

Alma Products Limited

**Directors' report and financial
statements**

Registered number 01665868

31 December 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

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 continued difficult trading conditions in the Plastics Industry in general the company continues to perform well and overall the directors remain satisfied with the result.

The principal risks and uncertainties facing the company relate to the volatility of raw material prices and the continued 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 the previous 2 years. Sales volumes were down nearly thirteen percent year-on-year as the full impact of the business lost mid way 2006 took its toll. This related to the loss of two customers 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. Despite this financial results were in line with the previous year as aggressive cost management measures ensured the cost base decreased proportionately. Average margins were down slightly year-on-year which was not surprising given the explosion in the crude oil prices but the pricing systems implemented in 2005 helped minimise the time delays in passing on raw material price increases to major customers and therefore the potential impact was managed.

The polystyrene market remained extremely turbulent in 2007 with a steady decline in demand in Western Europe as packaging companies substituted to all materials. Prices continue to be at 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 previous reports 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 2007 after provision for taxation is £256,892 (2006 profit £232,786). A dividend of £nil (2006 £nil) has been paid.

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


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 2007 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 2007 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

KPMG LLP

11 July 2008

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £000	£000	2006 £000	£000
Turnover	2	12,339		13,558	
Change in stocks of finished goods		174		(48)	
Other operating income		26		70	
		<hr/>	12,539	<hr/>	13,580
Raw materials and consumables		(9,336)		(9,783)	
Staff costs	5	(983)		(1,300)	
Depreciation and other amounts written off tangible and intangible fixed assets		(358)		(373)	
Other operating charges		(1,576)		(1,788)	
		<hr/>	12,253	<hr/>	(13,244)
Operating profit			386		336
Other interest receivable and similar income	6		75		48
Interest payable and similar charges	7		(39)		(52)
			<hr/>		<hr/>
Profit on ordinary activities before taxation	3		322		332
Tax on profit on ordinary activities	8		(66)		(99)
			<hr/>		<hr/>
Profit for the year			256		233
			<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 2007

	<i>Note</i>	2007		2006	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		47		21
Tangible assets	10		1,828		1,378
			<u>1,875</u>		<u>1,399</u>
Current assets					
Stocks	11	575		941	
Debtors	12	2,913		2,561	
Cash at bank and in hand		723		-	
			<u>4,211</u>	<u>3,502</u>	
Creditors amounts falling due within one year	13	<u>(3,429)</u>		<u>(3,019)</u>	
Net current liabilities			782		483
Total assets less current liabilities			<u>2,657</u>		<u>1,882</u>
Creditors: amounts falling due after more than one year					
	14		(228)		(39)
Provisions for liabilities and charges	15		(106)		(164)
Net assets			<u>2,323</u>		<u>1,679</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		935		679
Revaluation reserve	17		388		-
Shareholders' funds	18		<u>2,323</u>		<u>1,679</u>

These financial statements were approved by the board of directors on 10/17/2008 and were signed on its behalf by



D Blundell
Director

Note of historical cost profits and losses
at 31 December 2007

	2007 £000	2006 £000
Reported profit on ordinary activities before taxation	322	332
Difference between historical cost depreciation charge and actual depreciation charge calculated on revalued amount	(8)	-
Historical cost profit on ordinary activities before taxation	<u>314</u>	<u>332</u>
Historical cost profit for the year retained after taxation	<u>248</u>	<u>233</u>

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, modified to include the revaluation of land and buildings

Under Financial Reporting Standard 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 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

	2007	2006
	£000	£000
<i>By geographical market</i>		
Sale of plastic products		
United Kingdom	8,003	8,203
Overseas	4,331	5,355
	12,339	13,558
	12,339	13,558

Notes (continued)

3 Profit on ordinary activities before taxation

	2007	2006
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of these financial statements	15	14
Other services relating to taxation	5	5
Depreciation and other amounts written off tangible fixed assets		
Owned	168	171
Leased	176	187
Hire of plant and machinery - rentals payable under operating leases	33	34
Hire of other assets - operating leases	111	111
Research and development		
Amortisation of deferred expenditure	14	15
Management charges payable to parent company	231	245
<i>After crediting</i>		
Exchange gains	35	10
	35	10

4 Remuneration of directors

	2007	2006
	£000	£000
Directors' emoluments	166	164
Company contributions to money purchase schemes	21	20
	187	184

Retirement benefits are accruing to 2 directors (2006 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	
	2007	2006
Administration	6	6
Production	37	42
Sales	3	3
	<u>46</u>	<u>51</u>

The aggregate payroll costs of these persons were as follows

	2007 £000	2006 £000
Wages and salaries	856	1,159
Social security costs	103	117
Other pension costs	24	24
	<u>983</u>	<u>1,300</u>

6 Other interest receivable and similar income

	2007 £000	2006 £000
Inter company interest	35	-
Net exchange gains	35	48
Discounts	5	-
	<u>75</u>	<u>-</u>

7 Interest payable and similar charges

	2007 £000	2006 £000
On bank loans and overdrafts	36	32
Finance charges payable in respect of finance leases and hire purchase contracts	1	6
Discounts allowed	2	14
	<u>39</u>	<u>52</u>

Notes (continued)

8 Taxation

	2007 £000	2006 £000
Current tax		
UK corporation tax at 30% (2006 30%)	125	146
Adjustment in respect of prior periods	-	(1)
Total current tax	125	145
Deferred tax		
Origination and reversal of timing differences	(31)	(46)
Removal of industrial buildings allowances	(22)	-
Effect of decreased tax rate	(6)	-
Tax on profit on ordinary activities	66	99

Factors affecting tax charge for the year

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK 30% (2006 30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	322	332
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	97	100
Effects of		
Net income not taxable	(3)	-
Depreciation for year in excess of capital allowances	31	46
Adjustments in tax in respect of previous periods	-	(1)
Current tax charge for period	125	145

Intangible fixed assets

	Development costs £000
Cost or valuation	
At beginning and end of year	202
Additions	40
	242
Amortisation	
At beginning of year	181
Charge for year	14
At end of year	195
Net book value	
At 31 December 2007	47
At 31 December 2006	21

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	504	5,105	164	5,773
Additions	10	392	4	406
Disposals	-	(236)	(26)	(262)
Revaluation	170	-	-	170
At end of year	684	5,261	142	6,087
<i>Depreciation</i>				
At beginning of year	221	4,048	126	4,395
Charge for year	11	316	17	344
Disposals	-	(236)	(26)	(262)
Revaluation	(218)	-	-	(218)
At end of year	14	4,128	117	4,259
<i>Net book value</i>				
At 31 December 2007	670	1,133	25	1,828
At 31 December 2006	283	1,057	38	1,378

Included in the total net book value of tangible fixed assets is £669,710 (2006 £585,446) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £175,546 (2006 £186,654).

Included within the cost of freehold land and buildings are depreciable assets of £613,758 (2006 £454,679).

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

	2007 £000
At open market value 9 February 2007 - Full	650
Aggregate depreciation thereon	-
Net book value	650
Historical cost of revalued assets	430
Aggregate depreciation thereon	(228)
Historical cost net book value	202

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

Notes *(continued)*

11 Stocks

	2007 £000	2006 £000
Raw materials and packaging	144	694
Finished goods and goods for resale	315	141
Engineering stocks and other consumables	116	106
	575	941
	575	941

12 Debtors

	2007 £000	2006 £000
Trade debtors	1,615	1,726
Amounts owed by group undertakings	1,183	642
Other debtors	-	27
Prepayments and accrued income	115	166
	2,913	2,561
	2,913	2,561

Included within Amounts owed by group undertakings is £243,776 (2006 £230,000) falling due after more than one year

13 Creditors. amounts falling due within one year

	2007 £000	2006 £000 <small>(As restated see note 23)</small>
Bank loans and overdrafts	30	124
Other loans	38	-
Obligations under finance leases and hire purchase contracts (see note 14)	50	13
Bank finance secured on trade debtors	858	904
Trade creditors	1,973	1,695
Amounts owed to group undertakings	96	15
Corporation tax	125	180
Taxation and social security	213	62
Accruals and deferred income	46	26
	3,429	3,019
	3,429	3,019

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

	2007 £000	2006 £000
Bank loan	6	39
Other loans	44	
Obligations under finance leases and hire purchase contracts	178	-
	228	39
	228	39

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 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

	2007 £000	2006 £000
Within one year	50	13
In the second to fifth years	178	-
	228	13
	228	13

15 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	164
Credit to the profit and loss account in year	(58)
At end of year	106
	106

The amounts provided for deferred taxation are set out below

	2007 £000	2006 £000
Difference between accumulated depreciation and capital allowances	120	179
Short term timing differences	(14)	(15)
	106	164
	106	164

In March 2007, the Chancellor of the Exchequer announced proposals to change the UK rate of Corporation Tax from 30% to 28% with effect from 1 April 2008. The above deferred tax liability takes account of this rate change.

Notes (continued)

16 Called up share capital

	2007 £000	2006 £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	-	679
Profit for the year	-	256
Revaluation of freehold land and building	388	-
At end of year	<u>388</u>	<u>935</u>

18 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Profit for the financial year	256	233
Opening shareholders' funds	1,679	1,446
Revaluation of freehold and land and buildings	388	-
Closing shareholders' funds	<u>2,323</u>	<u>1,679</u>

19 Commitments

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

	2007 £000	2006 £000
Contracted	85	211
	<u> </u>	<u> </u>

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

	2007		2006	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
In the second to fifth years inclusive	-	-	-	16
Over five years	111	-	111	-
	<u>111</u>	<u> </u>	<u>111</u>	<u>16</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 £21,000 (2006 £20,475).

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.

23 Comparatives

Last years comparatives for social security and other taxes, accruals, bank financed secured on trade debtors and bank loans and overdrafts have been changed for reporting classification purposes only.