

**AUTOBAR FLEXIBLE UK LIMITED**

**Report and Financial Statements**

**30 March 2003**

**Deloitte & Touche  
Cardiff**



# **AUTOBAR FLEXIBLE UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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# **AUTOBAR FLEXIBLE UK LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M J Davey  
M J O'Leary  
O G Smadja

### **SECRETARY**

W T McKay

### **REGISTERED OFFICE**

41-42 Kew Bridge Road  
Brentford  
Middlesex  
TW8 0DY

### **BANKERS**

Lloyds TSB Bank Plc  
City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

### **SOLICITORS**

Dixon Ward  
16 The Green  
Richmond  
Surrey  
TW9 1QD

Speechly Bircham  
6 St Andrew Street  
London  
EC4A 3LX

### **AUDITORS**

Deloitte & Touche  
Cardiff

# AUTOBAR FLEXIBLE UK 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 30 March 2003. The comparative financial year was a fifty-two week period ended 31 March 2002.

## PRINCIPAL ACTIVITIES

The company manufactures polythene sheets and bags.

## BUSINESS REVIEW

The company made a profit before taxation of £1,960,000 (2002 – loss of £396,000). This included a write-off of an inter-group loan of £2,500,000 with its parent company, Autobar Group Limited. The highly competitive UK market place together with the increase in raw material costs has made it difficult to maintain margins.

## RESULTS

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Turnover	6,104	5,515
Profit/(loss) before tax	1,960	(396)
Tax	180	119
Profit/(loss) after tax	2,140	(277)
Profit/(loss) transferred to reserves	2,140	(277)

No dividend has been paid or proposed (2002 - £nil).

## FUTURE DEVELOPMENTS

The company will continue developing sales in its key markets.

## DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are set out on page 1.

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

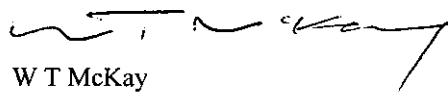
The company has made no political or charitable donations during the period (2002 - £nil).

**DIRECTORS' REPORT (continued)**

**CREDITOR PAYMENT POLICY**

The company endeavours to settle and agree terms and conditions under which business transactions with its suppliers are conducted prior to placing orders. This ensures that those suppliers are aware of the terms of payment in advance. The average creditor days outstanding at 30 March 2003 was 79 days (2002 – 81 days).

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



W T McKay  
Company Secretary

11 June 2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOBAR FLEXIBLE UK LIMITED**

We have audited the financial statements of Autobar Flexible UK Limited for the year ended 30 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. 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 auditors' 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

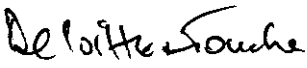
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 30 March 2003 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  
Cardiff

Date 12 June 2003.....

**AUTOBAR FLEXIBLE UK LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

	Note	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
<b>TURNOVER: continuing operations</b>	2	6,104	5,515
Net operating charges – including exceptional items of £2,500,000 (2002 - £nil)	3	(3,980)	(5,800)
<b>OPERATING PROFIT/(LOSS): continuing operations</b>		2,124	(285)
Net interest payable	4	(164)	(111)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,960	(396)
Tax on profit/(loss) on ordinary activities	6	180	119
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,140	(277)
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>	14	2,140	(277)

There are no recognised gains or losses other than the profit/(loss) in both the current and prior periods, and, accordingly, no statement of total recognised gains and losses is given.

There are no movements in shareholders' funds other than the profit/(loss) for the current and preceding period. Accordingly, no reconciliation of movements in shareholders' funds is given.



**AUTOBAR FLEXIBLE UK LIMITED**

**BALANCE SHEET**  
**30 March 2003**

	Note	2003 £'000	£'000	2002 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	8		977		1,038
<b>CURRENT ASSETS</b>					
Stocks	9	638		602	
Debtors	10	1,911		1,812	
Cash at bank and in hand		2		-	
		<u>2,551</u>		<u>2,414</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,287)</u>		<u>(3,319)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>1,264</u>		<u>(905)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,241		133
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12		<u>(173)</u>		<u>(205)</u>
<b>TOTAL NET ASSETS/(LIABILITIES)</b>			<u><u>2,068</u></u>		<u><u>(72)</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		400		400
Profit and loss account	14		1,668		(472)
<b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>			<u><u>2,068</u></u>		<u><u>(72)</u></u>

These financial statements were approved by the Board of Directors on 11 June 2003.

Signed on behalf of the Board of Directors

*Mark J O'Leary*  
M J O'Leary

Director

**AUTOBAR FLEXIBLE UK LIMITED**

**CASH FLOW STATEMENT**  
**52 weeks ended 30 March 2003**

	Note	52 weeks ended		52 weeks ended	
		£'000	£'000	£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	16		(517)		30
<b>Returns on investments and servicing of finance</b>					
Interest paid		(164)		(111)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			(164)		(111)
<b>Taxation</b>			135		93
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(197)		(178)	
Receipts from sales of tangible fixed assets		143		7	
<b>Net cash outflow from capital expenditure and financial investment</b>			(54)		(171)
<b>Financing</b>					
Increase in Group company loan		2,500		-	
<b>Net cash inflow from financing</b>			2,500		-
<b>Increase/(decrease) in cash in the period</b>	17		1,900		(159)

**TRADING PROFIT AND LOSS ACCOUNT**

**52 weeks ended 30 March 2003**

**1. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

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

**Translation of foreign currencies**

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

**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
Leasehold land and buildings and additions	Over unexpired period of the lease
Plant and machinery	3 – 10 years
Fixtures and fittings	5 – 7 years
Payments on account	No depreciation provided

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Pensions**

Pensions to United Kingdom employees are funded through contributions to an insurance company under The Autobar Group Retirement Benefits Plan. The company is unable to identify its share of the underlying assets and liabilities within that pension scheme; contributions to the scheme in the period are charged in full to the profit and loss account.

Autobar Group Limited, the company's intermediate parent company and the parent of the smallest group for which accounts are drawn up and of which the company is a member, has implemented in full FRS 17 "Retirement benefits".

**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 material, labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**1. ACCOUNTING POLICIES (continued)**

**Leases**

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

**2. ANALYSIS OF TURNOVER**

The company was engaged in one class of business during the period.

Turnover for the 52 weeks ended 30 March 2003 and the 52 weeks ended 31 March 2002 are analysed below:

<b>Geographical analysis of turnover by destination</b>	<b>52 weeks ended 30 March 2003 £'000</b>	<b>52 weeks ended 31 March 2002 £'000</b>
United Kingdom	5,155	4,782
Other European countries	949	733
	<u>6,104</u>	<u>5,515</u>

**3. NET OPERATING CHARGES**

	<b>52 weeks ended 30 March 2003 £'000</b>	<b>52 weeks ended 31 March 2002 £'000</b>
Change in stocks of finished goods and work-in-progress	(52)	(9)
Raw materials and consumables	5,176	4,627
Goods purchased for resale	302	239
Other external charges	77	42
Staff costs:		
- wages and salaries	785	697
- social security costs	58	48
- other pension costs	37	26
Depreciation and other amounts written off tangible fixed assets:		
- owned assets	115	105
Auditors' remuneration:		
- audit fees	10	5
- other services	-	2
Write off of Group company loan	(2,500)	-
Exchange gains	(28)	-
Loss on sale of tangible fixed assets	-	18
	<u>3,980</u>	<u>5,800</u>

**AUTOBAR FLEXIBLE UK LIMITED**

**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**4. NET INTEREST PAYABLE**

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Interest payable and similar charges:		
- Group company loans	(164)	(111)

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Directors' emoluments (excluding pension contributions)	-	-

3 directors (2002 – 3) who served during the period are members of a defined benefit scheme.

The directors are remunerated for their services by other group companies. It is not practicable to allocate their remuneration between services to group companies.

	2003 Number	2002 Number
Average monthly number of persons employed (including directors):		
- Production	33	30
- Sales and distribution	9	9
- Administration	5	6
	<u>47</u>	<u>45</u>

**6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
United Kingdom corporation tax at 30% (2002 – 30%)	148	119
United Kingdom deferred taxation	32	-
	<u>180</u>	<u>119</u>

**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**

The tax charge for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30%. The differences are explained below:

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Profit/(loss) on ordinary activities before tax	1,960	(396)
Tax charge/(credit) on profit/loss on ordinary activities at standard rate	588	(119)
Factors affecting the charge:		
Income not subject to taxation	(750)	-
Depreciation in excess of capital allowances	14	-
Current tax credit for the period	<u>(148)</u>	<u>(119)</u>

It is currently anticipated that the credit of £148,000 arising on losses after adjusting the profit on ordinary activities to the basis for taxation, will be recovered by the surrender of losses to another group company in exchange for a payment of the same amount.

**7. DIVIDENDS**

No dividends have been paid or proposed during the period (2002 - £nil).

**8. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 2002	460	2,519	277	3,256
Additions	-	163	34	197
Reclassifications	(10)	10	-	-
Disposals to group company	-	-	(150)	(150)
At 30 March 2003	<u>450</u>	<u>2,692</u>	<u>161</u>	<u>3,303</u>
<b>Accumulated depreciation</b>				
At 1 April 2002	(124)	(1,973)	(121)	(2,218)
Charge for period	(8)	(88)	(19)	(115)
Disposals to group company	-	-	7	7
At 30 March 2003	<u>(132)</u>	<u>(2,061)</u>	<u>(133)</u>	<u>(2,326)</u>
<b>Net book value</b>				
At 30 March 2003	<u>318</u>	<u>631</u>	<u>28</u>	<u>977</u>
At 31 March 2002	<u>336</u>	<u>546</u>	<u>156</u>	<u>1,038</u>

# AUTOBAR FLEXIBLE UK LIMITED

## TRADING PROFIT AND LOSS ACCOUNT 52 weeks ended 30 March 2003

### 9. STOCKS

	2003 £'000	2002 £'000
Raw materials and consumables	125	141
Work-in-progress	45	34
Finished goods and goods for resale	468	427
	<u>638</u>	<u>602</u>

### 10. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	1,512	1,503
Amounts owed by group undertakings		
- fellow subsidiary undertakings	16	65
- parent undertakings	236	92
Prepayments and other debtors	147	152
	<u>1,911</u>	<u>1,812</u>

### 11. CREDITORS

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Bank overdraft	99	1,997
Trade creditors	610	325
Amounts owed to group undertakings		
- parent undertakings	54	5
Amounts owed to undertakings under common control	149	797
Taxation and social security	148	53
Other creditors and accruals	227	142
	<u>1,287</u>	<u>3,319</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £'000
At 1 April 2002	205
Profit and loss credit	(32)
At 30 March 2003	<u>173</u>

The amounts of deferred taxation provided are as follows:

	2003 £'000	2002 £'000
Capital allowances in excess of depreciation	<u>173</u>	<u>205</u>

**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**13. CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised, called up, allotted and fully paid</b>		
400,000 ordinary shares of £1 each	400	400
	<u>400</u>	<u>400</u>

**14. RESERVES**

	<b>Profit and loss account £'000</b>
At 1 April 2002	(472)
Retained profit for the period	2,140
	<u>2,140</u>
At 30 March 2003	<u>1,668</u>

**15. PENSIONS**

The company is a member of The Autobar Group Retirement Benefits Plan which is a contracted out final salary defined benefit pension scheme for employees in the UK.

The pension costs relating to the group plan are assessed in accordance with the advice of an independent qualified actuary and in accordance with certain assumptions.

The company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to the actuarial risks associated with current and former employees of other entities participating in The Autobar Group Retirement Benefits Plan. A review of the whole scheme was prepared at 30 March 2003 by an independent qualified actuary for the purposes of FRS 17 "Retirement Benefits". At that date there was an excess of liabilities over assets of £40.2m and the group has commenced a planned series of special contributions to the scheme, to fund the deficit.

Full disclosure, in accordance with the requirements of FRS 17 "Retirement Benefits", are given in the accounts of Autobar Group Limited, the company's intermediate parent company and the parent of the smallest group for which accounts are drawn up and of which the company is a member.

The pension charge to the company for the year to 30 March 2003 was £37,000 (2002 - £26,000).



**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**16. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Operating profit/(loss)	2,124	(285)
Depreciation charge	115	105
Loss on sale of tangible fixed assets	-	18
(Increase)/decrease in stocks	(36)	16
Increase in debtors	(86)	(148)
(Decrease)/increase in creditors	(134)	324
Write-off of Group company loan	(2,500)	-
	<u>          </u>	<u>          </u>
Net cash (outflow)/inflow from operating activities	(517)	30
	<u>          </u>	<u>          </u>

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

	52 weeks ended 30 March 2003 £'000	52 weeks ended 31 March 2002 £'000
Increase/(decrease) in cash in the period	1,900	(159)
	<u>          </u>	<u>          </u>
Movement in net debt in the period	1,900	(159)
Net debt at 1 April 2002	(1,997)	(1,838)
	<u>          </u>	<u>          </u>
Net debt at 30 March 2003	(97)	(1,997)
	<u>          </u>	<u>          </u>

**18. ANALYSIS OF NET DEBT**

	At 1 April 2002 £'000	Cash flow £'000	At 30 March 2003 £'000
Cash at bank and in hand	-	2	2
Overdrafts	(1,997)	1,898	(99)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	(1,997)	1,900	(97)
	<u>          </u>	<u>          </u>	<u>          </u>

**TRADING PROFIT AND LOSS ACCOUNT**  
**52 weeks ended 30 March 2003**

**19. ULTIMATE AND INTERMEDIATE PARENT COMPANY**

At 30 March 2003, St Martins Le Grand Limited was the company's ultimate parent company, controlling entity and parent of the largest group for which group accounts are drawn up and of which the company is a member. Autobar Group Limited is its intermediate parent company and parent of the smallest group for which consolidated accounts are drawn up and of which the company is a member. Both companies are incorporated in Great Britain and their financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**20. FINANCIAL COMMITMENTS**

At 30 March 2003, the company was committed to making the following payments during the next year in respect of operating leases:

	<b>2003</b> <b>£'000</b>
Leases which expire:	
Within two to five years	3

**21. RELATED PARTY TRANSACTIONS**

As identified in note 19, at 30 March 2003 St Martins Le Grand Limited was the company's ultimate parent company and Autobar Group Limited its intermediate parent company. St Martins Le Grand 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. The 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:

	<b>52 weeks</b> <b>ended 30</b> <b>March</b> <b>2003</b> <b>£'000</b>	<b>52 weeks</b> <b>ended 31</b> <b>March</b> <b>2002</b> <b>£'000</b>
Sales to undertakings under common control	29	41
Purchases from undertakings under common control	2,109	1,717
Management charges paid to undertakings under common control	27	27
Interest paid to undertakings under common control	-	-
Net balances due from/(to) undertakings under common control	49	(645)

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.