

SUPREME PLASTICS LIMITED
REPORT AND FINANCIAL STATEMENTS

31st AUGUST 2001

Registered No. 762772



SUPREME PLASTICS LIMITED
REPORT AND FINANCIAL STATEMENTS
31st August 2001

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SUPREME PLASTICS LIMITED

DIRECTORS' REPORT

31st August 2001

The directors present their 36th annual report and the audited financial statements for the year ended 31st August 2001.

Principal activity and future developments

The principal activity of the company continued to be the manufacture and distribution of specialist flexible packaging products.

The directors are satisfied with the company's performance during the year and are confident that the company will continue to trade successfully.

Charitable donations

During the year the company did not donate to charitable causes (2000 - nil).

Results and dividends

The company operated at a profit of £924,010 before taxation (2000 - £776,116)

The profit and loss account is set out on page 5.

A dividend of £500,000 was paid (2000 - £300,000).

Directors

The directors of the company during the year were as follows:

Mr. D. Halpern - Chairman
Mr. N.S. Grewal - Managing Director
Mr. D. Kissane - Sales Director

None of the directors has any beneficial interests in the share capital of the company. The interests of the directors in the share capital of the parent company are shown in that company's directors' report.

Payment of creditors

The company's policy is to agree the terms of payment with its suppliers when trading relationships are established to ensure that the terms of payment are clear and then to abide by the agreed terms provided the suppliers meet their obligations. Creditor days as at 31st August 2001 were an average of 49 for the company (2000 - 46).

SUPREME PLASTICS LIMITED

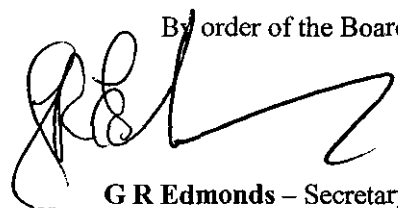
DIRECTORS' REPORT
(continued)

31st August 2001

Auditors

Messrs HLB Kidsons have agreed to offer themselves for re-appointment at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'G R Edmonds', written in a cursive style.

G R Edmonds – Secretary

5th December 2001

Registered Office:

Supreme House
300 Regents Park Road
Finchley
London N3 2TL

SUPREME PLASTICS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31st August 2001

The directors are required under company law 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 and loss of the company for that period.

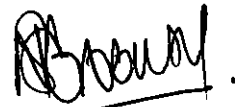
In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on a going concern basis unless in their view the company will be unable to continue in business.

The directors are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



N.S. Grewal - Director

5th December 2001

SUPREME PLASTICS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Supreme Plastics Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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 31st August 2001 and of its profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors
Chartered Accountants

London – 5th December 2001

SUPREME PLASTICS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31st August 2001**

	Note	2001 £'000	2000 £'000
Turnover	2		
Continuing operations		15,485	14,570
Acquisitions		<u>1,624</u>	<u>-</u>
Total		17,109	14,570
Cost of sales		<u>(11,842)</u>	<u>(10,231)</u>
Gross profit		5,267	4,339
Selling expenses		(1,687)	(285)
Administrative expenses		(2,536)	(3,262)
Other operating income		<u>-</u>	<u>22</u>
Operating profit			
Continuing operations		991	814
Acquisitions		<u>53</u>	<u>-</u>
Total		1,044	814
Interest payable	4	<u>(120)</u>	<u>(48)</u>
Profit on ordinary activities before taxation	5	924	766
Tax on profit on ordinary activities	7	<u>(305)</u>	<u>(250)</u>
Profit on ordinary activities after taxation for the financial year		619	516
Dividends	8	<u>(500)</u>	<u>(300)</u>
Retained profit / (loss) for the financial year		<u>119</u>	<u>216</u>

The company has no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been prepared.

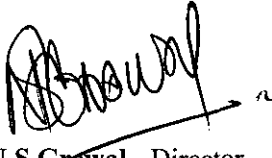
SUPREME PLASTICS LIMITED

BALANCE SHEET

at 31st August 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	9	2,552	1,793
Intangible assets	10	<u>464</u>	<u>76</u>
		3,016	1,869
Current assets			
Stocks	12	1,505	1,190
Debtors	13	3,994	3,438
Cash at bank and in hand		<u>6</u>	<u>57</u>
		5,505	4,685
Creditors: amounts falling due within one year	14	<u>(4,564)</u>	<u>(4,668)</u>
Net current assets		<u>941</u>	<u>17</u>
Total assets less current liabilities		3,957	1,886
Creditors: amounts falling due after more than one year	15	(1,924)	(29)
Deferred taxation	18	<u>(210)</u>	<u>(153)</u>
		<u>1,823</u>	<u>1,704</u>
Capital and reserves			
Called up share capital	19	1,200	1,200
Profit and loss account	20	<u>623</u>	<u>504</u>
Equity shareholders' funds		<u>1,823</u>	<u>1,704</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 5th December 2001.


 N S Grewal - Director

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001

1 Principal accounting policies

Basis of accounting

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

In accordance with the provisions of the Companies Act 1985, the company has not prepared consolidated financial statements as it is itself a wholly owned subsidiary of another company registered in England and Wales which prepares consolidated financial statements.

Under the provisions of Financial Reporting Standard 1, the financial statements of the company do not include a cash flow statement as the information is contained in the consolidated financial statements of the ultimate parent company.

Tangible fixed assets

Short leasehold improvements to property are amortised over the period of the lease. Depreciation of other fixed assets is charged by equal annual instalments, commencing with the year of acquisition, at rates estimated to write off their cost, less any estimated residual value, over the expected useful lives as follows:

Plant and equipment	10 years
Fixtures and fittings	10 years
Motor vehicles	5 years
Computer equipment	3 years

Research and development

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

Goodwill

Goodwill relating to the acquisition of business undertakings has been capitalised and is amortised over 20 years.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity.

Pension costs

The company operates a defined contribution pension scheme that provides benefits for employees additional to those from the State. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund in respect of the year.

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the cash purchase price of the asset at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2 Turnover

This represents the total amount receivable in the ordinary course of business for goods sold during the year less value added tax and after deducting discounts given and credit notes issued.

	2001 £'000	2000 £'000
Analysis by geographical market:		
United Kingdom	13,346	11,399
Rest of the World	<u>3,763</u>	<u>3,171</u>
	<u>17,109</u>	<u>14,570</u>

3. Analysis of impact of acquisitions

	Continuing £'000	Acquisitions £'000	2001 Total £'000	2000 Continuing £'000
Cost of sales	10,519	1,323	11,842	10,231
Selling expenses	1,567	120	1,687	285
Administrative expenses	<u>2,407</u>	<u>128</u>	<u>2,535</u>	<u>3,262</u>

4 Interest payable

Bank loans and overdrafts	114	18
Finance leases and hire purchase	<u>6</u>	<u>30</u>
	<u>120</u>	<u>48</u>

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

	2001 £'000	2000 £'000
5 Profit on ordinary activities before taxation		
This is stated after charging the following:		
Depreciation:		
owned assets	306	281
assets held under hire purchase contracts and finance leases	62	64
Amortisation of goodwill	13	4
Auditors' remuneration:		
audit fees	30	27
other services	23	6
Directors' emoluments (note 5)	376	354
Operating lease costs:		
land and buildings	125	154
Research and development	272	224
Loss on disposal of fixed assets	<u>8</u>	<u>58</u>
6 Staff costs (including directors' emoluments)		
This comprises:		
Wages and salaries	3,805	2,541
Social security costs	372	234
Other pension costs	<u>169</u>	<u>100</u>
	<u>4,346</u>	<u>2,875</u>
The average weekly number of employees during the year was as follows:	Number	Number
Production	150	120
Sales and marketing	25	13
Administration	<u>32</u>	<u>29</u>
	<u>207</u>	<u>162</u>
Directors' emoluments	2001 £'000	2000 £'000
Salaries and other emoluments (including pension contributions)	<u>376</u>	<u>354</u>
Highest paid director	<u>146</u>	<u>137</u>

Three directors qualified for inclusion in the company's defined contribution pension scheme (note 23) and contributions paid amounted to £29,676 (2000 - £30,646). The contributions paid for the highest paid director were £11,011 (2000 - £11,715).

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

		2000 £'000	1999 £'000
7	Tax on profit on ordinary activities		
	Corporation tax at 30% (2000 - 30%) on profit on ordinary activities	268	264
	Corporation tax under / (over) provided in previous years	(20)	(19)
	Deferred taxation (note 15)	<u>57</u>	<u>5</u>
		<u>305</u>	<u>250</u>
8	Dividends		
	Ordinary dividend	<u>500</u>	<u>300</u>
9	Tangible fixed assets		
	Short leasehold improvements		
	£'000		
	Plant and machinery		
	£'000		
	Fixtures and fittings		
	£'000		
	Motor vehicles		
	£'000		
	Total		
	£'000		
	Cost		
	31 August 2000	32	5,484
	Additions	14	1,029
	Disposals	<u>-</u>	<u>(2,014)</u>
	31 August 2001	<u>46</u>	<u>4,499</u>
	Depreciation		
	31 August 2000	23	3,873
	Charge for year	1	271
	Disposals	<u>-</u>	<u>(1,994)</u>
	31 August 2001	<u>24</u>	<u>2,150</u>
	Net book amount		
	31 August 2000	<u>9</u>	<u>1,611</u>
	31 August 2001	<u>22</u>	<u>2,349</u>

The net book amount of plant and machinery and fixtures and fittings includes £90,860 (2000 - £478,366) in respect of assets held under finance leases and hire purchase contracts. The associated depreciation charge for the year was £61,720 (2000 - £64,297).

Capital commitments amounting to £114,000 (2000 - £nil) had been authorised and contracted at 31st August 2001.

10	Intangible assets	2001 £'000	2000 £'000
	Goodwill arising on the acquisition of businesses:		
	Net book value as at 31 st August 2000	76	80
	Additions during the year (note 21)	400	-
	Amortisation charged to profit & loss account	<u>(13)</u>	<u>(4)</u>
	Net book value as at 31 st August 2001	<u>463</u>	<u>76</u>

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

11 Fixed asset investments £'000

This comprises shares in subsidiary undertakings at cost less provision for diminution in value as follows:

Cost at 31 st August 2000 and 31 st August 2001	11
Provision at 31 st August 2000 and 31 st August 2001	<u>(11)</u>
Net book amount at 31 st August 2001	<u><u>-</u></u>

The subsidiary undertakings of Supreme Plastics Limited are as follows:

	Holding	Proportion held %	Nature of business
Minigrip Limited (registered in England and Wales)	Unclassified shares	100	Dormant
Supreme Plastics BV (registered in the Netherlands)	Ordinary shares	100	Non-trading

12 Stock	2001 £'000	2000 £'000
Raw materials and consumables	255	270
Work in progress	178	200
Finished goods	<u>1,072</u>	<u>720</u>
	<u><u>1,505</u></u>	<u><u>1,190</u></u>
13 Debtors: amounts falling due within one year		
Trade debtors	3,812	3,309
Other debtors	81	54
Prepayments and accrued income	<u>101</u>	<u>75</u>
	<u><u>3,994</u></u>	<u><u>3,438</u></u>
14 Creditors: amounts falling due within one year		
Group undertakings	655	1,936
Bank overdraft (secured)	865	173
Bank loans (secured)	506	-
Trade creditors	1,415	1,410
Corporation tax	223	188
Other taxation and social security	194	277
Obligations under finance leases and hire purchase contracts	142	125
Other creditors	55	21
Accruals	509	238
Proposed dividend	<u>-</u>	<u>300</u>
	<u><u>4,564</u></u>	<u><u>4,668</u></u>

The bank loans and bank overdraft are secured on the Group's freehold properties at Whitby, North Yorkshire and at Lincoln. The bank loans bear interest at base rate plus 1½% per annum and are repayable by equal quarterly instalments of capital over periods of between five and seven years. There is an omnibus Group bank facility set off agreement and guarantee in place between the parent and all of its subsidiaries.

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

15	Creditors: amounts falling due after more than one year	2001	2000
		£'000	£'000
	Bank loans (note 14)	1,449	-
	Obligations under finance leases and hire purchase contracts	<u>475</u>	<u>29</u>
		<u>1,924</u>	<u>29</u>
16	Obligations under finance lease and hire purchase contracts		
	These due as follows:		
	within one year	142	125
	between one and five years	<u>475</u>	<u>29</u>
		<u>617</u>	<u>154</u>
17	Obligations under bank loans		
	These due as follows:		
	within one year	506	-
	between one and two years	503	-
	between two and five years	710	-
	more than five years	<u>236</u>	<u>-</u>
		<u>1,955</u>	<u>-</u>
18	Deferred taxation	2001	2000
		Potential Liability	Potential Liability
		£'000	£'000
		Provision made	Provision made
		£'000	£'000
	Accelerated capital allowances	<u>210</u>	<u>153</u>
		<u>210</u>	<u>153</u>
	The potential liability and provision are based on a corporation tax rate of 30% (2000 – 30%).		
19	Share capital	2001	2000
		Number	Number
		£'000	£'000
	Authorised		
	Ordinary shares of £1 each	<u>5,001,000</u>	<u>5,001,000</u>
		<u>5,001</u>	<u>5,001</u>
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>
		<u>1,200</u>	<u>1,200</u>
20	Profit and loss account		
	31 st August 2000		504
	Retained profit for the year		<u>119</u>
	31 st August 2001		<u>623</u>

SUPREME PLASTICS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st August 2001
(continued)

21	Purchase of business undertakings during the year	Malpack 23/11/2000 £'000	Accolade 01/03/2001 £'000
	Book and fair value of assets acquired:		
	Fixed assets	207	-
	Stock	<u>35</u>	<u>51</u>
		242	51
	Purchase consideration paid in cash	<u>(351)</u>	<u>(343)</u>
	Goodwill arising on acquisition	<u>109</u>	<u>292</u>
22	Guarantees and other financial commitments		
	At 31 st August 2001, the company had annual commitments under non-cancellable operating leases over land and buildings as set out below:		
		2001	2000
	Operating leases which expire:	£'000	£'000
	Within one year	<u>17</u>	<u>32</u>
23	Pension scheme		
	The pension costs amounted to £168,717 (2000 - £100,183). At 31 st August 2001 the company had no accrued contributions (2000 - £nil).		
24	Reconciliation of movements in shareholders' funds	2001 £'000	2000 £'000
	Profit for the financial year	619	516
	Dividend	(500)	(300)
	Opening shareholders' funds	<u>1,704</u>	<u>1,488</u>
	Closing shareholders' funds	<u>1,823</u>	<u>1,704</u>
25	Ultimate parent company		
	The company's parent company is Supreme Plastics Holdings Limited and its ultimate parent company is Supreme Plastics Group plc, both of which are registered in England and Wales.		
	Copies of the ultimate parent company's group accounts are available from the registered office of the company.		
26	Related parties		
	As the company is a wholly owned subsidiary undertaking of Supreme Plastics Group plc, and its controlling and ultimate controlling party publishes consolidated financial statements, including this company, it is exempted by Financial Reporting Standard No. 8 from disclosing transactions with entities that are part of the Supreme Plastics Group plc.		
	The directors do not consider there to be any other transactions with any related parties that require disclosure.		