

John Libbey Eurotext Limited
Reports and Financial Statements
for the year ended
31st December 2000

RICHES
& COMPANY
CHARTERED
ACCOUNTANTS



John Libbey Eurotext Limited

Reports and financial statements

Director G. A. Cahn

Secretary C. Cahn

Registered office Collier House
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London
SW3 1PY

Company number 1736668

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John Libbey Eurotext Limited

Director's report

The director has pleasure in presenting his report, together with the audited financial statements for the year ended 31st December 2000.

Principal activity

The principal activity of the company in the year under review was that of production and distribution of books and magazines in Europe, primarily in France.

Review of business and future developments

The company operates from offices in Paris. A summary of the results of the year's trading is given in the profit and loss account on page 4 of the financial statements. The director considers the state of the company's affairs, as disclosed by the balance sheet, to be satisfactory. No changes are planned in the company's operations in the foreseeable future.

Dividends

No dividend is proposed in respect of the period.

Directors

The directors who held office during the year, together with their beneficial interests in the share capital of the company, were as follows:


G. A. Cahn

31st December 2000
and 1999
Ordinary £1 shares

900

Director's responsibilities

Company law requires the director to prepare financial statements 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 financial statements, the director is required to:

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Director's report

Director's responsibilities (continued)

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Auditors

Riches & Company have signified their willingness to continue in office, and will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board



G. A. Cahn
Director

Date of approval
22nd October 2001

Report of the auditors to the members of

John Libbey Eurotext Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 - 8.

Respective responsibilities of director and auditors

As described on pages 1 and 2 the company's director is 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 director 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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date of approval

22nd October 2001


Riches & Company
Chartered Accountants
Registered Auditor

John Libbey Eurotext Limited

Profit and loss account

Year ended 31st December 2000

	Notes	2000 £	1999 £
Turnover	2	2,951,226	2,556,307
Cost of sales		(2,291,975)	(2,091,349)
Gross profit		659,251	464,958
Administrative expenses		(533,952)	(434,891)
Operating profit	3(a)	125,299	30,067
Interest receivable and similar income	3(b)	17,761	7,120
Interest payable and similar charges	3(c)	(3,026)	(3,292)
Profit on ordinary activities before taxation	3	140,034	33,895
French taxation expense	6	(46,749)	(17,070)
Profit on ordinary activities before UK taxation		93,285	16,825
Taxation	6	-	-
Profit on ordinary activities after taxation		£93,285	£16,825

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

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Balance sheet as at 31st December 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		69,941		66,842
Current assets					
Stock	8	64,907		11,951	
Debtors	9	1,529,869		876,073	
Cash at bank and in hand		662,183		499,225	
		2,256,959		1,387,249	
Creditors: amounts falling due within one year	10(a)	(2,124,627)		(1,336,776)	
Net current assets			132,332		50,473
Total assets less current liabilities			202,273		117,315
Creditors: amounts falling due after more than one year	10(b)		(4,291)		(12,618)
			£197,982		£104,697
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			196,982		103,697
Shareholders' funds	13		£197,982		£104,697

Approved by the board on 22nd October 2001


G. A. Cahn
Director

John Libbey Eurotext Limited

Cash flow statement

Year ended 31st December 2000

	Note	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	15		224,519		303,161
Returns on investments and servicing of finance					
Interest received		16,716		5,834	
Interest paid		(1,955)		(2,116)	
Net cash inflow from returns on investments and servicing of finance			14,761		3,718
Taxation					
French corporate taxes paid		46,749		17,070	
UK corporation tax paid		-		4,276	
			(46,749)		(21,346)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		29,573		39,615	
Net cash outflow from investing activities			(29,573)		(39,615)
Increase in cash	16		£162,958		£245,918

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Notes forming part of the financial statements

1 Accounting policies

(a) Accounting convention

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

(b) Turnover

Turnover represents net invoiced sales excluding value added tax.

(c) Depreciation

Depreciation is provided at the following annual rates in order to write off the cost of each asset on a reducing balance basis over its estimated useful life:

Furniture and fittings	- 25%
Office equipment	- 25%
Motor vehicles	- 25%

(d) Stock

Stock is valued at the lower of invoiced cost and net realisable value.

Cost includes all direct expenditure and the basis of calculation is consistent with that of prior periods.

(e) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

(f) Finance and operating leases

Where assets are acquired by leasing arrangements which give rights approximating to ownership, the amount representing the outright purchase price of such assets is included in tangible fixed assets. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease. The asset is depreciated over the shorter of its estimated useful life and the term of the lease.

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

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Notes (continued)

1 Accounting policies (continued)

(g) Foreign currency

The company's books are maintained in French Francs and are converted into sterling using the closing rate method. All foreign exchange differences are charged to the profit and loss account for the year.

2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company and arose entirely in Europe.

3 Profit on ordinary activities before taxation

	2000 £	1999 £
(a) The operating profit is stated after charging:		
Depreciation	23,884	23,200
Directors' remuneration (note 4)	134,656	129,779
Auditors' remuneration	2,500	2,500
Operating lease rentals - land and buildings	32,050	33,306
- other	3,505	3,765
	<u> </u>	<u> </u>
(b) Interest receivable and similar income:		
Bank interest receivable	16,716	5,834
Foreign exchange gains	1,045	1,286
	<u> </u>	<u> </u>
	£17,761	£7,120
	<u> </u>	<u> </u>
(c) Interest payable and similar charges comprises:		
Bank interest expense	146	90
Hire purchase interest	1,809	2,026
Foreign exchange losses	1,071	1,176
	<u> </u>	<u> </u>
	£3,026	£3,292
	<u> </u>	<u> </u>

John Libbey Eurotext Limited

Notes (continued)

4 Directors' remuneration

	£	£
Management remuneration	£134,656	£129,779
	<u> </u>	<u> </u>
Chairman and highest paid director	£134,656	£129,779
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons (including directors) employed by the company during the period was as follows:

	2000 number	1999 number
Production	22	22
Other	5	5
	<u> </u>	<u> </u>
Total employees	27	27
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	595,505	545,339
Social security costs and welfare charges	313,433	271,613
	<u> </u>	<u> </u>
	£908,938	£816,952
	<u> </u>	<u> </u>

6 Taxation

The company is treated as non-resident in the United Kingdom with effect from 1st January 1994. Therefore, only French Corporation taxes are payable.

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Notes (continued)

6 Taxation (continued)

French taxes

	2000	1999
	£	£
Main corporate income tax at up to 36.7%(1999 - 36.7%)	42,063	18,537
Other local corporate taxes	4,686	5,293
Fiscal penalties and prior year adjustments	-	(6,760)
	<u>£46,749</u>	<u>£17,070</u>

7 Tangible fixed assets

	Motor vehicles £	Office equipment furniture and fittings £	Total £
Cost:			
At 1st January 2000	26,456	151,037	177,493
Additions	-	29,573	29,573
Disposals	-	(13,401)	(13,401)
	<u>26,456</u>	<u>167,209</u>	<u>193,665</u>
At 31st December 2000	26,456	167,209	193,665
Depreciation:			
At 1st January 2000	18,231	92,420	110,651
Charge for the year	2,056	21,828	23,884
On disposals	-	(10,811)	(10,811)
	<u>20,287</u>	<u>103,437</u>	<u>123,724</u>
At 31st December 2000	20,287	103,437	123,724
Net book values:			
At 31st December 2000	<u>£6,169</u>	<u>£63,772</u>	<u>£69,941</u>
At 31st December 1999	<u>£8,225</u>	<u>£58,617</u>	<u>£66,842</u>

Included in the above are assets held under finance leases at a net book value of £32,522. Depreciation of £11,741 has been charged on these.

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Notes (continued)

8 Stock

In the director's opinion the replacement cost of stocks at 31st December 2000 did not differ materially from the amount included in the balance sheet.

9 Debtors

	2000 £	1999 £
Trade debtors	1,377,380	740,909
Other debtors	22,459	12,943
Prepayments and accrued income	130,030	122,221
	<hr/>	<hr/>
	£1,529,869	£876,073
	<hr/>	<hr/>

10 Creditors

	2000 £	1999 £
(a) Amounts falling due within one year:		
Amounts received in advance	936,204	537,579
Trade creditors	772,834	481,931
Accruals	252,755	129,118
French taxes due	56,259	89,140
Other creditors	98,037	90,178
Hire purchase liabilities	8,538	8,830
	<hr/>	<hr/>
	£2,124,627	£1,336,776
	<hr/>	<hr/>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	£4,291	£12,618
	<hr/>	<hr/>

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Notes (continued)

11 Called up share capital

	2000	1999
Authorised:		
10,000 ordinary shares of £1 each	£10,000	£10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	£1,000	£1,000
	<u> </u>	<u> </u>

12 Operating leases

At the balance sheet date there were annual commitments under non-cancellable operating leases as follows:

	2000	1999
	£	£
Land and buildings		
Expiring in more than five years	£32,038	£33,179
	<u> </u>	<u> </u>

13 Movement on shareholders' funds

	2000	1999
	£	£
Profit for the year	93,285	16,825
Brought forward	104,697	87,872
	<u> </u>	<u> </u>
Carried forward	£197,982	£104,697
	<u> </u>	<u> </u>

14 Controlling party

The director, G. Cahn, holds a controlling interest in the company, being the owner of 90% of the issued share capital.

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Notes (continued)

15 Reconciliation of operating profit to net cashflow from operating activities

	2000 £	1999 £
Operating profit	125,299	30,067
Depreciation charges	23,884	23,200
Loss on disposal of fixed asset	2,590	3,987
(Increase)/decrease in stocks	(52,956)	19,140
(Increase)/decrease in debtors	(653,796)	363,596
Increase/(decrease) in creditors	779,524	(136,939)
Foreign exchange (losses)/gains realised	(26)	110
	<hr/>	<hr/>
Net cash inflow from operating activities	£224,519	£303,161
	<hr/>	<hr/>

16 Analysis of changes in cash at bank and in hand during the year

	2000 £	1999 £
Balance at 1st January 2000	499,225	253,307
Net cash inflow	162,958	245,918
	<hr/>	<hr/>
Balance at 31st December 2000	£662,183	£499,225
	<hr/>	<hr/>