

TWG Packaging Limited

Registered No. 1316779

DIRECTORS

J A Monks
C A Bruce
M R Stevenson
S P Young
F Young (Resigned 16 October 1997)
B Edwards (Resigned 16 October 1997)

SECRETARY

C A Bruce

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Midland Bank plc
117 Great Portland Street
London W1A 4VY

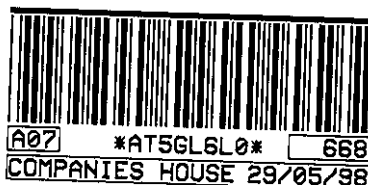
National Westminster Bank PLC
1 Finsbury Square
London EC2A 1AA

SOLICITORS

Clifford Chance
200 Aldersgate
London EC1A 4JJ

REGISTERED OFFICE

Windlebrook House
Guildford Road
Bagshot
Surrey GU19 5NG



TWG Packaging Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the 14 months ended 30 August 1997.

RESULTS AND DIVIDENDS

The profit for the period, after taxation was £597,111 (year to 30 June 1996 – £238,338). Shares were taken up in lieu of cash in respect of the interim dividend of £25,481 (year to 30 June 1996 – £nil). The directors recommend the payment of a final dividend of £253,000 (year to 30 June 1996 – £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The business was acquired by M.Y. Healthcare Packaging Ltd, a subsidiary of M.Y. Holdings plc, on 16 October 1996.

The company's principal activity during the period was the printing of both self-adhesive labels and patient information leaflets, primarily for the pharmaceutical industry.

The directors consider the level of business and the period end financial position to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors during the period ended 30 August 1997 were as listed on page 1.

The directors and their families had no beneficial interests in the shares of the company or any other group undertaking during the year except as shown below.

J A Monks and C A Bruce are directors of the parent undertaking M.Y. Holdings plc. Their interests and those of their families are disclosed in the directors' report of that company.

Outstanding options under the M.Y. Holdings plc:

	S.A.Y.E scheme		Executive share option scheme	
	30 August 1997	30 June 1996	30 August 1997	30 June 1996
M R Stevenson	17,783	–	20,000	–
S P Young	17,783	–	25,000	–

Options granted to J A Monks and C A Bruce are disclosed in the directors' report of M.Y. Holdings plc.

No director had a material interest in any contract which was significant in relation to the business of the company.

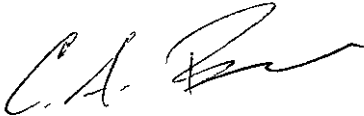
TWG Packaging Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

30 APR 1998

TWG Packaging Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 TWG Packaging Limited

We have audited the accounts on pages 6 to 16, which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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.

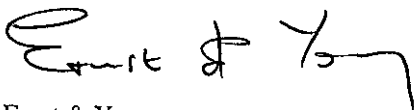
Basis of opinion

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 30 August 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

30 APR 1998

TWG Packaging Limited

PROFIT AND LOSS ACCOUNT

for the 14 month period ended 30 August 1997

		<i>14 month period ended 30 August 1997</i>	<i>Year ended 30 June 1996</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	5,410,088	4,250,148
Cost of sales		3,284,489	1,667,375
GROSS PROFIT		2,125,599	2,582,773
Distribution costs		175,462	87,193
Administration costs		1,040,564	2,121,152
		1,216,026	2,208,345
OPERATING PROFIT	3	909,573	374,428
Interest receivable		42,667	35,542
Interest payable and similar charges	6	(59,563)	(75,910)
		(16,896)	(40,368)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		892,677	334,060
Tax on profit on ordinary activities	7	295,566	95,722
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		597,111	238,338
Dividends	8	278,481	—
RETAINED PROFIT FOR THE YEAR		318,630	238,338

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

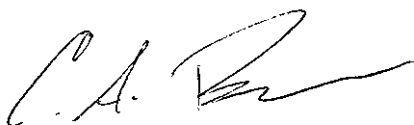
There are no recognised gains or losses other than the profit attributable to shareholders of the company.

TWG Packaging Limited

BALANCE SHEET

at 30 August 1997

	Notes	30 August 1997 £	30 June 1996 £
FIXED ASSETS			
Tangible fixed assets	9	1,634,753	1,779,367
CURRENT ASSETS			
Stocks	10	279,163	281,116
Debtors	11	1,022,906	1,052,531
Cash at bank and in hand		1,475,716	711,391
		<u>2,777,785</u>	<u>2,045,038</u>
CREDITORS: amounts falling due within one year	12	1,661,310	1,198,506
NET CURRENT ASSETS		<u>1,116,475</u>	<u>846,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,751,228</u>	<u>2,625,899</u>
CREDITORS: amounts falling due after more than one year	13	116,933	331,915
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	—	208,500
		<u>2,634,295</u>	<u>2,085,484</u>
CAPITAL AND RESERVES			
Called up share capital	15	126,303	100,000
Profit and loss account	16	2,507,992	1,985,484
		<u>2,634,295</u>	<u>2,085,484</u>



Director

30 APR 1998

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Operating leases

The rentals payable under operating leases are charged on a straight line basis over the lease term.

Assets held for use under operating leases are included as a separate category in fixed assets at cost and depreciated over their useful life. Rental income from assets held for operating leases is recognised on a straight line basis over the lease term.

Depreciation

Depreciation is provided on all tangible fixed assets, with the exception of long leasehold land, at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. Modest changes to the rates of certain fixed assets were made on the company's acquisition by M.Y. Healthcare Packaging Limited to align the rates to those of other M.Y. group companies. Tangible fixed assets since acquisition are therefore depreciated as follows:

Long leasehold buildings	-	straight line over 50 years
Plant and machinery	-	straight line over 4 to 20 years
Fixtures, fittings and equipment	-	straight line over 4 years
Motor vehicles	-	straight line over 4 years

No depreciation is provided on land on lease with an unexpired term of 50 years or more.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition as follows:

Raw materials	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus overheads based on the normal level of activity.

Turnover

Turnover consists of the invoiced value of goods sold during the period stated net of value added tax.

Taxation

Provision is made for liabilities arising on all assessable profits to the date of the balance sheet.

Deferred taxation is provided in respect of the excess of capital allowances given for tax purposes over depreciation charged and other timing differences, except to the extent that it is probable such a liability will not crystallise.

TWG Packaging Limited

NOTES TO THE ACCOUNTS

at 30 August 1997

1. ACCOUNTING POLICIES (continued)

Hire purchase contracts

All hire purchase contracts are capitalised at their estimated fair value at the date of inception of each contract. The finance charges are allocated over the period of the contract by applying a constant rate of charge on the outstanding balance.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated at the rate of exchange ruling at the date of the transaction except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date.

Exchange differences are taken into account in arriving at the operating profit.

Pension

The company operates defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the company.

2. TURNOVER

Turnover is attributable to one continuing activity, the manufacture and sale of packaging materials.

The geographical analysis of turnover is as follows:

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
United Kingdom	5,211,853	4,250,148
Europe	192,388	—
Other	5,847	—
	<u>5,410,088</u>	<u>4,250,148</u>

3. OPERATING PROFIT

This is stated after charging/(crediting) the following:

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
Depreciation – owned assets	169,147	86,335
– assets held under finance leases	152,568	194,342
Loss/(profit) on disposal of owned assets	1,327	(4,887)
Operating lease rentals – land and buildings	55,072	47,883
– other	27,055	7,304
Auditors' remuneration – audit fee	4,000	8,750
	<u>4,000</u>	<u>8,750</u>

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

4. DIRECTORS' EMOLUMENTS

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
Directors' remuneration (including pension contributions): In respect of management services	200,085	323,943
Emoluments, excluding pension contributions, of the the chairman	20,163	99,234
Emoluments, excluding pension contributions, of the the highest paid director	88,938	133,816

5. STAFF COSTS (including directors)

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
Wages and salaries	1,274,706	1,207,837
Social security costs	120,390	110,252
Other pension costs	71,598	56,700
	1,466,694	1,374,789

The average number of employees were as follows:

	<i>No.</i>	<i>No.</i>
Manufacturing and administration	52	56

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
On bank loans and overdrafts:		
Repayable within five years	—	3,785
Finance charges on assets held under hire purchase contracts and finance leases	58,268	72,125
Other	1,295	—
	59,563	75,910

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation charge for the period:

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
Corporation tax	299,366	95,000
Deferred taxation	(3,800)	6,500
Overprovision in previous period	—	(5,778)
	<u>295,566</u>	<u>95,722</u>

8. DIVIDENDS

	<i>14 month period ended 30 August 1997 £</i>	<i>Year ended 30 June 1996 £</i>
Interim — shares issued in lieu of cash	25,481	—
Final — proposed	253,000	—
	<u>278,481</u>	<u>—</u>

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

9. TANGIBLE FIXED ASSETS

	<i>Long leasehold property £</i>	<i>Plant, machinery & equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation:				
At 30 June 1996	424,056	2,702,838	268,507	3,395,401
Additions	—	165,120	48,808	213,928
Disposals	—	—	(112,454)	(112,454)
At 30 August 1997	424,056	2,867,958	204,861	3,496,875
Depreciation:				
At 30 June 1996	127,236	1,373,920	114,878	1,616,034
Provided during the period	20,967	262,797	37,951	321,715
Disposals	—	—	(75,627)	(75,627)
At 30 August 1997	148,203	1,636,717	77,202	1,862,122
Net book value:				
At 30 August 1997	275,853	1,231,241	127,659	1,634,753
At 30 June 1996	296,820	1,328,918	153,629	1,779,367

The net book value of tangible fixed assets includes £629,144 (1996 – £1,076,262) in respect of assets held under finance leases.

10. STOCKS

	<i>30 August 1997 £</i>	<i>30 June 1996 £</i>
Raw materials	75,376	97,253
Work in progress	43,393	49,068
Finished goods	160,394	134,795
	279,163	281,116

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

11. DEBTORS

	<i>30 August 1997 £</i>	<i>30 June 1996 £</i>
Trade debtors	944,626	968,121
Other debtors	8,611	60,876
Prepayments	69,438	23,534
Owed by other group undertakings	231	—
	<u>1,022,906</u>	<u>1,052,531</u>

Included in other debtors are amounts due after more than one year of £nil (1996 – £12,375).

12. CREDITORS: amounts falling due within one year

	<i>30 August 1997 £</i>	<i>30 June 1996 £</i>
Bank loan	—	31,812
Trade creditors	514,781	394,077
Amounts owed to group undertakings	56,510	—
Other taxation and social security	65,266	112,546
Corporation tax	302,886	95,000
Finance lease and hire purchase contracts	185,905	336,799
Other creditors	23,275	1,971
Accruals	259,687	226,301
Proposed dividends	253,000	—
	<u>1,661,310</u>	<u>1,198,506</u>

13. CREDITORS: amounts falling due after more than one year

	<i>30 August 1997 £</i>	<i>30 June 1996 £</i>
Finance lease and hire purchase contracts (due within five years)	<u>116,933</u>	<u>331,915</u>

Obligations under finance lease and hire purchase contracts are secured by related assets.

The current portion of the finance lease and hire purchase contracts is included in creditors falling due within one year.

TWG Packaging Limited

NOTES TO THE ACCOUNTS

at 30 August 1997

14. DEFERRED TAXATION

The amount provided is analysed as follows:

	30 August 1997		30 June 1996	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Short term timing differences	—	(3,284)	—	—
Accelerated capital allowances	—	260,931	208,500	45,000
	—	257,647	208,500	45,000

15. SHARE CAPITAL

	30 August 1997 £	30 June 1996 £
Authorised, allotted, called up, and fully paid: 100,000 ordinary shares of £1 each	—	100,000
Authorised:		
17,802 A shares of £1 each	17,802	—
82,198 B shares of £1 each	82,198	—
40,000,000 B shares of £0.01 each	400,000	—
	500,000	—
Allotted, called up and fully paid:		
17,802 A shares of £1 each	17,802	—
82,198 B shares of £1 each	82,198	—
2,630,336 B shares of £0.01 each	26,303	—
	126,303	—

Pursuant to a reorganisation of the company's share capital, approved at extraordinary general meetings held on 11 October 1996, the following restructuring took place:

- the 100,000 ordinary shares of £1 each in issue were redesignated as 17,802 A shares of £1 each and 82,198 B shares of £1 each;
- the authorised share capital was increased from £100,000 to £500,000 by the creation of 40,000,000 B shares of £0.01 each;
- 82,198 B shares of £0.01 each were issued as a bonus issue in the proportion of one £0.01 B share for each £1 B share held; and
- 2,548,138 B shares of £0.01 each were issued in lieu of the dividend declared on the 11 October 1996.

The A shares of £1 each and the B shares of £0.01 each are entitled to 17.8% and 82.2% of the total votes available, respectively. The B shares of £1 each have no voting rights. On a winding up, the surplus assets over and above the A Fund and B Fund shall be divided as to 17.8% to the A shareholders, 82.1% to the £0.01 B shareholders and 0.1% to the £1 B shareholders.

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 June 1996	100,000	1,985,484	2,085,484
Share capital issued in lieu of dividend	25,481	(25,481)	—
Bonus issue	822	(822)	—
Release of deferred tax provision	—	204,700	204,700
Profit for the year	—	597,111	597,111
Final dividend proposed	—	(253,000)	(253,000)
At 30 August 1997	126,303	2,507,992	2,634,295

17. PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

18. COMMITMENTS

	<i>30 August 1997 £</i>	<i>30 June 1996 £000</i>
Contracted for but not provided in the accounts	13,500	—

At 30 August 1997 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>30 August 1997</i>	<i>30 June 1996</i>	<i>30 August 1997</i>	<i>30 June 1996</i>
Within 1 year	—	—	—	16,524
Within two to five years	—	58,470	13,998	—
Over 5 years	54,870	—	8,520	—
	54,870	58,470	22,518	16,524

TWG Packaging Limited

NOTES TO THE ACCOUNTS at 30 August 1997

19. CONTINGENT LIABILITIES

The company has given a guarantee to National Westminster Bank PLC in respect of indebtedness of other group undertakings. At 30 August 1997 the aggregate liability under the guarantee amounted to £5,729,145.

20. ULTIMATE PARENT UNDERTAKING

The company is a wholly-owned subsidiary of M.Y. Holdings plc, registered in England, whose ultimate parent undertaking is Malbak Limited, incorporated in the Republic of South Africa.