

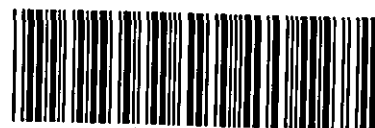
Alma Products Limited

**Directors' report and financial
statements**

Registered number 01665868

31 December 2006

TUESDAY



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activities of the company are the manufacture and marketing of plastic products, primarily multi and mono-layered sheet for the food industry. In addition, the company is involved in the use of recycled materials for non-food applications.

Business review

The results for the year are shown on page 6. Despite the difficult trading conditions in the Plastics Industry in general the company has performed well and overall the directors are satisfied with the result.

The principal risks and uncertainties facing the company relate to the volatility of raw material prices and the almost complete and persistent refusal of UK and European retailers to accept price rises to cover the increases in packaging materials, energy and transport costs, which are due to external factors beyond the control of the Company.

The Company's key performance indicators are sales volumes in tonnes processed and the average margin and contribution to overheads achieved.

During the year the Company faced the same difficult trading conditions as in 2005, though its results show an improvement on the prior year. Sales volumes remained in-line with the previous year despite the loss of two customers, mid way through the year, for reasons beyond the Company's control, namely 1) a complete change by a major UK retailer to non-rigid polystyrene packaging for the packing of fresh produce and 2) the implementation of new government legislation governing the use of additives in the supply of cup drinks to schools. Average margins improved slightly year-on-year as a result of the pricing systems implemented in 2005 which have helped to minimise the time delays in passing on raw material price increases to major customers.

The polystyrene market remained extremely turbulent in 2006 with raw material prices increasing by nearly 30% in the year. Further, the market has undergone a significant restructuring in 2006 with the closure of a number of polystyrene plants both in the UK and Europe, removing in excess of 300,000 mt of available production capacity. This has had the effect of driving prices to historical highs. The Company's profitability is highly sensitive to raw material price developments and therefore requires careful management and control of pricing arrangements with both suppliers and customers. In last year's report the Directors asserted that they believed that they had in place the pricing systems required to achieve the desired profitability levels on a consistent basis. This view is unchanged.

The principal risks facing the Company in the coming year continue to be the volatility of raw material prices and also the impact of the continued reduction in the size of certain polystyrene related UK industrial markets.

Profits and dividend

The profit for the year ended 31 December 2006 after provision for taxation is £232,786 (2005 profit £115,346). A dividend of £nil (2005 £nil) has been paid.

Research and development

Research and development costs are charged as an expense in the financial period during which they are incurred, except for certain development costs which are capitalised as and when it is probable that a development project will be a success and certain criteria, including commercial and technological feasibility, have been met. Capitalisation ceases and amortisation begins when the product becomes available to customers. The amortisation period of these capitalised assets is from three to five years.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows

H W Kessler
D Blundell
J S Dick
H R Wild

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. As the company is a wholly owned subsidiary of a body corporate incorporated outside Great Britain, any interests in shares or debentures of that body corporate or any other body corporate incorporated outside Great Britain are not disclosable to the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 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



D Blundell
Secretary

Unit 2
Lancer Court
Chadwick Road
Astmoor Industrial Estate
Runcorn
Cheshire
WA9 1PN

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors' report to the members of Alma Products Limited

We have audited the financial statements of Alma Products Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Alma Products Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

VPMG LLP

17 July 2007

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2006


	<i>Note</i>	2006 £000	2005 £000	£000
Turnover	2	13,558		13,295
Change in stocks of finished goods and work in progress		(48)		(28)
Other operating income		70		71
		<hr/>		<hr/>
			13,580	13,338
Raw materials and consumables		(9,783)		(9,827)
Staff costs	5	(1,300)		(1,238)
Depreciation and other amounts written off tangible and intangible fixed assets		(373)		(439)
Other operating charges		(1,788)		(1,595)
		<hr/>		<hr/>
			(13,244)	(13,099)
Operating profit			336	239
Other interest receivable and similar income	6		48	10
Interest payable and similar charges	7		(52)	(82)
			<hr/>	<hr/>
Profit on ordinary activities before taxation	3		332	167
Tax on profit on ordinary activities	8		(99)	(51)
			<hr/>	<hr/>
Profit for the year			233	116
			<hr/> <hr/>	<hr/> <hr/>

All turnover and operating profit are derived from continuing operations in both the current and preceding years
 The company has no recognised gains or losses other than the profit for the year

Balance sheet
at 31 December 2006

	Note	2006		2005	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		21		36
Tangible assets	10		1,378		1,670
			<u>1,399</u>		<u>1,706</u>
Current assets					
Stocks	11	941		466	
Debtors	12	2,561		2,532	
Cash at bank and in hand		-		129	
			<u>3,502</u>	<u>3,127</u>	
Creditors amounts falling due within one year	13	<u>(3,019)</u>		<u>(3,094)</u>	
Net current liabilities			483		33
Total assets less current liabilities			<u>1,882</u>		<u>1,739</u>
Creditors , amounts falling due after more than one year	14		(39)		(83)
Provisions for liabilities and charges	15		(164)		(210)
Net assets			<u>1,679</u>		<u>1,446</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		679		446
Shareholders' funds	18		<u>1,679</u>		<u>1,446</u>

These financial statements were approved by the board of directors on *27 June 2007* and were signed on its behalf by


D Blundell
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 except as noted below

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Plasticos Holding AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Plasticos Holding AG, within which this company is included, can be obtained from the address given in note 23

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	2 - 20% per annum
Plant and machinery	-	10 - 33 3% per annum
Fixtures and fittings	-	20 - 33 3% per annum
Motor vehicles	-	25 - 50% per annum

No depreciation is provided on freehold land

Costs include directly attributable finance costs

Foreign currencies

Transactions in foreign currencies are recorded using the previous month end rate to 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

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease Assets purchased under hire purchase agreements are depreciated over the useful economic life of the asset

Post-retirement benefits

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Research and development costs are charged as an expense in the financial period during which they are incurred, except for certain development costs which are capitalised as and when it is probable that a development project will be a success and certain criteria, including commercial and technological feasibility, have been met. Capitalisation ceases and amortisation begins when the product becomes available to customers. The amortisation period of these capitalised assets is from three to five years.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual cost is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax under Financial Reporting Standard 19 "Deferred Tax".

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Turnover is recognised on despatch.

2 Analysis of turnover

	2006	2005
	£000	£000
<i>By geographical market</i>		
Sale of plastic products.		
United Kingdom - external sales	8,203	7,806
Overseas - external sales	5,355	5,471
Overseas - intragroup sales	-	18
	13,558	13,295
	13,558	13,295

Notes (continued)

3 Profit on ordinary activities before taxation

	2006 £000	2005 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of these financial statements	14	13
Other services relating to taxation	5	3
Depreciation and other amounts written off tangible fixed assets		
Owned	171	241
Leased	187	191
Hire of plant and machinery - rentals payable under operating leases	34	33
Hire of other assets - operating leases	89	89
Research and development		
Amortisation of deferred expenditure	15	7
Management charges payable to parent company	245	249
<i>After crediting</i>		
Exchange gains	10	10
	10	10

4 Remuneration of directors

	2006 £000	2005 £000
Directors' emoluments	164	150
Company contributions to money purchase schemes	20	19
	184	169

Retirement benefits are accruing to 2 directors (2005 2) under money purchase schemes

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2006	2005
Administration	6	6
Production	42	44
Sales	3	4
	51	54
	51	54

The aggregate payroll costs of these persons were as follows

	2006	2005
	£000	£000
Wages and salaries	1,159	1,101
Social security costs	117	115
Other pension costs	24	22
	1,300	1,238
	1,300	1,238

6 Other interest receivable and similar income

	2006	2005
	£000	£000
Net exchange gains	48	10
	48	10
	48	10

7 Interest payable and similar charges

	2006	2005
	£000	£000
On bank loans and overdrafts	32	43
Finance charges payable in respect of finance leases and hire purchase contracts	6	13
Discounts allowed	14	26
	52	82
	52	82

Notes *(continued)*

8 Taxation

	2006 £000	2005 £000
Current tax		
UK corporation tax at 30% (2005 30%)	146	98
Adjustment in respect of prior periods	(1)	-
	145	98
Deferred tax		
Origination and reversal of timing differences	(46)	(47)
	99	51
	99	51

Factors affecting tax charge for the year

The tax assessed for the year is higher (2005 higher) than the standard rate of corporation tax in the UK (30%, 2005 30%). The differences are explained below

	2006 £000	2005 £000
Profit on ordinary activities before tax	332	167
	332	167
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	100	50
Effects of		
Expenses not deductible for tax purposes	-	1
Depreciation for year in excess of capital allowances	46	57
Provisions adjustment	-	(10)
Adjustments in tax in respect of previous periods	(1)	-
	145	98
Current tax charge for period	145	98

9 Intangible fixed assets

	Development costs £000
Cost or valuation	
At beginning and end of year	202
	202
Amortisation	
At beginning of year	166
Charge for year	15
	181
At end of year	181
Net book value	
At 31 December 2006	21
	21
At 31 December 2005	36
	36

Notes *(continued)*

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At beginning of year	504	5,265	163	5,932
Additions	-	72	1	73
Disposals	-	(232)	-	(232)
At end of year	504	5,105	164	5,773
Depreciation				
At beginning of year	210	3,945	107	4,262
Charge for year	11	328	19	358
Disposals	-	(225)	-	(225)
At end of year	221	4,048	126	4,395
Net book value				
At 31 December 2006	283	1,057	38	1,378
At 31 December 2005	294	1,320	56	1,670

Included in the total net book value of tangible fixed assets is £585,446 (2005 £772,100) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £186,654 (2005 £190,615)

Included within the cost of freehold land and buildings are depreciable assets of £454,679 (2005 £454,679)

11 Stocks

	2006 £000	2005 £000
Raw materials and packaging	694	245
Finished goods and goods for resale	141	189
Engineering stocks and other consumables	106	32
	941	466

Notes (continued)

12 Debtors

	2006 £000	2005 £000
Trade debtors	1,726	1,944
Amounts owed by group undertakings	642	291
Other debtors	27	155
Prepayments and accrued income	166	142
	2,561	2,532
	2,561	2,532

Included within Amounts owed by group undertakings is £230,000 (2005 £230,000) falling due after more than one year

13 Creditors, amounts falling due within one year

	2006 £000	2005 £000
Mortgage loan (see note 14)	31	30
Bank loans and overdrafts	9	81
Obligations under finance leases and hire purchase contracts (see note 14)	13	79
Bank finance secured on trade debtors	988	90
Trade creditors	1,695	2,430
Amounts owed to group undertakings	15	216
Corporation tax	180	98
Taxation and social security	37	36
Accruals and deferred income	51	34
	3,019	3,094
	3,019	3,094

The bank overdraft facility is secured by a second legal charge on the freehold land and buildings of the company, and interest is charged at commercial rates

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Mortgage loan	39	70
Obligations under finance leases and hire purchase contracts	-	13
	39	83
	39	83

The mortgage loan is secured by first charge upon the freehold land and buildings and interest is charged at commercial rates. Repayment is being made over a 25 year term by equal monthly instalments which are adjusted every April for changes in the interest rate.

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2006 £000	2005 £000
Within one year	13	79
In the second to fifth years	-	13
	13	92
	13	92

15 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	210
Credit to the profit and loss account in year	(46)
	164
	164

The amounts provided for deferred taxation are set out below

	2006 £000	2005 £000
Difference between accumulated depreciation and capital allowances	210	256
Adjustment in respect of prior year	-	1
Amortisation and capital allowances	(46)	(47)
	164	210
	164	210

Notes (continued)

16 Called up share capital

	2006 £000	2005 £000
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

17 Reserves

	2006 £000	2005 £000
Retained reserves at the beginning of the year	446	330
Retained profit for year	233	116
	<u> </u>	<u> </u>
At end of year	679	446
	<u> </u>	<u> </u>

18 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Profit for the financial year	233	116
Opening shareholders' funds	1,446	1,330
	<u> </u>	<u> </u>
Closing shareholders' funds	1,679	1,446
	<u> </u>	<u> </u>

19 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows,

	2006 £000	2005 £000
Contracted	211	-
	<u> </u>	<u> </u>

(b) Annual commitments under non-cancellable operating leases are as follows

	2006		2005	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
In the second to fifth years inclusive	-	16	-	20
Over five years	89	-	89	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	89	16	89	20
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes *(continued)*

20 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £20,475 (2005 £21,920).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Related party disclosures

As a wholly owned subsidiary of Plasticos Holding AG, the company has taken advantage of the exemption under Financial Reporting Standard No. 8 not to disclose transactions and balances with group companies which would normally be eliminated on consolidation.

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

The company is a subsidiary undertaking of Plasticos Holding AG, a company incorporated in Switzerland.

The largest group in which the results of the company are consolidated is that headed by Plasticos Holding AG. The consolidated accounts of this company are available to the public and may be obtained from Dammstrasse 19, CH-6300 Zug, Switzerland. No other group accounts include the results of the company. The directors of the company believe that HW Kessler is the ultimate controlling party by virtue of his holding in the share capital of the ultimate holding company.