves.

Deferred Tax - Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Development expenditure is charged in the year it is incurred.

Deferred Operating Expenditure - the net costs of filling machine placements are charged against profit over a four year period. Any such net costs not yet charged are held in the balance sheet as "Deferred Operating Expenditure

Pensions - The company operates a Group Personal Pension plan which is a defined contribution scheme. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension costs charge in 2003 represents contributions payable by the company to both schemes.

SIG COMBIBLOC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)

2. TURNOVER

Turnover is defined as the net amount receivable (excluding VAT) for goods supplied and services provided and includes sales to group undertakings within the UK and Eire. Turnover is attributable to one continuing activity, the manufacture and sale of liquid packaging cartons and the sale of associated machinery for the forming and filling cartons.

An analysis of turnover by geographical market is not given as in the directors' opinion it would be seriously prejudicial to the business.

3. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is the SIG Group, a company incorporated in Switzerland.

4.a	OPERATING COSTS	2003 £'000	2002 £'000
	Raw materials and consumables	25,948	15,239
	Foreign exchange differences	(84)	-
	Employee costs (Note 9)	6,019	4,742
	Depreciation - owned assets	2,920	2,320
	Other operating charges	2,206	1,603
	Decrease/(Increase) in stocks of finished goods	453	(291)
	Restructuring provision (released)/charged	(210)	210
		37,252	23,823
		=====	=====
	Other operating charges include:		
	Auditors remuneration	23	21
	Other fees paid to auditors	36	28
		=====	=====

4.b	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	2003 £'000	2002 £'000
	Operating profit	1,209	2,706
	Depreciation	2,920	2,320
	Loss on sale of tangible fixed assets	-	36
	Increase in stocks	(4,522)	(1,012)
	(Increase)/decrease in debtors	(416)	433
	Increase in creditors	7,522	148
		-----	-----
	Net cash inflow from operating activities	6,713	4,631
		=====	=====

5. LOSS ON SALE OF OPERATIONS

During the year the company disposed of a division of its business as follows:

	£'000	£'000
Sales proceeds		875
Net book value of fixed assets disposed	(1,169)	
Net book value of book stocks disposed	(758)	
Net book value of deferred operating expenditure disposed	(303)	
	-----	(2,230)
Loss on sale of operations		(1,355)
		=====

The transaction resulted in a net cash inflow to the company of £0.9m.

This division contributed £4.1m (2002: £6.9m) to the company's turnover and a loss of £0.1m (2002: profit of £0.1m) to the company's operating results during the year.

SIG COMBIBLOC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)

6.	INTEREST	2003 £'000	2002 £'000
	Payable		
	Third party - other	(50)	-
	Group companies	(1,086)	(750)
		-----	-----
		(1,136)	(750)
		-----	-----
	Receivable		
	Third party - other	1	190
		-----	-----
	Net interest payable	(1,135)	(560)
		=====	=====

7.	TAXATION	2003 £'000	2002 £'000
a) The tax (credit)/charge is made up as follows:			
	Current tax		
	UK Corporation tax	-	107
	Adjustment to prior years	203	(27)
		-----	-----
		203	80
		=====	=====
	Deferred tax		
	Origination and reversal of timing differences (note 17)	(573)	576
		-----	-----
	Total deferred tax	(573)	576
		=====	=====
	Tax (credit)/charge on (loss)/profit on ordinary activities	(370)	656
		=====	=====

b) Factors affecting the current tax (credit)/charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £'000	2002 £'000
(Loss)/profit on ordinary activities before tax	(1,558)	2,146
(Loss)/profit on ordinary activities at standard rate of corporation in the UK of 30% (2002: 30%)	(467)	644
Effect of:		
Disallowed expenses and non-taxable income	15	17
Capital allowances in excess of depreciation	(36)	(490)
Other timing differences	(63)	(58)
Tax losses not relieveable against current tax	551	-
Adjustments in respect of previous periods	203	(27)
Other	-	(6)
	-----	-----
Total current tax charge for the year	203	80
	=====	=====

c) Factors that may affect future tax charges

The directors expect no material changes to the effective rate of tax in the foreseeable future.

SIG COMBIBLOC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)

8.	DIVIDENDS	2003 £'000	2002 £'000
	Dividend paid - ordinary (equity)	- =====	36,723 =====
9.	EMPLOYEES	2003 £'000	2002 £'000
a)	Employee Costs		
	Wages and salaries	5,113	3,986
	Social Security costs	470	352
	Other pension costs	436	404
		----- 6,019 =====	----- 4,742 =====
b)	Number of Employees		
	Monthly average number of employees:		
	Operatives	84	70
	Staff	101	96
		----- 185 =====	----- 166 =====
10.	EMOLUMENTS OF DIRECTORS	2003 £'000	2002 £'000
	Emoluments	- =====	83 =====
	Company contributions to defined benefit pension scheme	- =====	- =====
	Members of defined contribution pension scheme	-	-
	Members of defined benefit pension scheme	- =====	1 =====

11. PENSION COSTS

The company operates a Group Personal Pension plan which is a defined contribution scheme. The assets of this scheme are held separately from those of the company in an independently administered fund.

Contributions are charged to the profit and loss account in the year in which they become payable.

The unpaid contributions at 31 December 2003 were £28,000 (2003: £6,000).

SIG COMBIBLOC LIMITED
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)
12. TANGIBLE ASSETS

	Freehold Land & Buildings	Plant Machinery & Vehicles	Total
	£'000	£'000	£'000
Cost			
1st January 2003	3,970	31,205	35,175
Additions	-	2,197	2,197
Disposals	-	(9,771)	(9,771)
31st December 2003	3,970	23,631	27,601
Depreciation			
1st January 2003	975	18,334	19,309
Provided during the year	153	2,767	2,920
Disposals	-	(7,939)	(7,939)
31st December 2003	1,128	13,162	14,290
Net book amounts:			
31st December 2003	2,842	10,469	13,311
31st December 2002	2,995	12,871	15,866

Included in freehold land and buildings is land which cost £309,000 which is not depreciated.

The net book value of plant, machinery and vehicles includes £849,000 in respect of assets leased to customers under operating lease arrangements.

13. STOCKS

	2003 £'000	2002 £'000
Raw materials	2,904	1,528
Work in progress	18	286
Finished goods and goods for resale	5,444	2,788
	8,366	4,602

In the opinion of the directors the replacement value of the above stocks is not materially different from the valuation shown above.

14. DEBTORS

	2003 £'000	2002 £'000
Amounts due from fellow subsidiary undertakings	1,095	627
Trade debtors	2,151	3,147
Deferred Operating Expenditure	440	354
Other debtors	555	-
Corporation tax	101	-
	4,342	4,128

Amounts falling due after more than one year include the following amounts included within deferred operating expenditure and other debtors.

716	265
-----	-----

Trade debtors can be analysed as follows:

Gross trade debtors	6,042	3,147
less: amounts advanced under non-recourse debt factoring arrangements	(3,891)	-
	2,151	3,147

Amounts advanced under non-recourse debt factoring arrangements represent cash received by the company against factored trade debtors which, under the factoring agreement, are not repayable under any circumstances.

SIG COMBIBLOC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)

15.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2003 £'000	2002 £'000
	Increase/(decrease) in cash	4,576	(1,920)
	Loan from fellow subsidiary undertakings	-	(15,000)
		-----	-----
	MOVEMENT IN NET DEBT ARISING FROM CASH FLOWS	4,576	(16,920)
	NET (DEBT)/FUNDS AT 1 JANUARY	(12,348)	4,572
		-----	-----
	NET DEBT AT 31 DECEMBER	(7,772)	(12,348)
		=====	=====

16.	CREDITORS	2003 £'000	2002 £'000
	Amounts falling due within one year:		
	Amount due to fellow subsidiary undertakings	8,548	3,310
	Trade creditors	5,340	423
	Corporation Tax	-	14
	Other taxes and Social Security costs	199	134
	Other creditors	104	2,550
		-----	-----
		14,191	6,431
		=====	=====
	Amounts falling due after more than one year:		
	Amount due to fellow subsidiary undertakings	15,000	15,000
		-----	-----
		15,000	15,000
		=====	=====

The amount due to fellow subsidiary undertakings is not repayable until at least 1 January 2005.

17. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	2003 £'000	2002 £'000
At 1st January	827	251
(Credit)/Charge to profit and loss account (note 7)	(573)	576
	-----	-----
At 31st December	254	827
	=====	=====
	2003 £'000	2002 £'000
The deferred tax included in the balance sheet is made up as follows:		
Accelerated capital allowances	811	777
Other timing differences	(5)	50
Tax losses	(552)	-
	-----	-----
	254	827
	=====	=====

18.	SHARE CAPITAL	2003 £'000	2002 £'000
	Ordinary shares of £1 each - authorised, allotted, called up and fully paid	1,500	1,500
	Capital contribution	2,000	2,000
		-----	-----
		3,500	3,500
		=====	=====

SIG COMBIBLOC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2003 (cont'd)

19. RECONCILIATION OF SHAREHOLDERS' FUNDS & MOVEMENT ON RESERVES

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
	£'000	£'000	£'000
At 1st January 2002	1,500	36,723	38,223
Capital contribution	2,000	-	2,000
Profit for the year	-	1,490	1,490
Dividend	-	(36,723)	(36,723)
	-----	-----	-----
At 1st January 2003	3,500	1,490	4,990
Loss for the year	-	(1,188)	(1,188)
	-----	-----	-----
At 31st December 2003	3,500	302	3,802
	=====	=====	=====

20. CAPITAL COMMITMENTS

There are no capital commitments contracted but not provided for (2002: £nil).

21. CONTINGENT LIABILITIES

The company placed equipment at a customer's premises during the year, the sale of which, was made through a leasing company and supported by a Letter of Comfort issued by the Group.

As part of the arrangement the company entered into a Sales Agency Agreement whereby they agreed to buy back the equipment for €280,000 on expiry or other termination of the rental agreement.

The company believes that the future income, should the customer continue to use the equipment, or the proceeds from re-sale is likely to be greater than €280,000.

22. RELATED PARTIES

In the directors' opinion the ultimate parent undertaking and controlling party is SIG Group which is incorporated in Switzerland. Copies of its group financial statements, which include the company, are available from SIG Holding Ltd, CH-8212 Neuhausen am Rheinflall, Switzerland.

The company's immediate parent undertaking, with effect from 13 December 2003, is SIG Holdings (UK) Limited, a company incorporated in the UK.

The company has taken advantage of the exemption under FRS8 from disclosing transactions with Group undertakings on the grounds that it is a wholly owned subsidiary undertaking of the SIG Group.