

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

Report and Financial Statements

30 April 1998

Deloitte & Touche
4th Floor
Martins Building
4 Water Street
Liverpool
L2 8UY



DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

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DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Jansdorf (Chairman) (Danish)
T Tyge Møller (Vice Chairman) (Danish)
A Powell (President)
K Friis-Hansen (Danish)
T Frette (Norwegian)
J Eccleston
P White

SECRETARY

D J Blakey

REGISTERED OFFICE

Nelson House
Park Road
Timperley
Altrincham
Cheshire
WA14 5BS

BANKERS

Barclays Bank plc
The Wellsprings
Victoria Square
Bolton
BL1 1BY

SOLICITORS

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

AUDITORS

Deloitte & Touche
Chartered Accountants
4th Floor
Martins Building
4 Water Street
Liverpool
L2 8UY

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 1998.

ACTIVITIES

The company acts as the parent company to trading subsidiaries involved in the paper making and packaging industries.

REVIEW OF DEVELOPMENTS & FUTURE PROSPECTS

The directors consider that the trading subsidiaries are well placed to continue their profitability in the forthcoming year.

Details of the company's performance are given in the profit and loss account and balance sheet on pages six and seven.

DIVIDENDS AND TRANSFERS TO RESERVES

During the year no dividend was paid (1997 £18,000,000). The retained profit for the year of £3,133,428 (1997 loss of £7,117,758) has been transferred to reserves.

SHARE CAPITAL

During the year the company issued 19,669,900 £1 ordinary shares (£19,669,900) bringing the number of shares in issue to 35,000,000 (£35,000,000). The proceeds of the issue have been used to improve the working capital of the company.

FIXED ASSETS

The details of fixed assets are set out in note 7 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

E Vinum	(resigned 1 October 1998)
H Jansdorf	(appointed 1 October 1998)
T Tyge Møller	
C J Krogh	(resigned 1 October 1998)
T Frette	(appointed 1 October 1998)
K Friis-Hansen	(appointed 1 October 1998)
A Powell	
H Lauridsen	(resigned 1 October 1998)
J Eccleston	
R Simpson	(resigned 1 October 1998)
P White	

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

DIRECTORS' REPORT

The directors' interest in the shares of the ultimate parent company Danisco A/S was as follows:

	Shares Held	
	1998	1997
A Powell	40	40
R Simpson	40	40
J Eccleston	40	40
T Tyge Møller	454	454
H Jansdorf	365	-
T Frette	-	-
K Friis-Hansen	115	-
E Vinum	1,273	1,123
C J Krogh	235	235
H Lauridsen	7,565	7,540

None of the directors has any interest in the shares of the company or any other group companies during the year.

CHANGE OF NAME

On 1 December 1998 the company changed its name from Danisco Paper Packaging Limited to Danisco Pack Limited.

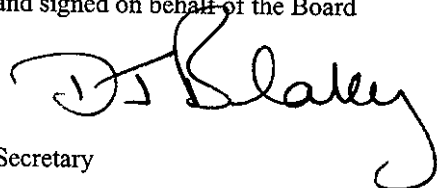
MILLENNIUM COMPLIANCE

The directors have recognised the potential issues arising from the Year 2000 and are investigating the upgrading of its computer and communication systems. A replacement programme will be put into place to upgrade all areas of computer and communication systems as appropriate. As a result of the work done to date the investment required to remedy non-compliance has not yet been fully quantified but is not anticipated to be material.

AUDITORS

A resolution in accordance with section 386 of the Companies Act 1985 has been passed dispensing with the obligation to appoint auditors annually. Accordingly Deloitte & Touche will continue in office next year.

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



Secretary

31 DEC 1998

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed 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 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 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.



Chartered Accountants

Deloitte & Touche
Martins Building
4 Water Street
Liverpool L2 8UY

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International + 44 151 236 0941
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DANISCO PACK LIMITED (formerly Danisco Paper Packaging Limited)

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 of the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 of error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

23 December 1998

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

PROFIT AND LOSS ACCOUNT
Year ended 30 April 1998

	Note	1998 £	1997 £
Dividend income		9,500,000	17,500,000
Administrative expenses		(27,333)	(54,283)
OPERATING PROFIT	3	9,472,667	17,445,717
Interest payable and similar charges	4	(9,295,872)	(7,480,803)
Interest receivable and similar income	5	203,215	680,592
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		380,010	10,645,506
Tax credit on profit on ordinary activities	6	2,753,418	236,736
PROFIT FOR THE FINANCIAL YEAR		3,133,428	10,882,242
Dividend paid		-	(18,000,000)
Retained Profit/(Loss) for the financial year		3,133,428	(7,117,758)
Retained profit brought forward		3,023,255	10,141,013
Retained profit carried forward		6,156,683	3,023,255

All the activities relate to continuing activities. There were no recognised gains or losses other than the profit for the current and prior year.

DANISCO PACK LIMITED
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BALANCE SHEET
30 April 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		38,094		85,150
Investments	8		79,811,363		79,811,363
			<u>79,849,457</u>		<u>79,896,513</u>
CURRENT ASSETS					
Debtors	9	60,639,457		46,876,334	
Cash at bank and in hand		<u>5,783,010</u>		<u>799,643</u>	
		66,422,467		47,675,977	
CREDITORS: amounts falling due within one year	10	<u>(9,095,375)</u>		<u>(15,219,135)</u>	
NET CURRENT ASSETS			<u>57,327,092</u>		<u>32,456,842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			137,176,549		112,353,355
CREDITORS: amounts falling due after one year	11		(96,000,000)		(94,000,000)
Provisions for liabilities and charges	12		<u>(19,866)</u>		<u>-</u>
			<u>41,156,683</u>		<u>18,353,355</u>
CAPITAL AND RESERVES					
Called up share capital	13		35,000,000		15,330,100
Profit and loss account			<u>6,156,683</u>		<u>3,023,255</u>
Total equity shareholders' funds			<u>41,156,683</u>		<u>18,353,355</u>

These financial statements were approved by the Board of Directors on: 11 DEC 1998

Signed on behalf of the Board of Directors

A. Poulsen

-Director

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on fixed assets at rates calculated to write them down to their residual value over their estimated useful lives by equal instalments at the following rates per annum:

Plant and machinery	10% - 33.3%
Motor vehicles	20% - 25%
Fixtures and fittings	10% - 20%

Administrative expenses

Administrative expenses in respect of salaries and operating expenditure are fully recharged to subsidiary companies.

Investments

Shares in group companies are stated at cost less provision for permanent diminution in value.

Non consolidation

Danisco Paper Packaging Limited is a wholly owned subsidiary undertaking of another EEC company, and as such is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts.

These financial statements present information about the undertaking as an individual undertaking and not of its group.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

2. DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Emoluments (excluding pension contributions and awards under share option schemes and other long term incentive schemes)	264,870	233,038
	No	No
Number of directors who are members of a defined benefit pension scheme	2	2
	£	£
Highest paid director's remuneration: Aggregate of emoluments and awards under long term incentive schemes (excluding pension contributions, share option gains and awards in the form of shares)	153,362	142,192
The amount of the accrued pension of the highest paid director at 30 April 1998 is £69,377 (30 April 1997 £42,238)		
	No	No
Average number of persons employed	18	20
Administration	£	£
Employee costs during the year (including directors)		
Wages and salaries	894,350	841,037
Social security costs	89,435	95,530
Other pension costs	131,432	18,118
	1,115,217	954,685

3. OPERATING PROFIT

	1998 £	1997 £
Operating profit is after charging/(crediting):		
Depreciation on owned assets	37,484	52,048
Rentals under operating leases	64,941	32,172
(Profit)/Loss on sale of assets	(428)	10,350
Auditors' remuneration - audit	34,000	39,900
- other	53,600	124,429

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Bank loans, overdrafts and other loans payable within five years	48,217	-
Payable to fellow subsidiary companies	9,084,531	7,243,651
Loan notes	-	180,293
Accounts payable including Hire Purchase	163,124	-
Bank overdraft	-	56,859
	9,295,872	7,480,803

DANISCO PACK LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 1998

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £	1997 £
Bank deposit of loan note funds	203,215	280,295
Receivable from fellow subsidiary companies	-	400,297
	<u>203,215</u>	<u>680,592</u>

6. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Tax on franked part of dividend income	-	2,000,000
Group relief	(2,773,037)	(2,236,736)
Deferred taxation	19,866	-
	<u>(2,753,171)</u>	<u>(236,736)</u>
Adjustments in respect of prior years:		
Group relief	(248)	-
	<u>(2,753,419)</u>	<u>(236,736)</u>

The company's tax credit for the year has been increased because of non-taxable dividend income.

7. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & Fittings £	Total £
Cost			
At 1 May 1997	139,785	55,899	195,684
Disposals	(22,880)	-	(22,880)
At 30 April 1998	<u>116,905</u>	<u>55,899</u>	<u>172,804</u>
Accumulated depreciation			
At 1 May 1997	68,052	42,482	110,534
Charge for the year	30,927	6,557	37,484
Disposals	(13,308)	-	(13,308)
At 30 April 1998	<u>85,671</u>	<u>49,039</u>	<u>134,710</u>
Net book value			
At 30 April 1998	<u>31,234</u>	<u>6,860</u>	<u>38,094</u>
At 30 April 1997	<u>71,733</u>	<u>13,417</u>	<u>85,150</u>

DANISCO PACK LIMITED
(formerly Danisco Paper Packaging Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

8. INVESTMENTS HELD AS FIXED ASSETS

£

Investment in subsidiaries at cost at 30 April 1998 and 1 May 1997 79,811,363

The company's interest in its subsidiary companies is as follows:

	Activity	Proportion of ordinary shares held:
Danisco Paper Ltd	Paper manufacturer	100%
Danisco Pack (UK) Ltd (formerly Danisco Pack Limited)	Manufacturer of corrugated board, corrugated cases and polystyrene mouldings	100%
Crown Packaging Group Limited	Parent company to group of companies manufacturing corrugated board cases. Dormant from 30 April 1996	100%
Board Products (Eastern) Limited	Dormant	100%
Bux Corrugated Containers Limited	Dormant	100%
Chesterfield Packaging (Holdings) Limited	Dormant	100%

All subsidiaries are incorporated in Great Britain

In the opinion of the directors the aggregate value of shares in and amounts owing from subsidiaries is not less than the amounts stated in the balance sheet.

9. DEBTORS

	1998 £	1997 £
Amounts owed by group companies	57,766,883	44,305,234
Group relief	2,773,284	2,236,736
Other debtors and prepayments	99,290	334,364
	<u>60,639,457</u>	<u>46,876,334</u>

DANISCO PACK LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 1998

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Amounts owed to group companies	8,476,478	14,831,000
Other creditors	618,897	388,135
	<u>9,095,375</u>	<u>15,219,135</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1998 £	1997 £
Unsecured loans owed to group company: payable within five years	96,000,000	94,000,000
	<u>96,000,000</u>	<u>94,000,000</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
Balance at 1 May 1997	-
Current year charge	19,866
Balance at 30 April 1998	<u>19,866</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 1998 £	Provided 1997 £	Not Provided 1998 £	Not Provided 1997 £
Capital allowances in advance of depreciation	22,966	-	-	(6,377)
Short term timing differences	(3,100)	-	-	-
	<u>19,866</u>	<u>-</u>	<u>-</u>	<u>(6,377)</u>

13. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised	35,000,000	15,550,000
Allotted and fully paid 35,000,000 £1 ordinary shares	<u>35,000,000</u>	<u>15,330,100</u>

During the year the company issued 19,669,900 £1 ordinary shares (£19,669,900) bringing the number of shares in issue to 35,000,000 (£35,000,000). The proceeds of the issue have been used to improve the working capital of the company.

DANISCO PACK LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 1998

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	3,133,428	10,882,242
Dividends Paid	-	(18,000,000)
Net addition to shareholders' funds	3,133,428	(7,117,758)
Issue of share capital	19,669,900	-
Opening shareholders' funds	18,353,355	25,471,113
Closing shareholders' funds	41,156,683	18,353,355

15. CONTINGENT LIABILITIES

The following loan notes issued as part consideration for the acquisition of Crown Packaging Group Limited remain outstanding at the balance sheet date:

	Amount Issued £	Amount outstanding at 30 April 1998 £
Series One Guaranteed Unsecured Loan Notes 2000	1,674,066	1,674,066
Series Two Guaranteed Unsecured Loan Notes 2000	3,619,617	949,255
	5,293,683	2,623,321

A cash sum equal to the value of the loan notes was placed on deposit with Barclays Bank plc to guarantee the loan notes. Neither the loan notes nor the cash deposit are reflected in the balance sheet as at 30 April 1998.

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Danisco A/S, a company incorporated in Denmark.

Copies of the group financial statements of Danisco A/S are available from its registered office at Langebrogade 1 DK-1001, Copenhagen, Denmark.

17. CASHFLOW STATEMENT

The company is not presenting a cash flow statement. It is taking advantage of the exemption contained in FRS1 - Cash Flow Statements, as the ultimate parent company, Danisco A/S, has included a consolidated cash flow statement in the group accounts.

DANISCO PACK LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 1998

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions given in FRS8 – Related Party Disclosures in not disclosing transactions with entities that are part of the group or investors of the group qualifying as related parties.