

Xtrapack Limited

**Directors' report and financial
statements**

Registered number 03872127

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company is to license packaging products.

Business review

The results for the year ended 31 December 2004 are shown in the profit and loss account on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend (2003: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

RM King	
HM King	
CM King	
T Gray	(resigned 20 February 2004)
MW Litobarski	(resigned 9 August 2005)
JP Mann	
SC Joy	(appointed 20 February 2004)
D MacNair	(appointed 9 August 2005)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The interests of RM King, HM King and CM King in the ordinary shares of the ultimate parent company, International Group Limited, are disclosed in the directors' report and financial statements of that company. These can be obtained from the address given in note 14. MW Litobarski and JP Mann had no interests in any of the group companies.

According to the register of directors' interests, no rights to subscribe for shares of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

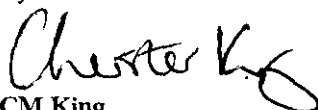
Political and charitable contributions

The company made no political or charitable contributions during the year (2003: £nil).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


CM King
Director

27th October 2005

The Manor House
Park Road
Stoke Poges
Bucks
SL2 4PG

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



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Report of the independent auditors to the members of Xtrapack Limited

We have audited the financial statements on pages 4 to 10.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants
Registered Auditor

31 OCT 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Turnover	2	90	-
Administrative expenses		(248)	(193)
		<hr/>	<hr/>
Operating loss		(158)	(193)
Interest receivable and similar income	5	3	1
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(155)	(192)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation and retained loss for the year		(155)	(192)
		<hr/>	<hr/>

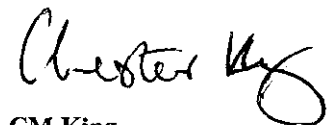
The results for the current and preceding years were derived from continuing operations.

There are no recognised gains or losses during the current or preceding year other than those reflected in the profit and loss account.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Current assets			
Debtors	7	403	435
Cash at bank and in hand		127	86
		<hr/>	<hr/>
		530	521
Creditors: amounts falling due within one year	8	(992)	(967)
		<hr/>	<hr/>
Net liabilities		(462)	(446)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	-	-
Share premium account	12	774	774
Profit and loss account	12	(1,375)	(1,220)
Capital contribution reserve	12	139	-
		<hr/>	<hr/>
Equity shareholders' deficit	11	(462)	(446)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 4th October 2005 and were signed on its behalf by:



CM King
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Notwithstanding the company's net liabilities, the financial statements have been prepared on a going concern basis. The ultimate parent company has confirmed that it will continue to support the company. The ultimate parent company has itself obtained continuing financial support from another subsidiary undertaking, International Hospitals Group Limited, to enable the parent company and subsidiaries to trade as a going concern. On the strength of this assurance, the financial statements have been prepared on the basis that the company will be able to continue to trade as a going concern.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised when goods and services have been supplied to and accepted by the company's clients.

2 Segmental information

In the opinion of the directors, turnover and the loss on ordinary activities before tax arose in the same class of business and geographical market.

Notes (continued)

3 Loss on ordinary activities before taxation

	2004 £000	2003 £000
<i>Loss on ordinary activities before tax is stated after charging:</i>		
Auditors' remuneration - audit services	3	3
	<u>3</u>	<u>3</u>

4 Remuneration of directors and employees

None of the directors received any emoluments for their services to the company during the year (2003: *£nil*).

The company has no employees other than the directors (2003: *none*).

5 Interest receivable and similar income

	2004 £000	2003 £000
Bank interest receivable	3	1
	<u>3</u>	<u>1</u>

6 Taxation

Analysis of charge in period

	2004 £000	2003 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax and tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2003: *lower*) than the standard rate of corporation tax in the UK (30%, 2003: 30 %). The differences are explained below:

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(155)	(192)
	<u>(155)</u>	<u>(192)</u>
Current tax at 30% (2003: 30%)	(47)	(58)
	<u>(47)</u>	<u>(58)</u>
<i>Effects of:</i>		
Increase in unprovided deferred tax asset in respect of current year tax losses	47	58
	<u>47</u>	<u>58</u>
Total current tax charge (see above)	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

7 Debtors

	2003 £000	2002 £000
Amounts owed by group undertakings	399	408
Other debtors	4	27
	<u>403</u>	<u>435</u>

8 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	-	3
Amounts owed to related parties	65	51
Accruals and deferred income	927	913
	<u>992</u>	<u>967</u>

9 Deferred taxation

A deferred tax asset of £414,000 (2003: £367,000) has arisen as a result of tax losses carried forward. The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions.

10 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity: 'A' class ordinary shares of £1 each	90,000	90,000
Equity: 'B' class ordinary shares of £1 each	210,000	210,000
	<u>300,000</u>	<u>300,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: 'A' class ordinary shares of £1 each	30	30
Equity: 'B' class ordinary shares of £1 each	70	70
	<u>100</u>	<u>100</u>

'A' shareholders can only appoint and remove 'A' directors and 'B' shareholders can only appoint and remove 'B' directors. In all other respects the shares rank pari passu.

Notes (continued)

11 Reconciliation of movement in shareholders' deficit

	2004 £000	2003 £000
Loss for the financial year	(155)	(192)
Capital contribution	139	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(16)	(192)
Opening shareholders' funds	(446)	(254)
	<hr/>	<hr/>
Closing shareholders' funds	(462)	(446)
	<hr/>	<hr/>

12 Reserves

	Share premium account £000	Profit and loss account £000	Capital contribution reserve £000
At beginning of year	774	(1,220)	-
Retained loss for the year	-	(155)	-
Capital contribution	-	-	139
	<hr/>	<hr/>	<hr/>
At end of year	774	(1,375)	139
	<hr/>	<hr/>	<hr/>

A contribution of £139,000 was received from shareholders during the year; this has been classified as a capital contribution reserve. The reserve is fully distributable.

13 Commitments

At the end of the financial period the company had no unprovided capital commitments (2003: £nil).

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent company is International Packaging Limited (formerly International Packaging), a company incorporated in England and Wales.

The company's ultimate parent company and the largest and smallest group in which its results are consolidated is that headed by International Group Limited, a company incorporated in England and Wales. The consolidated financial statements of International Group Limited can be obtained from The Manor House, Park Road, Stoke Poges, Bucks, SL2 4PG.

The company's ultimate controlling party is RM King.

Notes (continued)

15 Related party transactions

During the year the company had the following related party transactions:-

- a) A management charge of £nil (2003: £50,000) was charged by Cadbury Schweppes plc, which owns 30% of the ordinary shares of the company. The company received a license advance of £nil (2003: £317,000) from Schweppes International Limited, a wholly owned subsidiary of Cadburys Schweppes plc. As at 31 December 2004 the company has £39,000 trading creditor balance (2003: £39,000) and £26,000 loan balance (2003: £12,000) outstanding with Cadbury Schweppes plc.
- b) A management charge of £nil (2003: £50,000) was charged by International Packaging Limited (formerly International Packaging), which owns 70% of the ordinary shares of the company. As at 31 December 2004, International Packaging Limited (formerly International Packaging) owes the company £399,000 (2003: £408,000) as a result of a loan made during 2003.
- c) The company has a £nil (2003: £6,000) trading creditor balance outstanding with International Group Limited, which is related by virtue of the fact that it is part of the same group as Xtrapack Limited.
- d) A management charge was payable to International Hospitals Group Limited for £13,000 (2003: £10,000) for accounting services provided during the year. International Hospitals Group Limited is related by virtue of the fact that it is part of the same group as Xtrapack Limited.