REGISTERED NUMBER 00408017

APPE U.K. Ltd.

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

APPE U.K. Ltd.
DIRECTORS AND ADVISORS

Directors	M Hargreaves La Seda de Barcelona, S.A Artenius Holding SLU
Secretary	M Hargreaves
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 8 Princes Parade St Nicholas Place Liverpool L3 1QJ
Bankers	Citibank plc Canada Square Canary Wharf London E14 5LB
Solicitors	Allington Hughes 10 Grosvenor Road Wrexham LL11 1SD
Registered office	Ellice Way Wrexham Technology Park Wrexham Clwyd LL13 7YL
Registered number	00408017

Principal activities
The principal activity of APPE UK Ltd is the provision of packaging solutions to a wide variety of industry sectors within the UK. It manufactures rigid plastic polyethylene terephthalate (PET) preforms, bottles and other containers for use in the beverage sector (carbonated soft drinks, mineral water and juice) as well as for food, personal care, healthcare and household chemical applications.

Review of the business
The business achieved significant volume growth during 2013 with an increase of 14% on the previous year. This was on the back of securing long term contracts with a number of key UK drinks fillers which cemented APPE's position as the dominant player in this market. Revenues also increased, though by only 4%, reflecting the level of competition in the market place. New business wins were secured by offering competitive prices.

Revenue can be significantly impacted by movements in resin prices. The key raw material is PET which is a global commodity material, the price of which rises and falls in line with crude and other oil derivative market prices. To avoid risk, APPE's product prices are aligned to market resin indices, ensuring that the company can respond quickly to changes in its cost base. This generally allows the business to protect its margins and in 2013, when the average cost of resin fell, APPE passed on this reduction to customers, thereby reducing revenue.

Due to the insolvency of the parent company intercompany receivables have been impaired by £31.6m which has been presented as an exceptional item in these financial statements. The final outcome with regard to these loans will depend on what happens as a result of the ongoing sale process. Further information is available in the Directors' Report and in note 4 to these financial statements.

The directors consider that, with the exception of the insolvency of the parent company, the trading performance is satisfactory and consistent with the previous year.

Proforma accounts on a going concern basis
Appendix 1 to these financial statements show what the results and financial position of the company would have been without the adjustments that have been made as a consequence of the insolvency of La Seda de Barcelona S. A.

The business made an operating profit of £4.2m for the year and had shareholders' funds of £26.4m. Based on these results, which represent the underlying trading position of the Company, the directors are satified with the trading performance and financial position of the Company.

Key performance indicators ("KPIs")

	2013	2012
Financial		
Operating Profit % (operating profit / turnover)	**2.56%**	5.29%
Annual Turnover / Employee	**£616k**	£589k
Stock Days	**33 days**	36 days
Current Assets / Current Liabilities	**0.92**	1.10
Non - financial		
Notifiable Incidents reported to HSE	-	1
Environmental Incidents reported to Environment Agency	-	-

Future developments
Despite the parent company situation APPE U.K.Ltd continues to grow and to seek new opportunities. While commodity preforms remain by far the biggest component of volumes and continues to grow, the company has ambitious plans to diversify into new sectors. In recent years this has included the introduction of screen printing for containers in the personal care sector while new technologies such as hotfill jars (for use in the foods sector) and a PET aerosol container (for use in the personal care sector) are expected to be significant growth areas for the business.

The business continues to work in close partnership with existing customers to secure further long term contracts, using the opportunities arising from this to offer new and innovative PET solutions for a wide range of packaging requirements. The business has continued to invest heavily in new manufacturing technology with the overall aim of reducing the cost to produce and ensuring APPE's customers benefit fully from the economies of scale achieved at the Gresford site. This investment will continue into the future as will investment in lightweighting the product range, in energy saving projects and in finding the optimum supply chain solutions (reducing spend on warehousing, transport and returnable packaging). In this way the company expects to remain competitive and is confident that it has a strategy in place which will secure long term growth.

Principal risks and uncertainties (other than those relating to the insolvency of the parent company)
The Company operates in a competitive marketplace and acknowledges the continual potential risk that it may lose sales to its key competitors. The Company manages this risk by focusing on and developing its major strengths. These include securing a broad spread of long term contracts, expanding the product portfolio (through innovation and new design), delivering a quality service and, through a combination of all of these factors, building strong relationships with customers. In doing so the business has over a number of years been able to grow and operate at a level which generates significant economies of scale and drives down the cost to produce.

Major elements within the cost base, in particular raw materials, energy and fuel, have been subject to both volatility and significant increases over recent years. The potential risk this has on business profitability has been dealt with, where possible, by linking customer prices to the cost of these key components. Prices are thus changed, often on a monthly basis, to ensure that such volatility does not impact adversely on profit.

Financial risk management
The company's operations expose it a variety of financial risks that include foreign exchange risk, credit risk and raw material price risk.

The company minimises risks in a number of ways. Raw material price volatility is dealt with by ensuring that customer prices can be altered on a regular basis (normally monthly) thus retaining a constant sales margin.
Credit risk is mitigated by ensuring that all customers have credit limits which are closely monitored with reference to credit rating agency reports, market intelligence and parent company approval. For larger customers the company operates a factoring without recourse arrangement.
Exchange risk is mitigated by means of hedging; this is mainly driven by the need to purchase raw materials in euros. Virtually all sales are made in GBP.

By order of the Board

M Hargreaves
Secretary

30th March 2015

DIRECTORS' REPORT for the year ended 31 December 2013

The Directors present their report and the audited financial statements of the company for the year ended 31st December 2013.

Future developments
An indicatation of the likely future developments of the business is included in the Strategic Report.

Directors
The directors who held office during the year and up to the date of signing of the financial statements were :

M Hargreaves
La Seda de Barcelona, S.A.
Artenius Holding SLU

None of the directors who held office at the end of the financial year had any discloseable interest in the share of the company, any of its subsidiaries or the ultimate parent company La Seda de Barcelona, S.A. throughout the year.

Dividends
The directors are unable to declare a dividend.

Charitable contributions
During the year the company made charitable donations of £1,949 (2012: £2,000).

Environment
The company recognises the importance of its environmental responsibilities and operates in accordance with group policies and has been accredited to BS EN ISO 14001 since 1996.

Employees
The Company is committed to providing all staff and management with an appropriate level of training. This is designed to ensure that personnel, at all levels in the organisation, have the right attitude and skills required for them to perform their roles. It includes on the job training as well as involvement in local and national training and development initiatives.

The Company also communicates and consults with employees on a regular basis thereby keeping staff informed and involved in the progress of the Company and its future. Communication channels include monthly team briefs, a regular newsletter and full participation by the leadership team in a Partnership Council. Management regularly review the effectiveness of employee communication and improvements are implemented as required.

Research and development
The primary aims of our research and development work are to improve packaging and process technologies from both economic and environmental points of view. Improved technology helps us to continue meeting the expectations of our customers and end users.

Creditor payment policy
The company's current policy concerning the payment of its trade creditors is to:

- Settle the terms of payment with those suppliers when agreeing to deal with them;
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- Pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments for revenue and capital supplies of goods & services without exception.

Sale of the business to Plastipak Holdings Inc.
On 30th March 2015 Plastipak Holdings Inc. ("Plastipak") signed a contract for the purchase of the APPE Group of which APPE U.K. Ltd ("the Company") is a member. Due to the complexities of the debt structure of existing shareholder La Seda de Barcelona ("LSB"), the sale transaction will be an asset sale in the UK as a waiver to release share guarantees was blocked by LSB's syndicated loan holders. Unlike most asset sale deals however, due to a change in Spanish insolvency legislation the deal will involve the purchase of assets and various liabilities thus protecting the core business. It is expected that the transaction will be completed in quarter 2 of 2015 once various regulatory approvals and contractual agreements are concluded.

Plastipak is a world leader in the design and manufacture of high-quality, rigid plastic containers for the food, beverage, and consumer products industries. Plastipak operates more than 27 sites in the United States, South America and Europe, with a total of over 4,000 employees. Its customers include some of the world's most respected and recognized consumer brands. Plastipak is also a leading innovator in the packaging industry, holding more than 420 United States patents for its state-of-the-art package designs and manufacturing processes. In addition, Plastipak licenses various packaging technologies around the world. Plastipak was founded in 1967 and is headquartered in Plymouth, Michigan.

Going concern - insolvency of the parent company, La Seda de Barcelona S.A.Group

Since 2011 the cash generation of La Seda de Barcelona S.A.Group ("LSB") has been adversely affected by the worsening of the competitive environment of their PET business. Actions were initiated in 2012 to refinance the existing syndicated debt facility however the restructuring process finished without agreement with the lenders. On 17th June 2013, LSB presented an application for its voluntary insolvency which was accepted on the 4th July 2013 by Commercial Court number 1 in Barcelona ("the Court"). The decision to apply for the insolvency was adopted, in addition to comply with the law, as a preventive measure to assure the viability of the Company.

On 3rd January 2014 LSB presented an application to commence its own liquidation (sale of Business Units) in the Court as the best option to protect the value of the assets and to facilitate the orderly sale of the business. The Court accepted the application on 30th January 2014 confirming the liquidation of LSB and the removal of its Board of Directors whose authority was replaced by its Insolvency Administrator.

On 31st July 2014 the Court approved the liquidator's plan to sell the pan-European APPE business and a tendering process commenced.

On 5th November 2014 it was announced that Plastipak Holdings Inc. were the successful bidder for the business of the APPE Group of which the Company is a member. As part of this transaction the trade and assets will be transferred to a new entity and therefore the trade will continue, as normal, within this new legal entity. It is the intention of the directors that, subject to the completion of this transaction, the current APPE U.K. Ltd legal entity will be liquidated.

Due to these factors the Directors have decided to prepare these financial statements on a non-going concern basis. As a result fixed assets have been reclassified to current assets and liabilities due after more than one year have been reclassified as being due within one year. Intercompany receivables have been impaired to their expected realisable value and deferred tax assets have been expensed. No further adjustments were necessary to reduce assets to their realisable values. Furthermore, no adjustments were necessary to provide for liabilities arising from the decision.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 judgements and accounting 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as they are aware, there is no relevant audit information of which the company's auditors are unaware;
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

M Hargreaves
Secretary

30th March 2015

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter - basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of accounting. Subject to the completion of the transaction to sell the trade and assets of the company, the Directors intend to liquidate the company during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, which are prepared by APPE U.K. Ltd, comprise:

- Balance sheet as at 31 December 2013;
- Profit and loss account and statement of total recognised gains and losses for the year then ended;
- Reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Fiona Kelsey

Fiona Kelsey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool

30th March 2015

APPE U.K. Ltd.
PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	164,593	158,477
Net operating charges	3	(160,373)	(151,211)
Operating profit		**4,220**	**7,266**
Exceptional items	4	(31,620)	-
Operating (loss)/profit after exceptional item		**(27,400)**	**7,266**
Net interest payable	6	(229)	(258)
(Loss)/profit on ordinary activities before taxation		**(27,629)**	**7,008**
Tax on (loss)/profit on ordinary activities	7	(1,374)	(1,380)
(Loss)/profit for the year	17	**(29,003)**	**5,628**

All items relate to continuing activities.

There are no differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents.

The notes on pages 11 to 19 form part of these financial statements.

APPE U.K. Ltd.
BALANCE SHEET at 31 December 2013

	Note	2013	2012
		£'000	£'000
Fixed assets			
Tangible assets	9	-	19,173
Current assets			
Tangible assets	9	16,750	-
Stocks	10	14,292	14,802
Debtors	11	16,748	44,953
Cash at bank and in hand		3,697	7,607
Current assets		51,487	67,362
Creditors: amounts falling due within one year	12	(55,797)	(61,187)
Net current (liabilities)/assets		(4,310)	6,175
Total assets less current liabilities		**(4,310)**	**25,348**
Creditors: amounts falling due after more than one year	13	-	(394)
Provisions for liabilities	15	(1,336)	(1,297)
Net (liabilities) / assets		**(5,646)**	**23,657**
Capital and reserves			
Called up share capital	17	7,000	7,000
Share premium account	17	8,500	8,500
Profit and loss account	17	(21,146)	8,157
Total shareholders' (deficit) / funds		**(5,646)**	**23,657**

These financial statements on pages 8 to 19 were approved by the board of directors on 30th March 2015 and were signed on its behalf by:

M Hargreaves
Director

Registered number 00408017

APPE U.K. Ltd.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
(Loss)/Profit for the financial year		(29,003)	5,628
Actuarial loss recognised in the pension scheme	20	(300)	(301)
Movement on deferred tax relating to pension scheme		-	108
Total recognised (losses)/gains in the year		**(29,303)**	**5,435**

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
(Loss)/Profit for the financial year		(29,003)	5,628
Other recognised gains and losses relating to the year (net)		(300)	(193)
Dividends	8	-	(813)
Net movement in shareholder's funds		**(29,303)**	**4,622**
Opening shareholder's funds		23,657	19,035
Closing shareholders' (deficit) / funds		**(5,646)**	**23,657**

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation
The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom and under the historical cost accounting convention.

Going concern - Insolvency of the parent company, La Seda de Barcelona S.A.Group
Since 2011 the cash generation of La Seda de Barcelona S.A.Group ("LSB") has been adversely affected by the worsening of the competitive environment of their PET business. Actions were initiated in 2012 to refinance the existing syndicated debt facility however the restructuring process finished without agreement with the lenders. On 17th June 2013, LSB presented an application for its voluntary insolvency which was accepted on the 4th July 2013 by Commercial Court number 1 in Barcelona ("the Court"). The decision to apply for the insolvency was adopted, in addition to comply with the law, as a preventive measure to assure the viability of the Company.

On 3rd January 2014 LSB presented an application to commence its own liquidation (sale of Business Units) in the Court as the best option to protect the value of the assets and to facilitate the orderly sale of the business. The Court accepted the application on 30th January 2014 confirming the liquidation of LSB and the removal of its Board of Directors whose authority was replaced by its Insolvency Administrator.

On 31st July 2014 the Court approved the liquidator's plan to sell the pan-European APPE business and a tendering process commenced.

On 5th November 2014 it was announced that Plastipak Holdings Inc. were the successful bidder for the business of the APPE Group of which the Company is a member. As part of this transaction the trade and assets will be transferred to a new entity and therefore the trade will continue, as normal, within this new legal entity. It is the intention of the directors that, subject to the completion of this transaction, the current APPE U.K. Ltd legal entity will be liquidated.

Due to these factors the Directors have decided to prepare these financial statements on a non-going concern basis. As a result fixed assets have been reclassified to current assets and liabilities due after more than one year have been reclassified as being due within one year. Intercompany receivables have been impaired to their expected realisable value and deferred tax assets have been expensed. No further adjustments were necessary to reduce assets to their realisable values. Furthermore, no adjustments were necessary to provide for liabilities arising from the decision.

The comparative financial information continues to be prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 31 December 2013 on a non-going concern basis.

Turnover
Turnover represents sales invoiced during the year exclusive of value added tax and is recognised at the point of despatch of goods to the customer.

Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation. In 2013 they have been presented as a current asset.
Depreciation of tangible fixed assets including leased assets is calculated to write off the cost of the assets on a straight-line basis over their expected useful lives. The principal annual rates used for this purpose are:

Leasehold improvements - term of lease

Plant, machinery and equipment - 3 to 15 years

Assets in the course of construction are capitalised at cost but not depreciated until complete and transferred to plant and machinery.

In the event of an impairment in fixed asset value, the deficit below net book value is charged to the profit and loss account.

Stocks
Stocks have been valued at the lower of cost and net realisable value. Cost includes a proportion of overheads relative to the stage of production reached. Where necessary, provision has been made to reduce slow-moving, unsalable and obsolete stock to net realisable value.

Raw materials and consumables include returnable packaging used in the transportation of finished goods, the cost of which is being written off over 5 years to reflect the estimation of net realisable value, subject to any additional provisioning to reflect the net realisable value at the end of each year.

1 Accounting policies (continued)

Deferred taxation
Deferred tax is recognised where recoverable in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Balances are not discounted.

Leases
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities, including long-term liabilities, denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year in which they arise.

Provisions
Provisions for liabilities and charges are made in accordance with FRS 12. Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits, that can be reliably estimated, will be required to settle the obligation.

Dilapidation costs are provided for on a discounted basis to cover costs to reinstate the property to its original condition, including the dismantling of plant and machinery.

Research and Development
Research and development expenditure is written off to the profit and loss account in the year it is incurred.

Exceptional items
Items which are exceptional by nature or magnitude have been disclosed separately on the face of the profit and loss account.

Dividends
Dividends are recognised when they are approved by the shareholders or when paid.

Pensions
The Company operates a funded defined benefit pension scheme which is contracted out of the state scheme. The scheme is now closed and therefore future accruals for existing members have ceased. It provides benefits based on final pensionable pay and the assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Company also operates a defined contribution scheme. Contributions in respect of this scheme are charged to the profit and loss account as they become payable in accordance with the scheme rules.

Cashflow statement
The results of the company are included in the consolidated financial statements of the ultimate parent undertaking, LSB, which are publicly available. The company has therefore taken advantage of the exemption not to prepare a cash flow statement under the terms of FRS1 Cash flow statements.

2	**Turnover**	**2013**	**2012**
		£'000	£'000
	United Kingdom	155,048	152,052
	Rest of Europe	9,545	6,425
		164,593	158,477

3	**Net operating charges**		**2013**	**2012**
			£'000	£'000
	Change in stocks of finished goods		(1,141)	(2,575)
	Raw materials and consumables		122,969	120,294
	Staff costs		12,747	10,557
	Auditor's remuneration		76	45
	Depreciation on tangible fixed assets	- owned	4,458	3,959
	Depreciation on tangible fixed assets	- leased	316	396
	Operating lease payments	- plant and machinery	2,083	1,533
	Operating lease payments	- land and buildings	895	966
	Profit on currency transactions		258	(3,018)
	Other operating income		(5,323)	(717)
	Other operating charges		23,257	18,996
	Profit on sale of fixed assets		(222)	(339)
	Exceptional item (prioir year goodwill write-off and restructuring costs)		-	1,114
			160,373	151,211

4	**Exceptional items**	**2013**	**2012**
		£'000	£'000
	Provision against intra-group receivables	31,620	-
		31,620	-

As further detailed in note 1 to these financial statements, the parent company, La Seda de Barcelona, S.A. entered a *concurso* (Spanish administration arrangement) with creditors on 4th July 2013. Consequently net amounts receivable from all companies within the La Seda de Barcelona S.A. Group have been impaired in full.

5	**Employees**	**2013**	**2012**
		£'000	£'000
	Wages and salaries	10,695	8,770
	Social security costs	1,084	911
	Other pension costs	968	876
	Total	12,747	10,557
	Directors' remuneration (included above)		
	Emoluments	197	262
	Pension contributions	27	24
		224	286

One (2012: one) director received any emoluments for their services and he is a member of the pension scheme.

The monthly average number of persons employed during the year was :	number	number
Indirect	157	179
Direct	110	90
	267	269

6 Net interest payable

	2013	2012
	£'000	£'000
On bank loans and overdrafts	418	584
Interest payable on inter group loans	443	2,790
Other interest payable	605	144
Interest payable	1,466	3,518
Bank and other interest receivable	-	(372)
Interest receivable on inter group loans	(1,237)	(2,888)
Interest receivable	(1,237)	(3,260)
Net interest payable	**229**	**258**

7 Tax on (loss)/profit on ordinary activities

	2013	2012
	£'000	£'000
Current tax		
UK corporation tax on profits for the year (at blended rates of 2013 : 23.25%, 2012 : 24.50%)	1,088	1,055
Deferred tax		
Origination and reversal of timing differences	(164)	159
In respect of pension	-	108
Effect of change in local tax rate	-	58
Write-off of deferred tax asset	450	-
Total deferred taxation	286	325
Tax on profit on ordinary activities	**1,374**	**1,380**

Factors affecting the tax charge for the year

	2013	2012
(Loss)/profit on ordinary activities before tax	(27,629)	7,008
Theoretical tax charge at the standard rate of tax of 23.25% (2012: 24.50%)	(6,424)	1,717
Effects of :		
Expenses not deductible for tax purposes	7,389	2
Depreciation in excess of capital allowances	69	106
Short term timing differences	54	(201)
Group relief	-	(569)
Actual current tax charge for year	**1,088**	**1,055**

From the 1 April 2013 the UK main corporation tax rate changed from 24% to 23%. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.25%. The UK Corporation tax rate will fall to 21% from 1st April 2014 and to 20% from 1st April 2015. Any deferred tax balances at 31 December 2013 have been re-calculated accordingly.

8 Dividend paid

	2013	2012
	£'000	£'000
Dividend paid at 0.11p per share	-	813

9 Tangible Assets

	Leasehold improvemen £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2013	2,683	83,391	2,263	88,337
Transfers	-	3,133	(3,133)	-
Additions	-	116	2,242	2,358
Disposals	(7)	(910)		(917)
At 31 December 2013	**2,676**	**85,730**	**1,372**	**89,778**
Accumulated depreciation				
At 1 January 2013	(2,053)	(67,111)	-	(69,164)
Eliminated on disposal	-	910	-	910
Charge for the year	(54)	(4,720)	-	(4,774)
At 31 December 2013	**(2,107)**	**(70,921)**	**-**	**(73,028)**
Net book value				
At 31 December 2013	**569**	**14,809**	**1,372**	**16,750**
At 1 January 2013	630	16,280	2,263	19,173

This includes assets held under finance leases included within plant and machinery :

	2013 £'000	2012 £'000
Cost	2,382	2,382
Accumulated depreciation	(797)	(481)
	1,585	**1,901**

10 Stocks

	2013 £'000	2012 £'000
Raw materials	2,556	4,207
Finished goods	11,736	10,595
	14,292	**14,802**

11 Debtors

		2013 £'000	2012 £'000
Trade debtors		13,358	9,988
Amounts owed by group undertakings		2,444	32,522
Deferred tax	(see note 16)	-	286
Other debtors		733	1,828
Prepayments and accrued income		213	329
		16,748	**44,953**

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12 Creditors : amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	146	8,298
Amounts owed to group undertakings	43,214	41,824
Corporation tax liability	2,144	1,156
Other taxation and social security	3,765	1,460
Other creditors	121	373
Finance leases due within one year	446	535
Accruals and deferred income	5,961	7,541
	55,797	**61,187**

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

13 Creditors : amounts falling due after more than one year

	2013 £'000	2012 £'000
Finance leases due after more than one year	-	394

14 Maturity profile of financial liabilities

	2013 £'000	2012 £'000
Within one year	446	589
Between one and five years	-	464
Total gross payments due	446	1,053
Less finance charges included above	-	(124)
	446	929
Due in less than one year	446	535
Due between one and two years	-	242
Due between two and five years	-	152
	-	394
	446	929

15 Provisions for liabilities

	2013 £'000	2012 £'000
At beginning of the year	1,297	1,283
Charged to the profit and loss account	46	37
(Utilised)	(7)	(23)
At end of year	1,336	1,297

16 Deferred tax

	2013 £'000	2012 £'000
At beginning of the year	286	504
Prior year adjustment	78	(58)
(Charge) to profit and loss account	(364)	(160)
At end of year	-	286
Comprising :		
Accelerated capital allowances	-	286
Other timing differences	-	-
	-	286

The deferred tax asset has been impaired to zero as its likelihood of recovery is considered remote.

17 Share capital, premium and reserves

	Called up Share capital £'000	Share premium account £'000	Profit and loss account £'000
At beginning of year	7,000	8,500	8,157
Loss for the year	-	-	(29,003)
Actuarial pension loss recognised net of deferred tax	-	-	(300)
	-		
At end of year	7,000	8,500	(21,146)

Share capital consists of 7,000,000 ordinary shares of £1 each.

18 Contingent liabilities

The company has guaranteed a loan made from a third party to APPE Polska S.p.Zoo for €984,000. All payments to date have been made by APPE Polska S.p.Zoo.

The Company participates as a guarantor of the syndicated loan signed by its Parent Company (La Seda de Barcelona, S.A.) in August 2010, which has a balance of €493m on 31st of December 2013 (€486m on 31st of December 2012).

19 Commitments under operating leases

At 31 December the Company had the following annual commitments under non-cancellable operating leases :

	2013		2012	
	Land & buildings	Other	Land & buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	487	18	394	7
Expiring between two and five years	-	7	-	32
Expiring in over five years	929	-	894	-
	1,416	25	1,288	39

20 Final salary pension scheme obligations

The company follows the full requirements of FRS17 which requires the surplus/deficit on the pension scheme to be recognised as an asset/liability of the company, subject to certain conditions being met where an asset arises.

The best estimate of annual contributions to be paid by the employer to the defined benefit section of the scheme for the period beginning after 31 December 2010 is £300,000 annually. This level of contribution is to continue until reviewed following the triennial valuation of the scheme which was due as at 1st January 2013 but has been delayed due to the *concurso*.

The major assumptions used by the actuary in this valuation were :	2013	2012
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment and deferred pensions	3.40%	2.30%
Discount rate applied to scheme liabilities	4.75%	4.50%
Inflation assumption (RPI)	3.40%	3.00%
Inflation assumption (CPI)	2.40%	2.30%
Life expectancy (years)	92.3	91.7
Pre 2005 pension Increase	3.40%	3.00%
Post 2005 pension Increase	2.20%	2.10%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets and liabilities recognised in the balance sheet

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long years and thus inherently uncertain, were as follows :

	2013		2012	
	Value	Longterm rate	Value	Longterm rate
	£'000	of return	£'000	of return
Equities	19,169	7.00%	7,319	4.15%
Government & corporate bonds	14,159	4.68%	17,422	5.76%
Cash	67	0.50%	7,642	4.90%
Fair value of plan assets	**33,395**	**0.00%**	**32,383**	
Present value of funded obligations	(32,058)		(30,677)	
Surplus / (deficit) in the scheme	**1,337**		**1,706**	
Restriction in recognition of surplus per FRS17	(1,337)		(1,706)	
Net asset / (liability)	-		-	

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.00% assumption at 31 December 2013.

20 Final salary pension scheme obligations (continued)

	2013 £'000	2012 £'000
Movement in surplus during the year		
Surplus in scheme at beginning of year	1,706	1,198
Employer contributions paid	300	300
Other finance income/cost	-	165
Actuarial (loss)/gain	(669)	43
Surplus in the scheme at end of year	1,337	1,706
Restriction in recognition of surplus in accordance with FRS17	(1,337)	(1,706)
Surplus in the scheme after restriction	-	-
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	30,677	28,192
Interest on pension scheme liabilities	1,367	1,330
Changes in the assumptions underlying the pension scheme liabilities	354	1,787
Actuarial (gain)/loss	274	6
Benefits/expenses payable	(614)	(638)
Closing defined benefit obligation	32,058	30,677
Change in scheme assets		
Fair value of scheme assets at beginning of the year	32,383	29,390
Actuarial (loss)/gain	(41)	2,001
Expected return on scheme assets	1,367	1,330
Employer cash contributions	300	300
Benefits/expenses payable	(614)	(638)
Fair value of scheme assets at end of the year	33,395	32,383

The actual return on the scheme assets for 2013 was a net gain of £1,326,000 (2012 : £3,331,000).

	2013 £'000	2012 £'000
Amounts recognised in the balance sheet		
Fair value of scheme assets	33,395	32,383
Present value of funded obligations	32,058	30,677
Deficit / (surplus)	1,337	1,706
Restriction in recognition of surplus per FRS17	(1,337)	(1,706)
Net asset / (liability)	-	-

Amounts recognised in calculating operating profit

There is no current service cost to the scheme (2012 : nil) as it is closed to new members.

	2013 £'000	2012 £'000
Analysis of amounts included in other finance income/costs		
Expected return on pension assets (restricted)	1,450	1,330
Interest on pension liabilities	(1,450)	(1,330)
Net amount	-	-

History of experience gains and losses :

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between expected return and actual return on scheme assets	(40)	2,001	(1,599)	1,499	3,082
Experience gains and losses on scheme liabilities	(274)	(6)	13	(194)	(307)
Changes in assumptions underlying the present value of the scheme liabilities	(355)	(1,787)	(985)	(4,643)	(3,116)
Restriction in recognition of surplus in accordance with FRS17	369	(509)	(1,198)	-	-
Total amount recognised in statement of recognised gains and losses	(300)	(301)	(3,769)	(3,338)	(341)

		2013	2012	2011	2010	2009
Difference between expected return and actual return on scheme	% of scheme assets	(0.12%)	6.18%	(5.44%)	5.05%	11.67%
Experience gains and losses on scheme liabilities	% of scheme liabilities	(0.85%)	(0.02%)	0.05%	(0.73%)	(1.35%)
Changes in assumptions underlying the present value of the	% of scheme assets	(1.11%)	(5.83%)	(3.49%)	(17.46%)	(13.67%)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses with effect from 1 July

21 Related party transactions

The Company has taken advantage of the exemption contained in FRS8 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 La Seda de Barcelona, S.A. within which this Company is included, can be obtained from the address in the "Ultimate parent undertaking" note.

22 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is La Seda de Barcelona, S.A. incorporated in Spain.

The largest group in which the results of the Company are consolidated is that headed by La Seda de Barcelona, S.A. The consolidated financial statements of this company are available to the public and may be obtained from Av Remolar 2, 08820 El Prat de Llobregat, Barcelona, Spain. No other group financial statements include the results of the company.

APPE U.K. Ltd.

APPENDIX 1 - UNAUDITED PROFORMA FINANCIAL INFORMATION

The audited financial statements have been prepared on a non going concern basis. If they were prepared on a going concern basis then the result for the year and the financial position at 31st December 2013 would be as follows :

PROFORMA PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	Audited 2013	Adjustments		Reclassifications	Proforma 2013
	£'000	£'000		£'000	£'000
Turnover	164,593			-	**164,593**
Net operating charges	(160,373)			-	**(160,373)**
Operating profit	**4,220**	-		-	**4,220**
Exceptional items	(31,620)	31,620	a	-	-
Operating (loss)/profit after exceptional item	**(27,400)**	**31,620**		-	**4,220**
Net interest payable	(229)			-	**(229)**
(Loss)/profit on ordinary activities before tax	**(27,629)**	**31,620**		-	**3,991**
Tax on (loss)/profit on ordinary activities	(1,374)	450		-	**(924)**
(Loss)/profit for the year	**(29,003)**	**32,070**		-	**3,067**

PROFORMA BALANCE SHEET at 31 December 2013

	Audited 2013	Adjustments		Reclassifications		Proforma 2013
	£'000	£'000	note	£'000	note	£'000
Fixed assets						
Tangible assets	-			16,750	*c*	16,750
Current assets						
Tangible assets	16,750			(16,750)	*c*	-
Stocks	14,292			-		**14,292**
Debtors	16,748	39,254	*a, b*	-		**56,002**
Cash at bank and in hand	3,697			-		**3,697**
Current assets	51,487	39,254		(16,750)		**73,991**
Creditors: amounts falling due within one year	(55,797)	(7,184)	*a*	190	*d*	**(62,791)**
Net current (liabilities)/assets	(4,310)	32,070		(16,560)		11,200
Total assets less current liabilities	**(4,310)**	**32,070**		**190**		**27,950**
Creditors: amounts falling due after one year	-			(190)	*d*	**(190)**
Provisions for liabilities	(1,336)			-		**(1,336)**
Net assets	**(5,646)**	**32,070**		-		**26,424**
Capital and reserves						
Called up share capital	7,000			-		**7,000**
Share premium account	8,500			-		**8,500**
Profit and loss account	(21,146)	32,070	*a,b*	-		**10,924**
Total shareholders' funds	**(5,646)**	**32,070**		-		**26,424**

Notes

- a Reinstatement of intercompany receivables, gross up of intercompany payables and removal of exceptional impairment charge.
- b Recognition of deferred tax asset now deemed recoverable.
- c Reclassification of tangible assets to fixed assets rather than current assets.
- d Reclassification of finance lease liability to being due in more than one year.