

Registrar

AMTRADE INTERNATIONAL PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
Period ended 31 December 2002



Company No. 3135888 (England and Wales)

AMTRADE INTERNATIONAL PLC

Company Information
as at 31 December 2002

| | |
|-------------------|---|
| Directors | Mrs. Elizabeth J. Shuster Anthony J. Shuster |
| Secretary | Catherine Gibbs |
| Company Number | 3135888 (England and Wales) |
| Registered Office | Leywood House 47 Woodside Road Amersham Bucks. HP6 6AA |
| Auditor | K.A. Johnson, FCA Chartered Accountant Norfolk House Norfolk Road Rickmansworth Herts. WD3 1RD |

AMTRADE INTERNATIONAL PLC

REPORT AND FINANCIAL STATEMENTS

Period to 31 December 2002

CONTENTS

| | Page |
|--|--------|
| Report of the Directors | 1 |
| Statement of Directors' Responsibilities | 2 |
| Auditor's Report | 3 |
| Profit and Loss Account | 4 |
| Balance Sheet | 5 |
| Cash flow statement | 6 |
| Notes to the Financial Statements | 7 - 13 |

DIRECTORS' REPORT for the period ended 31 December 2002

The Directors present their annual report and the audited financial statements for the period 1 July 2001 to 31 December 2002.

Principal Activity

The company's principal activity is the import and export of chemical products.

Business Review

During the period to date the Company achieved sales of £6.6m (2001 £11.1m) and recorded a pretax profit (before exceptional expenditure) of £50,004 (2001 profit of £57).

Directors and Directors' Interests

The Directors who served during the year were -

| | | 2002 | 2001 |
|---------------------------|-------------------|---------|------|
| Anthony J. Shuster | | 104,500 | - |
| Mrs. Elizabeth J. Shuster | appointed 2.08.02 | 33,000 | - |
| Darryl Gregor Abotomey | retired 2.08.02 | - | - |
| Stuart Ross Speight | retired 15.10.01 | - | - |

Proposed Dividend

The Directors do not recommend the payment of a dividend.

European Single Currency

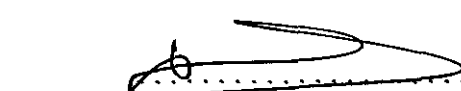
Relative to the European Single Currency, following a review of requirements, suitable information systems have been installed to cater for our needs in this area.

Auditors

In accordance with Section 385 of the Companies Act 1985, a Resolution for the appointment of K.A. Johnson, FCA as Auditor to the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 28 April 2003

and signed on its behalf by



A. J. Shuster
Director

Period ended 31 December 2002

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

I have audited the financial statements of Amtrade International Plc for the period ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent mis-statement within it.

Basis of audit opinion

I conducted my 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.


I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

28 April 2003

Keith Johnson, FCA
Norfolk House
Norfolk Road
Rickmansworth
Herts. WD3 1RD


.....
K A Johnson, FCA
Chartered Accountant and
Registered Auditor

Profit and Loss Account
 Period ended 31 December 2002

| | Notes | Continuing operations 2002 | 2001 |
|---|-------|-------------------------------|----------|
| | | £000 | £000 |
| Turnover | 1 & 2 | 6,645 | 11,087 |
| Cost of Sales | | (6,129) | (10,429) |
| Gross Profit | | 516 | 658 |
| Administrative expenses | 6 | (472) | (631) |
| Operating Profit/(Loss) | | 44 | 27 |
| Other Interest receivable & similar income | 3 | 17 | 9 |
| Interest payable and similar charges | 4 | (11) | (36) |
| Profit/(Loss) on ordinary activities before exceptional expenditure | | 50 | - |
| Exceptional expenditure | 5 | (33) | - |
| Profit/(Loss) on ordinary activities before tax | 5 | 17 | - |
| Taxation on Profit on ordinary activities | 7 | (6) | 7 |
| Profit for the financial period | 13 | 11 | 7 |

Total Recognised Gains and Losses


The Company has no recognised gains or losses other than those shown in the Profit and Loss Account.

Balance Sheet as at 31 December 2002

| | Notes | 2002 | 2001 |
|-----------------------------------|-------|--------------|----------------|
| | | £000 | £000 |
| Fixed Assets | | | |
| Tangible Assets | 8 | <u>36</u> | <u>81</u> |
| Current Assets | | | |
| Stocks | 9 | - | 96 |
| Debtors | 10 | 354 | 1,776 |
| Cash and Bank | | <u>217</u> | <u>-</u> |
| | | 571 | 1,872 |
| Current Liabilities | | | |
| Creditors | | | |
| Amounts due within one year | 11 | <u>(238)</u> | <u>(1,707)</u> |
| Net Current Assets | | <u>333</u> | <u>165</u> |
| Net Assets | | <u>369</u> | <u>246</u> |
| Capital and Reserves | | | |
| Called up Share Capital | 12 | 250 | 138 |
| Profit and Loss Account | | <u>119</u> | <u>108</u> |
| Equity Shareholders' Funds | 13 | <u>369</u> | <u>246</u> |

These financial statements were approved by the Board of Directors

on 28 April 2003



 A. J. Shuster
 Director

The notes on pages 7 to 13 form part of these financial statements.

CASH FLOW STATEMENT
for the period to 31 December 2002

| | 2002 | 2001 |
|--|------------|--------------|
| | £000 | £000 |
| Reconciliation of Operating Profit to Net Cash Inflow from operating activities | | |
| Operating Profit | 44 | 27 |
| Depreciation charges | 30 | 19 |
| Staff redundancy costs | (16) | - |
| Decrease in Stocks | 96 | 201 |
| Increase in Debtors | - | (279) |
| Decrease in Debtors | 1,415 | - |
| Increase in Creditors | - | 83 |
| Decrease in Creditors | (1,127) | - |
| Net Cash Inflow from Operations | 442 | 51 |
| Cash Flow Statement | | |
| Net Cash Inflow from Operations | 442 | 51 |
| Returns on Investments & Servicing Finance 17 | 6 | (27) |
| Taxation | 8 | (40) |
| Capital Expenditure 17 | (2) | (65) |
| | 454 | (81) |
| Proceeds of issue of Share Capital | 113 | - |
| Increase/(Decrease) in Cash | 567 | (81) |
| Reconciliation of Net Cash Movement to Movement in Net Cash Debt 18 | | |
| Increase/(Decrease) in Cash | 567 | (81) |
| Cash (inflow)/outflow from debt and lease financing | - | - |
| Change in net cash resulting from cash flows | 567 | (81) |
| Movement in net cash in period | | |
| Opening net debt | (350) | (269) |
| Closing net cash | 217 | (350) |

The notes on pages 7 to 13 form part of these financial statements.

Notes to the financial statements
Period ended 31 December 2002

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.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts derived from ordinary activities and is stated after trade discounts and net of VAT.

Fixed Assets & 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:

Equipment - 25% per annum

Operating Leases

Rentals applicable to operating leases (where substantially all of the benefits and risks of ownership remain with the lessor) are charged to profit and loss account in the period in which they are incurred.

Stocks and Goods in Transit

Stocks and goods in transit are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stock. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the Profit and Loss Account.

Notes to the financial statements
 Period ended 31 December 2002

Related party transactions

Prior to 31 December 2001, 100% of the voting rights of the company were controlled within the group headed by PaperlinX Limited.

The Company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions or balances with entities which form part of the group.

The consolidated financial statements of PaperlinX Limited, within which this company was included, can be obtained from 685 Burke Road, Camberwell, Victoria 3124, Australia.

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 amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

| 2 | Turnover Analysis | 2002 | 2001 |
|---|--------------------------|-------------|--------------|
| | | £000 | £000 |
| | United Kingdom | 570 | 767 |
| | Rest of Europe | 3,206 | 5,575 |
| | Asia & Australia | 2,663 | 3,693 |
| | United States of America | 116 | 873 |
| | Rest of the World | 90 | 179 |
| | | <hr/> 6,645 | <hr/> 11,087 |

The company does not allocate its profit before taxation or net assets per geographical market as all activities originate from the UK and consequently no such analysis is provided.

3 Other interest receivable and similar income

| | | |
|-----------------------------|----------|---------|
| Interest received from bank | 2 | 9 |
| Exchange profits | 15 | - |
| | <hr/> 17 | <hr/> 9 |

4 Interest payable and similar charges

| | | |
|--|---------|----------|
| Exchange losses | - | 13 |
| Interest on bank loans and overdrafts | 9 | 23 |
| Interest payable on loans from parent undertakings | - | - |
| | <hr/> 9 | <hr/> 36 |

Notes to the financial statements
Period ended 31 December 2002

| | | | |
|---|--|------|------|
| 5 | Profit on ordinary activities before taxation | 2002 | 2001 |
| | | £000 | £000 |
| | Profit on ordinary activities before taxation is stated after charging | | |
| | Auditor's remuneration: as Auditor | 7 | 7 |
| | Exchange losses/(profits) | (15) | 13 |
| | Depreciation: Plant & Machinery | 30 | 14 |
| | Hire of plant and machinery - rentals payable under operating leases | 23 | 34 |
| | Hire of other assets - rentals payable under operating leases | 15 | 8 |
| | Exceptional expenditure: | | |
| | Staff redundancy pay | 16 | - |
| | Fixed Assets written off | 17 | - |
| 6 | Remuneration of directors and staff costs | | |
| | Remuneration of directors | | |
| | Directors emoluments | 115 | 103 |
| | Company contributions to money purchase pension scheme | 7 | 15 |
| | | 122 | 118 |
| | Total employment costs (including directors) | | |
| | Wages and salaries | 241 | 240 |
| | Social security costs | 23 | 27 |
| | Pension costs | 22 | 27 |
| | Staff redundancy costs | 16 | - |
| | | 302 | 294 |

The average number of staff employed in the year was 6 (2001 - 7)
These were all employed within the administrative function.
The company operates a defined contribution pension scheme for the directors and staff. Benefits are accruing for one director (2001: one) under this pension scheme.

| | | | |
|---|--|-----|-----|
| 7 | Taxation | | |
| | UK Corporation Tax @ 19% (2001 20%) | 8 | - |
| | Adjustments relating to the prior years tax charge | (2) | (7) |
| | | 6 | (7) |

The charge for corporation tax has been reduced due to the offset of losses brought forward.

Notes to the financial statements
 Period ended 31 December 2002

| | | |
|---|---------------------|-------|
| 8 Tangible fixed assets | Plant and Equipment | |
| | £000 | |
| Cost | | |
| At 1 July 2001 | 116 | |
| Additions | 6 | |
| Disposals | (70) | |
| | <hr/> | |
| At 31 December 2002 | 52 | |
| Depreciation | | |
| At 1 July 2001 | 35 | |
| Charge for the period | 30 | |
| Allocated to disposals | (49) | |
| | <hr/> | |
| | 16 | |
| Net Book Value | | |
| At 31 December 2002 | <hr/> | |
| | 36 | |
| At 30 June 2001 | <hr/> | |
| | 81 | |
| 9 Stock | 2002 | 2001 |
| Finished goods and goods for resale | <hr/> | <hr/> |
| | Nil | 96 |
| 10 Debtors | | |
| Amounts falling due within one year | | |
| Trade debtors | 312 | 1,233 |
| Amounts owed by parent and fellow subsidiary undertakings | - | 423 |
| Other debtors | 2 | 77 |
| Prepayments and accrued income | 40 | 43 |
| | <hr/> | <hr/> |
| | 354 | 1,776 |
| 11 Creditors | | |
| Amounts falling due within one year | | |
| Bank overdraft | - | 350 |
| Trade creditors | 143 | 1,292 |
| Amounts owed to | | |
| Related Company | 33 | - |
| Corporation tax payable | 8 | - |
| Accruals & deferred income | 54 | 52 |
| | <hr/> | <hr/> |
| | 238 | 1,707 |

Notes to the financial statements
Period ended 31 December 2002

| | | | |
|----|--|---------|---------|
| 12 | Share Capital | 2002 | 2001 |
| | | £ | £ |
| | Authorised | | |
| | 500,000 Ordinary shares of £1 each | 500,000 | 300,000 |
| | | <hr/> | <hr/> |
| | Allotted, called up and fully paid | | |
| | 137,500 Ordinary shares of £1 each | 137,500 | 137,500 |
| | 112,500 "A" Ordinary Shares of £1 each | 112,500 | - |
| | | <hr/> | <hr/> |
| | | 250,000 | 137,500 |
| | | <hr/> | <hr/> |

On 30 September 2002 112,500 "A" Ordinary Shares of £1 each were issued fully paid to AGS Chemicals & Products Limited for £112,500.

| | | | |
|----|--|-------|-------|
| 13 | Reconciliation of movement on equity shareholders' funds | 2002 | 2001 |
| | | £000 | £000 |
| | Profit/(Loss) for period | 11 | 7 |
| | Allotted and called-up shares paid for in the year | 112 | - |
| | Opening Equity Shareholders Funds | 246 | 239 |
| | | <hr/> | <hr/> |
| | Closing Equity Shareholders Funds | 369 | 246 |
| | | <hr/> | <hr/> |

14 Financial commitments

- There were no capital commitments contracted for at 31 December 2002
- Annual commitments under non-cancellable operating leases expiring in the following periods are as follows:

| | 2002 | | 2001 | |
|--------------------------------|--------------------|-------|--------------------|-------|
| | Land and buildings | Other | Land and buildings | Other |
| | £000 | | £000 | |
| Operating leases which expire: | | | | |
| Within one year | | - | | - |
| In 1-2 years | | 8 | | - |
| In 2-5 years | 31 | - | 31 | 8 |

15 Pension Scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £21,811 (2001 £26,895). There were no outstanding or prepaid contributions at either the beginning or end of the financial year (2001 £Nil)

Notes to the financial statements
Period ended 31 December 2002

16 Related party transactions

Until 31 December 2001, the company was controlled by PaperlinX (Europe) Limited, its parent undertaking.

For the whole of this period there were no transactions between PaperlinX and the company.

The day to day management of the Company is carried out by the General Manager, A.J. Shuster and Mrs. E.J. Shuster (directors of the company). They are also directors of AGS Chemicals & Products Limited. Transactions and balances with AGS Chemicals & Products Limited during the year are as follows:

| | 2002 £000 | 2001 £000 |
|--------------------------------|--------------|--------------|
| Profit and Loss Account | | |
| Turnover | 24 | 20 |
| Cost of sales | 47 | 9 |
| Administrative costs | 8 | - |
| Balance Sheet | | |
| Debtors | - | 11 |
| Creditors | 33 | - |

Notes to the financial statements
Period to 31 December 2002

| | 2002 | 2001 |
|---|--------------|------------------------|
| 17 Gross Cash Flows | | |
| Returns on investments and servicing of finance | £000 | £000 |
| Interest received | 2 | 9 |
| Interest paid | (11) | (23) |
| Exchange differences | 15 | (13) |
| | <u>6</u> | <u>(27)</u> |
| Capital expenditure | | |
| Payments to acquire Tangible Fixed Assets | (5) | (65) |
| Receipts from sale of Tangible Fixed Assets | 3 | - |
| | <u>(2)</u> | <u>(65)</u> |
| 18 Analysis of net cash | 30 June 2001 | Cash flow 31 Dec. 2002 |
| Net cash | | |
| Cash at bank and in hand | <u>(350)</u> | <u>567</u> |
| Net cash per cash flow statement | <u>(350)</u> | <u>217</u> |
| Total net cash | <u>(350)</u> | <u>217</u> |