

**Alma Products Limited - Registered number
01665868**

**Directors' report and financial
statements
For the year ended 31 December 2010**



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

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 and the manufacture of thermoforming cups and trays for the food packaging market. 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 continued difficult trading conditions in the Plastics Industry in general the company continued to perform well and the directors are pleased with the result.

The principle risks and uncertainties facing the company continue to revolve around the volatile raw material prices and the refusal of UK and European retailers to compensate suppliers for the continuing increases in packaging materials, energy and transport costs, which are due to factors beyond the control of the Company.

In 2010 trading conditions in the Plastics Industry in general proved to be extremely challenging with polymer prices rising relentlessly throughout the year to reach unprecedented levels. As a result the company recorded a minor loss for the year.

The Company is able to pass through polymer price increases to its customer base, but with a time lag of between 30 and 60 days which has had a significant negative impact on the full year margins. The Company is confident in its capability to pass through both the most recent and any future polymer price increases in a more timely fashion.

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

Revenues for the year are well ahead of the previous financial year with higher selling prices and increased volumes. Selling prices have risen due to the aforementioned increasing polymer prices to the customer base as well as an improvement in sales mix with the introduction of higher added value thermoformed products. Polystyrene prices have risen by circa 40% and reached record levels. The Company's focus continues to be on the production of material for the food packaging market which continues to be much less affected in general terms by the economic crisis than other industrial companies/segments. The food product packaged with the company's products are seen by consumers as integral and necessary items on the daily menu rather than something they can or will easily defer from. As a result the company's main business segment has held up well.

The Company's profitability is sensitive to polymer price developments and therefore requires careful management and control of pricing arrangements with both suppliers and customers. In previous reports the Directors asserted that they believed that they had in place the pricing systems required to accommodate the desired profitability levels on a long term basis. This view remains unchanged despite the unprecedented polymer movements experienced in 2010. The Directors consider 2010 to be rather unique in that polymer prices only had an upward trajectory rather than movements in both directions which is visibly evident over the last decade or more.

As previously reported, in 2009 the Company made a significant investment to establish a thermoforming facility for the production of cups and trays also for the packaging and convenience foods market. Progress has not been as fast as the Directors had originally hoped and anticipated, largely because a key customer has not been able to gain the market penetration that they in turn expected. The Company has secured alternative and replacement business but this shall not be fully on stream until 2011/12.

Directors' report *(continued)*

The Directors are confident in the company's growth potential and anticipate a strong and stable performance for 2011

Profits and dividend

The loss for the year ended 31 December 2010 after provision for taxation is £104,000 (2009 profit £451,000) A dividend of £nil (2009 £nil) has been paid

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

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



D Blundell
Secretary

Unit 2
Lancer Court
Chadwick Road
Astmoor Industrial Estate
Runcorn
Cheshire
WA7 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 and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 auditor's report to the members of Alma Products Limited

We have audited the financial statements of Alma Products Limited for the year ended 31 December 2010 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

HP Jones

HP Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 September 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	£000	2009 £000	£000
Turnover	2	15,036		12,580	
Change in stocks of finished goods		(7)		(61)	
Other operating income		23		67	
		<u> </u>	15,052	<u> </u>	12,586
Raw materials and consumables		(11,419)		(8,940)	
Staff costs	5	(1,514)		(1,322)	
Depreciation and other amounts written off tangible and intangible fixed assets		(538)		(346)	
Other operating charges		(1,642)		(1,529)	
		<u> </u>	(15,113)	<u> </u>	(12,137)
Operating (loss)/profit			(61)		449
Other interest receivable and similar income	6		61		202
Interest payable and similar charges	7		(89)		(60)
			<u> </u>		<u> </u>
(Loss)/profit on ordinary activities before taxation	3		(89)		591
Tax on (loss)/profit on ordinary activities	8		(15)		(140)
			<u> </u>		<u> </u>
(Loss)/profit for the year			(104)		451

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

Notes from page 9 to 18 form part of the financial statements

Balance sheet
 at 31 December 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		82		103
Tangible assets	10		3,442		3,525
			<u>3,524</u>		<u>3,628</u>
Current assets					
Stocks	11	475		627	
Debtors (including £1,908,829 (2009 £ 1,476,341) due after more than one year)	12	5,708		4,973	
Cash at bank and in hand		140		630	
		<u>6,323</u>		<u>6,230</u>	
Creditors amounts falling due within one year	13	(4,755)		(4,476)	
Net current assets			<u>1,568</u>		<u>1,754</u>
Total assets less current liabilities			<u>5,092</u>		<u>5,382</u>
Creditors amounts falling due after more than one year					
Deferred income	14		(1,266)		(1,636)
Government grants			(175)		-
Provisions for liabilities and charges	15		(255)		(246)
Net assets			<u>3,396</u>		<u>3,500</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		2,046		2,112
Revaluation reserve	17		350		388
Shareholders' funds	18		<u>3,396</u>		<u>3,500</u>

Notes from page 9 to 18 form part of the financial statements

These financial statements were approved by the board of directors on 28/9/2011 and were signed on its behalf by



D Blundell
 Director

Note of historical cost profits and losses
at 31 December 2010

	2010 £000	2009 £000
Reported (loss)/profit on ordinary activities before taxation	(89)	591
Difference between historical cost depreciation charge and actual depreciation charge calculated on revalued amount	8	8
Historical cost (loss)/profit on ordinary activities before taxation	(81)	599
Historical cost (loss)/profit for the year retained after taxation	(96)	459

Notes to the financial statements

(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, modified to include the revaluation of land and buildings

Under FRS 1 (revised 1996) 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 International BV, 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 International BV, within which this company is included, can be obtained from the address given in note 22

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements As detailed in note 12 to the financial statements, amounts receivable from group undertakings have been guaranteed by Plasticos Holding AG, the ultimate parent company

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

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

Notes (continued)

1 Accounting policies (continued)

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.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed. 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.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

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

	2010 £000	2009 £000
<i>By geographical market</i>		
Sale of plastic products		
United Kingdom	12,694	9,443
Overseas	2,342	3,137
	<u>15,036</u>	<u>12,580</u>
<i>By sector</i>		
Sales of plastic products.		
External sales	15,036	11,558
Group Sales	-	1,022
	<u>15,036</u>	<u>12,580</u>

Notes (continued)

3 (Loss)/profit on ordinary activities before taxation

	2010 £000	2009 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of these financial statements	17	16
Other services relating to taxation	6	6
Depreciation and other amounts written off tangible fixed assets		
Owned	158	179
Leased	346	149
Hire of plant and machinery - rentals payable under operating leases	42	45
Hire of other assets - operating leases	111	111
Research and development		
Amortisation of deferred expenditure	34	18
Management charges payable to parent company	226	214
Bad debt	-	-
<i>After crediting</i>		
Exchange gains	7	94

4 Remuneration of directors

	2010 £000	2009 £000
Directors' emoluments	334	334
Company contributions to money purchase schemes	27	27
	<u>361</u>	<u>361</u>

Retirement benefits are accruing to 2 directors (2009 2) under money purchase schemes

The aggregate of emoluments and amounts received under long term incentive schemes of the highest paid director was £181,196 (2009 £182,496)

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	
	2010	2009
Administration	6	6
Production	49	43
Sales	3	3
	<u>58</u>	<u>52</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	1,335	1,145
Social security costs	142	140
Other pension costs	37	37
	<u>1,514</u>	<u>1,322</u>

6 Other interest receivable and similar income

	2010	2009
	£000	£000
Inter company interest	54	108
Net exchange gains	7	94
	<u>61</u>	<u>202</u>

7 Interest payable and similar charges

	2010	2009
	£000	£000
On bank loans and overdrafts	55	45
Finance charges payable in respect of finance leases and hire purchase contracts	34	37
	<u>89</u>	<u>82</u>
Less finance costs capitalised	-	(22)
	<u>89</u>	<u>60</u>

Finance costs have been capitalised into tangible fixed assets at the cost incurred

Notes (continued)

8 Taxation

	2010 £000	2009 £000
Current tax		
UK corporation tax at 28% (2009 28%)	-	(5)
Adjustment in respect of prior periods	(3)	(30)
Total current tax	<u>(3)</u>	<u>(35)</u>
Deferred tax		
Origination and reversal of timing differences	18	(175)
Tax on profit on ordinary activities	<u>15</u>	<u>140</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 £000	2009 £000
(Loss)/profit on ordinary activities before tax	<u>(89)</u>	<u>591</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28 % (2009 28%)	(25)	165
Effects of		
Other timing differences	6	-
Depreciation for year in excess of capital allowances	(17)	(170)
Adjustments in tax in respect of previous periods	(3)	(30)
Movement in tax losses	36	-
Current tax charge for period	<u>(3)</u>	<u>(35)</u>

Factors affecting the future tax charge

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 December 2010 (which has been calculated based on the rate of 27% substantively enacted at the balance sheet date)

9 Intangible fixed assets

	Development costs £000
Cost or valuation	
At beginning of year	324
Additions	13
At end of year	<u>337</u>
Amortisation	
At beginning of year	221
Charge for year	34
At end of year	<u>255</u>
Net book value	
At 31 December 2010	<u>82</u>
At 31 December 2009	<u>103</u>

Notes (continued)

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<i>Cost or valuation</i>				
At beginning of year	683	6,744	143	7,570
Additions	-	419	2	421
Disposals	-	-	-	-
At end of year	683	7,163	145	7,991
<i>Depreciation</i>				
At beginning of year	53	3,867	125	4,045
Charge for year	24	471	9	504
Disposals	-	-	-	-
At end of year	77	4,338	134	4,549
<i>Net book value</i>				
At 31 December 2010	606	2,825	11	3,442
At 31 December 2009	630	2,877	18	3,525

Included in the total net book value of tangible fixed assets is £2,224,683 (2009 £ 2,220,508) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £345,722 (2009 £149,772)

Included within the cost of freehold land and buildings are depreciable assets of £620,808 (2009 £ 620,808)

The following information relates to tangible fixed assets carried on the basis of revaluation in accordance with FRS 15 Tangible Fixed Assets

Freehold land and buildings

	2010 £000
At open market value 9 February 2008 – Full Aggregate depreciation thereon	650 (55)
Net book value	595
Historical cost of revalued assets Aggregate depreciation thereon	430 (253)
Historical cost net book value	177

The full valuation was performed by Dixon Webb LLP, chartered surveyors

Notes (continued)

11 Stocks

	2010	2009
	£000	£000
Raw materials and packaging	201	338
Finished goods and goods for resale	140	147
Engineering stocks and other consumables	134	142
	<u>475</u>	<u>627</u>

12 Debtors

	2010	2009
	£000	£000
Trade debtors	1,703	1,380
Amounts owed by group undertakings	3,902	3,395
Prepayments	68	125
Social security and other taxes	35	73
	<u>5,708</u>	<u>4,973</u>

Included within Amounts owed by group undertakings is £1,908,829 (2009 £1,476,341) falling due after more than one year

Within amounts owed to group undertakings is £1,908,829 owed by Alma Polska Lustpack Sp z o o. This company is subject to a Chapter 11 insolvency petition although the debtor has been guaranteed by Plasticos Holding AG, the ultimate parent undertaking. The directors of Plasticos Holding AG have considered a number of options to facilitate the repayment of amounts outstanding and have prepared a detailed plan to 31 December 2013. The success of the plan is dependent on the projected trading performance of a fellow group company and as such is inherently uncertain. However based on the detailed plan the directors consider the amount owed by Alma Polska Lustpack Sp z o o to be recoverable and have therefore not made a provision against that debt.

13 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Bank loans and overdrafts	98	256
Other loans	28	52
Obligations under finance leases and hire purchase contracts (see note 14)	409	401
Bank finance secured on trade debtors	555	594
Trade creditors	3,431	2,719
Amounts owed to group undertakings	45	35
Corporation tax	-	303
Taxation and social security	75	40
Accruals and deferred income	114	76
	<u>4,755</u>	<u>4,476</u>

The bank loan and overdraft facility are 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

	2010 £000	2009 £000
Bank loan	393	438
Other loans	-	28
Obligations under finance leases and hire purchase contracts	873	1,170
	<u>1,266</u>	<u>1,636</u>

The bank loan is a mortgage secured by first charge upon the freehold land and buildings and interest is charged at commercial rates. Repayment is being made over a 10 year term by equal monthly instalments which are adjusted for changes in the base interest rate.

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

	2010 £000	2009 £000
Within 1 year	397	297
In the second to fifth years	476	873
Over 5 years	-	-
	<u>873</u>	<u>1,170</u>

15 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	246
Debit to the profit and loss account in year	9
At end of year	<u>255</u>

The amounts provided for deferred taxation are set out below

	2010 £000	2009 £000
Difference between accumulated depreciation and capital allowances	295	249
Short term timing differences	(40)	(3)
At end of year	<u>255</u>	<u>246</u>

Notes (continued)

16 Called up share capital

	2010 £000	2009 £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

	Revaluation reserve £000	Profit and loss £000
At beginning of year	388	2,112
Loss for the year	-	(104)
Transfer	(38)	38
At end of year	<u>350</u>	<u>2,046</u>

18 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
(Loss)/Profit for the financial year	(104)	451
Opening shareholders' funds	3,500	3,049
Closing shareholders' funds	<u>3,396</u>	<u>3,500</u>

19 Commitments

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

	2010 £000	2009 £000
Contracted	-	104
	<u> </u>	<u> </u>

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

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
In the second to fifth years inclusive	22	25	22	29
Over five years	89	-	89	-
	<u>111</u>	<u>25</u>	<u>111</u>	<u>29</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 £37,000 (2009 £37,000)

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 International BV, 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 was a subsidiary undertaking of Plasticos International BV, a company incorporated in The Netherlands. 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.