

AUTOBAR POLYFILM LIMITED
REPORT AND FINANCIAL STATEMENTS
1998



AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M J Davey BA FCA
M O'Leary FCA
J J P Muir MBA
A P Dacey MA FCA

SECRETARY

W T McKay BBS FCA

REGISTERED OFFICE

41-42 Kew Bridge Road
Brentford
Middlesex TW8 0DY

BANKERS

Lloyds Bank Plc
City Office
72 Lombard Street
London EC3P 3BT

SOLICITORS

Richards Butler
Beaufort House
15 St Botolph Street
London EC3A 7EF

Dixon Ward
16 The Green
Richmond
Surrey TW9 1QD

AUDITORS

Deloitte & Touche
Chartered Accountants
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

AUTOBAR POLYFILM LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the financial year ("the year") which was a fifty two week period ended 28 June 1998. The comparative financial year was a fifty two week period ended 29 June 1997.

PRINCIPAL ACTIVITIES

The company manufactures polythene sheet and bags.

BUSINESS REVIEW

The company made a profit before taxation of £219,000 (1997 - £361,000). The company was unable to maintain either volume or margins in difficult trading conditions and the result suffered accordingly.

<u>RESULTS</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Turnover	<u>5,015</u>	<u>5,444</u>
Profit before tax	219	361
Tax	<u>_(60)</u>	<u>_(108)</u>
Profit after tax	159	253
Dividends	<u>_(95)</u>	<u>_(140)</u>
Transferred to reserves	<u>64</u>	<u>113</u>

Dividends of £95,000 have been paid (1997 - £140,000).

FUTURE DEVELOPMENTS

The company will continue to pursue a policy of maximising output together with a steady movement towards more added value sales and production. It is currently investing in additional production capacity to facilitate this.

AUTOBAR POLYFILM LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

Directors during the year ended 28 June 1998 were as follows:

M J Davey	BA FCA
R Kelly	BSc (Resigned 10 February 1998)
M O'Leary	FCA (Appointed 23 February 1998)
J J P Muir	MBA
A P Dacey	MA FCA

No director had, during the year or at the end of the year, interests in the shares of any Group company or any material interests in any contracts of significance to the Group's business.

RESEARCH AND DEVELOPMENT

No research and development has been undertaken during the period.

POLITICAL AND CHARITABLE DONATIONS

The company made no political or charitable donations during the period. (1997- £Nil).

EMPLOYMENT OF DISABLED PERSONS

Every consideration is given to applications for employment from disabled persons. Where individuals are disabled in the course of their employment every effort is made to retain and assist such persons with their rehabilitation. All employees have equal training and career opportunities.

YEAR 2000 AND EURO ISSUE

The company is identifying the various issues related to the Year 2000 and Euro introduction and the Directors are considering satisfactory procedures which will be put in place to resolve all issues related thereto.

Approved by the Board of Directors
and signed on behalf of the Board


W T McKay
Company Secretary
8 September 1998

AUTOBAR POLYFILM LIMITED

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 as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed;
- * prepare the financial statements on a 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 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.

By order of the Board



W T McKay
Company Secretary
8 September 1998

AUTOBAR POLYFILM LIMITED

AUDITORS' REPORT TO THE MEMBERS **OF AUTOBAR POLYFILM LIMITED** **Year ended 28 June 1998**

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective Responsibilities of Directors and Auditors

As described on page 4, 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 28 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants
and Registered Auditors

8 September 1998

Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

AUTOBAR POLYFILM LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 28 June 1998

	<u>Note</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
TURNOVER - Continuing operations	2	5,015	5,444
NET OPERATING CHARGES	3	<u>(4,772)</u>	<u>(5,061)</u>
OPERATING PROFIT - Continuing operations		243	383
Net interest payable	4	<u>(24)</u>	<u>(22)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		219	361
Tax on profit on ordinary activities	6	<u>(60)</u>	<u>(108)</u>
PROFIT FOR THE FINANCIAL YEAR		159	253
Dividends	7	<u>(95)</u>	<u>(140)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u>64</u>	<u>113</u>

There are no recognised gains or losses other than the profit for the year in both the current and prior years.

AUTOBAR POLYFILM LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 28 June 1998

	<u>1998</u> £000	<u>1997</u> £000
Profit for the Financial Year	159	253
Dividends	<u>(95)</u>	<u>(140)</u>
Net addition to shareholders' funds	64	113
Opening shareholders' funds	<u>1,004</u>	<u>891</u>
Closing shareholders' funds	<u>1,068</u>	<u>1,004</u>

AUTOBAR POLYFILM LIMITED

BALANCE SHEET

28 June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£000	£000
FIXED ASSETS			
Tangible assets	8	839	606
CURRENT ASSETS			
Stocks	9	458	518
Debtors	10	<u>1,281</u>	<u>1,313</u>
		1,739	1,831
CREDITORS: Amounts falling due within one year	11	<u>(1,487)</u>	<u>(1,433)</u>
NET CURRENT ASSETS		<u>252</u>	<u>398</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,091	1,004
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(23)</u>	-
TOTAL NET ASSETS		<u>1,068</u>	<u>1,004</u>
CAPITAL AND RESERVES			
Called up share capital	13	400	400
Profit and loss account	14	<u>668</u>	<u>604</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,068</u>	<u>1,004</u>

These financial statements were approved by the Board of Directors on 8 September 1998.

Signed on behalf of the Board of Directors



M J Davey

Director

AUTOBAR POLYFILM LIMITED

CASH FLOW STATEMENT

Year ended 28 June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	14	381
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		<u>(24)</u>	<u>(23)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(24)	(23)
TAXATION		(103)	(106)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(379)	(189)
Sale of tangible fixed assets		<u>14</u>	<u>-</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(365)	(189)
DIVIDENDS PAID		<u>(95)</u>	<u>(140)</u>
DECREASE IN CASH IN THE PERIOD	18	<u>(573)</u>	<u>(77)</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents the invoiced value of sales, excluding trade discounts and value added tax.

(c) Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end date. Transactions in currencies other than Sterling are translated at the rates ruling at the dates of the transaction. All exchange differences are dealt with in the profit and loss account.

(d) Depreciation

Depreciation is provided against the cost of tangible fixed assets over their expected useful lives by equal annual instalments within the following ranges:

Land and buildings:	
Freehold land	No depreciation provided
Freehold buildings	30 - 50 years
Plant and machinery	3 - 10 years
Motor Vehicles	3-7 years
Furniture and office equipment	7 years
Computer equipment	5 years
Fixtures and fittings	4 - 10 years

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

(e) Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(f) Pensions

Pensions to United Kingdom employees are funded through contributions to an insurance company under the Autobar Group Retirement Benefits Plan. The Company's contributions to the pension scheme are charged to the profit and loss account with the objective of spreading the cost over the employees' working lives with the company.

(g) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises in the case of bought in goods: invoice price. In the case of products manufactured by the company: direct materials, labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all future costs to completion and all relevant marketing, selling and distribution costs.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

2. TURNOVER

Geographical analysis of turnover by destination	<u>1998</u> £000	<u>1997</u> £000
United Kingdom	4,586	4,891
Other European countries	<u>429</u>	<u>553</u>
	<u>5,015</u>	<u>5,444</u>

The company has just one class of business.

3. NET OPERATING CHARGES

	<u>1998</u> £000	<u>1997</u> £000
Change in stocks of finished goods and work in progress	(8)	(28)
Other operating income	(76)	-
Raw materials and consumables	2,951	3,079
Goods purchased for resale	70	84
Other external charges	832	922
Staff costs:		
Wages and salaries	759	760
Social security costs	57	57
Other pension costs	47	44
Depreciation and other amounts written off tangible fixed assets		
- owned assets	146	136
Auditors remuneration:		
Audit fees	6	5
Other services	2	2
Profit on sale of tangible fixed assets	<u>(14)</u>	<u>-</u>
	<u>4,772</u>	<u>5,061</u>

4. NET INTEREST PAYABLE

	<u>1998</u> £000	<u>1997</u> £000
Interest payable and similar charges:		
- Bank loans and overdrafts and other loans repayable within five years	<u>(24)</u>	<u>(22)</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1998</u> £000	<u>1997</u> £000
Directors' emoluments (excluding pension contribution)	<u>111</u>	<u>117</u>

All Directors who served during the current and previous years are members of a defined benefit scheme.

	<u>1998</u> Number	<u>1997</u> Number
Average monthly number of persons employed:		
Production	47	49
Sales and Distribution	5	6
Administration	<u>4</u>	<u>4</u>
	<u>56</u>	<u>59</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u> £'000	<u>1997</u> £'000
United Kingdom corporation tax at 31.00% (1997 - 32.5%) based on the profits for the year	(42)	(108)
United Kingdom deferred taxation prior year adjustment	(23) <u>5</u>	- <u>-</u>
	<u>(60)</u>	<u>(108)</u>

It is currently anticipated that the tax on profit on ordinary activities of £42,000 will be relieved by the surrender of losses by another group company in exchange for payment of the same amount.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

7. DIVIDENDS

	<u>1998</u>		<u>1997</u>	
	Per Share	£000	Per Share	£000
Ordinary dividends on equity shares	<u>23.75p</u>	<u>95</u>	<u>35p</u>	<u>140</u>

8. TANGIBLE FIXED ASSETS

	Freehold land & buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
COST				
At 30 June 1997	230	2,538	92	2,860
Additions	22	336	21	379
Disposals	-	(58)	-	(58)
At 28 June 1998	<u>252</u>	<u>2,816</u>	<u>113</u>	<u>3,181</u>
ACCUMULATED DEPRECIATION				
At 30 June 1997	(84)	(2,080)	(90)	(2,254)
Charge for year	(4)	(138)	(4)	(146)
Disposals	-	58	-	58
At 28 June 1998	<u>(88)</u>	<u>(2,160)</u>	<u>(94)</u>	<u>(2,342)</u>
NET BOOK VALUE				
At 28 June 1998	<u>164</u>	<u>656</u>	<u>19</u>	<u>839</u>
At 29 June 1997	<u>146</u>	<u>458</u>	<u>2</u>	<u>606</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

9. STOCKS

	<u>1998</u> £000	<u>1997</u> £000
Raw Materials and Consumables	179	247
Finished Goods and Goods for Resale	<u>279</u>	<u>271</u>
	<u>458</u>	<u>518</u>

10. DEBTORS

	<u>1998</u> £000	<u>1997</u> £000
Trade debtors	1,123	1,223
Amounts owed by Group undertakings:		
- Subsidiary undertakings	45	40
Other debtors	-	1
Prepayments and accrued income	<u>113</u>	<u>49</u>
	<u>1,281</u>	<u>1,313</u>

11. CREDITORS

	<u>1998</u> £000	<u>1997</u> £000
Amounts falling due within one year:		
Bank loans and overdrafts	646	73
Trade creditors	429	454
Bills of exchange payable	-	103
Amounts owed to Group Undertakings:		
- Parent undertakings	49	316
Amounts owed to undertakings under common control	40	13
Taxation & social security	45	82
Accruals and deferred income	<u>278</u>	<u>392</u>
	<u>1,487</u>	<u>1,433</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>DEFERRED TAX</u> £000	<u>TOTAL</u> £000
At 30 June 1997	-	-
Profit and loss charge	<u>23</u>	<u>23</u>
At 28 June 1998	<u>23</u>	<u>23</u>

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	<u>PROVIDED</u>		<u>UNPROVIDED</u>	
	<u>1998</u> £000	<u>1997</u> £000	<u>1998</u> £000	<u>1997</u> £000
Capital allowances in excess of depreciation	<u>23</u>	=	=	=

13. CALLED UP SHARE CAPITAL

	<u>1998</u> £000	<u>1997</u> £000
Authorised, allotted and fully paid: 400,000, ordinary shares of £1 each	<u>400</u>	<u>400</u>

14. PROFIT AND LOSS ACCOUNT

	£000
At 30 June 1997	604
Retained profit for the year	<u>64</u>
At 28 June 1998	<u>668</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

15. PENSIONS

The Company is a member of the Autobar Group Retirement Benefit Plan which is a fully funded defined benefit scheme. The Company's contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

The contributions to the UK scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 July 1997. The pension charge for the year was £47,000 (1997 - £44,000).

Full details are disclosed in the financial statements of Autobar Group Limited the intermediate parent company.

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1998</u> £000	<u>1997</u> £000
Operating profit	243	383
Depreciation charge	146	136
Profit on sale of tangible fixed assets	(14)	-
Decrease/(Increase) in stocks	60	(93)
Decrease/(Increase) in debtors	32	(26)
Decrease in creditors	<u>(453)</u>	<u>(19)</u>
Net cash inflow from operating activities	<u>14</u>	<u>381</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>1998</u> £000	<u>1997</u> £000
Decrease in Cash in the period	<u>(573)</u>	<u>(77)</u>
Movement in debt in the period	<u>(573)</u>	<u>(77)</u>
Net Debt at 30 June 1997	<u>(73)</u>	<u>4</u>
Net Debt at 28 June 1998	<u>(646)</u>	<u>(73)</u>

18. ANALYSIS OF NET DEBT

	At 30 June 1997 £000	Cash Flow £000	At 28 June 1998 £000
Overdrafts	<u>(73)</u>	<u>(573)</u>	<u>(646)</u>
TOTAL	<u>(73)</u>	<u>(573)</u>	<u>(646)</u>

19. ULTIMATE AND INTERMEDIATE PARENT COMPANY

At 28 June 1998, St Martins Group Limited was the company's ultimate parent company and Autobar Group Limited its intermediate parent company. Both companies are registered in England and Wales and their financial statements can be obtained from Companies House, Crown Way, Maindy Cardiff, CF4 3UZ.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 28 June 1998

20. FINANCIAL COMMITMENTS

	<u>1998</u> £000	<u>1997</u> £000
Capital Commitments		
Amounts not provided in accounts but contracted	<u>586</u>	<u>867</u>

21. RELATED PARTY TRANSACTIONS

As identified in Note 19 at June 1998 St Martins Group Limited was the company's ultimate parent company and Autobar Group Limited its intermediate parent company. St Martins Group Limited is ultimately owned by the Government of Kuwait. The Government of Kuwait also ultimately owns Autobar Group BV a Dutch registered group of companies. Company has during the year entered into some normal trading transactions with companies within these two groups. All material related party transactions are summarised below:-

	<u>1998</u> £000	<u>1997</u> £000
Purchases from undertakings under common control	<u>165</u>	<u>25</u>

Normal trading transactions also occur between the company and companies within the Autobar Group Limited group. The consolidated financial statements of Autobar Group Limited are publicly available and accordingly, as a result of the exemption allowed by Financial Reporting Standard 8, no disclosure of these transactions is made in the company's financial statements.