

**Alma Products Limited**

Directors' report and  
financial statements  
Registered number 01665868  
31 December 2004



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### 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 year 2004 was a particularly difficult trading year characterised by fierce competition and unexpected volatility in the market. Coupled with this the market experienced unprecedented upward price pressure, particularly in the final six months of the year, with key raw materials increasing by more than sixty percent during the period. This had a major impact upon profitability as the company fought to pass on these increases to its customers. It is anticipated that prices will soften during 2005 easing the negative impact that the upward price pressure has generated.

Focus is being given to obtain new business which offers sustainable and long-term profitability whilst meeting the requirements of the company's growth and marketing strategy. The Directors remain positive for the outlook of 2005 and beyond and project significant growth.

### Profits and dividend

The loss for the year ended 31 December 2004 after provision for taxation is £69,856 (2003: profit £36,223). A dividend of £nil (2003: £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 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.

**Directors' report** *(continued)*

**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

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 and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the 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.



8 Princes Parade  
Liverpool L3 1QH  
United Kingdom

## **Independent auditors' report to the members of Alma Products Limited**

We have audited the financial statements on pages 5 to 17.

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**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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.

### **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 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

*29 June 2005*

*KPMG LLP  
Chartered Accountants  
Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2004*

	Note	2004		2003	
		£000	£000	£000	£000
Turnover	2	9,930		9,727	
Change in stocks of finished goods and work in progress		122		(104)	
Other operating income		4		19	
		<u>          </u>	<b>10,056</b>	<u>          </u>	9,642
Raw materials and consumables		(6,568)		(6,303)	
Staff costs	5	(1,348)		(1,177)	
Depreciation and other amounts written off tangible and intangible fixed assets		(460)		(480)	
Other operating charges		(1,677)		(1,561)	
		<u>          </u>	<b>(10,053)</b>	<u>          </u>	(9,521)
<b>Operating (loss)/profit</b>			<b>3</b>		121
Other interest receivable and similar income	6		6		47
Interest payable and similar charges	7		(105)		(117)
			<u>          </u>		<u>          </u>
<b>(Loss)/profit on ordinary activities before taxation</b>	3		<b>(96)</b>		51
Tax on profit on ordinary activities	8		26		(15)
			<u>          </u>		<u>          </u>
<b>Profit after taxation</b>			<b>(70)</b>		36
Dividends	9		-		-
			<u>          </u>		<u>          </u>
<b>Retained (loss)/ profit for the year</b>			<b>(70)</b>		36
Retained profit brought forward			400		364
			<u>          </u>		<u>          </u>
<b>Retained profit carried forward</b>			<b>330</b>		400

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 2004*

	<i>Note</i>	2004		2003	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	<i>10</i>		-		10
Tangible assets	<i>11</i>		1,963		2,308
			<hr/>		<hr/>
			1,963		2,318
<b>Current assets</b>					
Stocks	<i>12</i>	646		435	
Debtors	<i>13</i>	2,156		2,154	
Cash at bank and in hand		60		120	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	2,862 (3,047)		2,709 (3,016)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(185)		(307)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			1,778		2,011
<b>Creditors: amounts falling due after more than one year</b>					
	<i>15</i>		(192)		(294)
<b>Provisions for liabilities and charges</b>	<i>16</i>		(256)		(317)
			<hr/>		<hr/>
<b>Net assets</b>			1,330		1,400
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	<i>17</i>		1,000		1,000
Profit and loss account	<i>18</i>		330		400
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>	<i>19</i>		1,330		1,400
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 20/6/2005 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. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements.

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Government grants*

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

#### *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.

#### *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.

**Notes** *(continued)*

**2 Analysis of turnover**

	2004 Turnover £000	2003 Turnover £000
<i>By geographical market</i>		
<b>Sale of plastic products:</b>		
United Kingdom - external sales	6,244	5,763
Overseas - external sales	3,109	2,916
Overseas - intragroup sales	577	1,048
	9,930	9,727
	9,930	9,727

**3 (Loss)/profit on ordinary activities before taxation**

	2004 £000	2003 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	15	14
Other services	7	4
Depreciation and other amounts written off tangible fixed assets:		
Owned	260	259
Leased	190	190
Exchange losses	-	-
Hire of plant and machinery - rentals payable under operating leases	32	32
Hire of other assets - operating leases	88	88
Research and development		
Current year expenditure	-	-
Amortisation of deferred expenditure	10	31
Management charges payable to parent company	238	251
Debts written off in year	-	38
<i>after crediting</i>		
Exchange gains	6	47
	6	47
	6	47

**4 Remuneration of directors**

	2004 £000	2003 £000
Directors' emoluments	147	140
Company contributions to money purchase schemes	18	17
	165	157
	165	157

Retirement benefits are accruing to 2 directors (2003: 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	
	2004	2003
Administration	6	7
Production	45	43
Sales	4	3
	<u>55</u>	<u>53</u>

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£000	£000
Wages and salaries	1,212	1,059
Social security costs	117	99
Other pension costs	19	19
	<u>1,348</u>	<u>1,177</u>

**6 Other interest receivable and similar income**

	2004	2003
	£000	£000
Net exchange gains	<u>6</u>	<u>47</u>

**Notes** *(continued)*

**7 Interest payable and similar charges**

	2004 £000	2003 £000
On bank loans and overdrafts	52	56
Finance charges payable in respect of finance leases and hire purchase contracts	27	45
Discounts allowed	26	16
	105	117

**8 Taxation**

	2004 £000	2003 £000
<b>Current tax</b>		
UK corporation tax at 30% (2003: 30%)	25	53
Adjustment in respect of prior periods	10	-
<b>Total current tax</b>	35	53
<b>Deferred tax</b>		
Origination and reversal of timing differences	(52)	(38)
Adjustment in respect of prior periods	(9)	-
<b>Tax on (loss)/profit on ordinary activities</b>	(26)	15

**Factors affecting tax charge for the year**

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

	2004 £000	2003 £000
<b>(Loss)/profit on ordinary activities before tax</b>	(96)	51
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003:30%)	(29)	15
Effects of:		
Expenses not deductible for tax purposes	4	2
Capital allowances for year in excess of depreciation	54	35
Provisions adjustment	(2)	1
Adjustments in tax in respect of previous periods	10	-
Small companies relief	(2)	-
<b>Current tax charge for period</b>	35	53

**Notes (continued)**

**9 Dividends**

	2004 £000	2003 £000
Final dividend paid	-	-
	-	-

**10 Intangible fixed assets**

	Development costs £000
<i>Cost or valuation</i>	
At beginning of year	159
Additions	-
<b>At end of year</b>	<b>159</b>
<i>Amortisation</i>	
At beginning of year	149
Charge for year	10
<b>At end of year</b>	<b>159</b>
<i>Net book value</i>	
At 31 December 2004	-
At 31 December 2003	10

**11 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	481	5,140	98	5,719
Additions	23	23	59	105
Disposals	-	-	-	-
<b>At end of year</b>	<b>504</b>	<b>5,163</b>	<b>157</b>	<b>5,824</b>
<i>Depreciation</i>				
At beginning of year	179	3,158	74	3,411
Charge for year	15	420	15	450
Disposals	-	-	-	-
<b>At end of year</b>	<b>194</b>	<b>3,578</b>	<b>89</b>	<b>3,861</b>
<i>Net book value</i>				
At 31 December 2004	<b>310</b>	<b>1,585</b>	<b>68</b>	<b>1,963</b>
At 31 December 2003	302	1,982	24	2,308

Included in the total net book value of tangible fixed assets is £962,715 (2003: £1,152,970) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £190,255 (2003: £190,435).

Included within the cost of freehold land and buildings are depreciable assets of £454,679 (2003: £438,694).

**Notes** *(continued)*

**12 Stocks**

	2004 £000	2003 £000
Raw materials and packaging	392	293
Finished goods and goods for resale	217	95
Engineering stocks and other consumables	37	47
	646	435
	646	435

**13 Debtors**

	2004 £000	2003 £000
Trade debtors	1,429	1,412
Amounts owed by group undertakings	623	602
Other debtors	73	120
Prepayments and accrued income	31	20
	2,156	2,154
	2,156	2,154

Included within Amounts owed by group undertakings is £180,000 (2003: £180,000) falling due after more than one year

**14 Creditors: amounts falling due within one year**

	2004 £000	2003 £000
Mortgage loan (see note 15)	28	27
Bank loans and overdrafts	74	162
Obligations under finance leases and hire purchase contracts (see note 15)	93	200
Bank finance secured on trade debtors	839	574
Trade creditors	579	1,828
Amounts owed to group undertakings	1,289	28
Corporation tax	35	53
Taxation and social security	33	36
Other creditors	-	-
Accruals and deferred income	77	108
	3,047	3,016
	3,047	3,016

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)*

**15 Creditors: amounts falling due after more than one year**

	2004 £000	2003 £000
Mortgage loan	100	128
Obligations under finance leases and hire purchase contracts	92	166
Amounts owed to group undertakings	-	-
	192	294
	192	294

**Analysis of mortgage loan:**

	2004 £000	2003 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	28	27
Between one and two years	30	29
Between two and five years	70	99
In five years or more	-	-
	128	155
	128	155

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:

	2004 £000	2003 £000
Within one year	93	200
In the second to fifth years	92	166
Over five years	-	-
	185	366
	185	366



**Notes** *(continued)*

**16 Provisions for liabilities and charges**

	Deferred taxation £000
At beginning of year	317
Charge to the profit and loss account in year	(61)
	256
<b>At end of year</b>	<b>256</b>

The amounts provided for deferred taxation are set out below:

	2004 £000	2003 £000
Difference between accumulated depreciation and Amortisation and capital allowances	281 (25)	335 (18)
	256	317
<b>At end of year</b>	<b>256</b>	<b>317</b>

**17 Called up share capital**

	2004 £000	2003 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

**Notes** *(continued)*

**18 Reserves**

	2004 £000	2003 £000
Retained reserves at the beginning of the year	400	364
Retained (loss)/profit for year	(70)	36
<b>At end of year</b>	<b>330</b>	<b>400</b>

**19 Reconciliation of movements in shareholders' funds**

	2004 £000	2003 £000
Opening shareholders' funds	1,400	1,364
(Loss)/profit for the financial year	(70)	36
Dividends	-	-
<b>Net addition to shareholders' funds</b>	<b>(70)</b>	<b>36</b>
<b>Closing shareholders' funds</b>	<b>1,330</b>	<b>1,400</b>

**20 Commitments**

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

	2004 £000	2003 £000
Contracted	-	-
	-	-

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

	2004		2003	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	5	-	5
In the second to fifth years inclusive	-	12	-	21
Over five years	89	-	88	-
	89	17	88	26

**Notes** *(continued)*

**21 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 £18,000 (2003:£ 14,990).

**22 Related party disclosures**

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 to avoid disclosing transactions and balances with group companies which would normally be eliminated on consolidation.

**23 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.