

SWINTEX LIMITED

Report and Financial Statements

28 September 2002



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H V Houghton
J Lindsay
D R Walker
P Wallwork

SECRETARY

D R Walker

REGISTERED OFFICE

Derby Works
Manchester Road
Bury
Lancashire
BL9 9NX

BANKERS

The Royal Bank of Scotland PLC
PO Box 320
St Ann Street
Manchester
M60 2SS

SOLICITORS

Halliwell Landau
St James' Court
Brown Street
Manchester
M2 2JF

Cobbetts
Trafalgar House
29 Park Place
Leeds
West Yorkshire
LS1 2SP

Berg & Co
Scottish Mutual House
35 Peter Street
Manchester
M2 5BG

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 September 2002.

ACTIVITIES

The principal activities are:

- (a) recycling of plastic into products for a variety of trades and industries;
- (b) manufacturing and factoring of plastic goods mainly for the road safety and street furniture market;
- (c) manufacture of reflective materials.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company has made good progress in the year by achieving the targeted benefits and improvements in productivity started in the previous year. There has been a substantial investment in R&D in the current year and this will hopefully lead to improvements in future periods.

DIVIDENDS AND TRANSFERS FROM RESERVES

The results of the company for the year are set out in the profit and loss account on page 6. Dividends for the year total £77,338 (2001 - £117,788). After dividends, a profit of £149,271 (2001 - £157,278) has been transferred to reserves.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 8 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

H V Houghton
J Lindsay
D R Walker
P Wallwork

The directors did not have any interests in the shares of the company.

Their interests in the shares of the ultimate parent company, Levelkeen Limited, of which they are also directors, are dealt with in the Directors' Report of that company.

DIRECTORS' TRANSACTIONS

On 1 April 2002 D R Walker, a director of the company purchased at fair value, a car from the company for £10,795.

On 1 April 2002 H V Houghton, a director of the company purchased at fair value a car from the company for £3,750.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the year.

DIRECTORS' REPORT

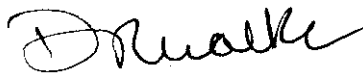
AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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

D R WALKER

Secretary

A handwritten signature in cursive script, appearing to read 'D Walker', written in dark ink.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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;
- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SWINTEX
LIMITED**

We have audited the financial statements of Swintex Limited for the year ended 28 September 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 September 2002 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
Manchester

18 December, 2002

PROFIT AND LOSS ACCOUNT
Year ended 28 September 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	6,135	6,604
Cost of sales		(4,467)	(4,742)
Gross profit		<u>1,668</u>	<u>1,862</u>
Distribution costs		(723)	(813)
Administrative expenses		(665)	(689)
		<u>(1,388)</u>	<u>(1,502)</u>
OPERATING PROFIT	4	280	360
Interest receivable		2	2
Interest payable and similar charges	5	(6)	(20)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		276	342
Tax on profit on ordinary activities	6	(50)	(67)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		226	275
Dividends on equity shares	7	(77)	(118)
Retained profit transferred to reserves	18	<u>149</u>	<u>157</u>

The result for the year relates entirely to continuing operations.

There are no recognised gains and losses for the current financial year and the preceding financial year other than stated above.

BALANCE SHEET
28 September 2002

	Note	£'000	2002 £'000	2001 £'000
FIXED ASSETS				
Tangible assets	8		1,598	1,608
CURRENT ASSETS				
Stocks	9	548		585
Debtors	10	981		1,043
Cash at bank		416		262
		<u>1,945</u>		<u>1,890</u>
CREDITORS: amounts falling due within one year	11	<u>(1,050)</u>		<u>(1,108)</u>
NET CURRENT ASSETS			<u>895</u>	<u>782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,493	2,390
CREDITORS: amounts falling due after more than one year	12		-	(49)
DEFERRED INCOME	14		(10)	(11)
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(97)</u>	<u>(93)</u>
			<u>2,386</u>	<u>2,237</u>
CAPITAL AND RESERVES				
Called up share capital	16		-	-
Revaluation reserve	18		389	404
Profit and loss account	18		<u>1,997</u>	<u>1,833</u>
EQUITY SHAREHOLDERS' FUNDS			<u>2,386</u>	<u>2,237</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

17/12/02

D R WALKER

- Director



NOTES TO THE ACCOUNTS

Year ended 28 September 2002

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.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Historical profit or loss

A note of the historical profit or loss has not been presented as there is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified basis.

Tangible fixed assets

No depreciation is provided on freehold land. Depreciation of other assets is based on the expected future economic life of the assets and is provided in equal annual instalments over the following periods:

Freehold buildings	30 years
Plant, machinery, fixtures and fittings and office machinery	2 - 10 years

The transitional arrangements of Financial Reporting Standard 15 "Tangible Fixed Assets" are being adopted in respect of certain freehold land and buildings where the valuation has been frozen at modified historic cost.

Stocks

Stocks consist of raw materials and consumables and finished goods as detailed in note 9.

Raw materials and consumables are valued at the lower of invoiced cost and net realisable value. Finished goods are valued at the lower of works cost, which includes attributable production overheads, and net realisable value.

Deferred taxation

FRS 19 'Deferred Tax' is effective for accounting periods ending on or after 23 January 2002, therefore, the accounting policy for deferred taxation has been changed in accordance with FRS 19. [This has not led to a restatement of comparative figures.]

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company makes contributions to the company pension schemes. The company operates two defined contribution schemes, one for directors, the other for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

NOTES TO THE ACCOUNTS

Year ended 28 September 2002

1. ACCOUNTING POLICIES (continued)

Government grants

Grants received in respect of tangible fixed assets are treated as a deferred credit and are released to the profit and loss account in equal instalments over the estimated useful economic life of the assets concerned.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Cash flow statement

The company is a wholly owned subsidiary of Levelkeen Limited and is included in the consolidated financial statements of Levelkeen Limited. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Foreign exchange

Foreign exchange transactions have been translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. TURNOVER AND PROFITS

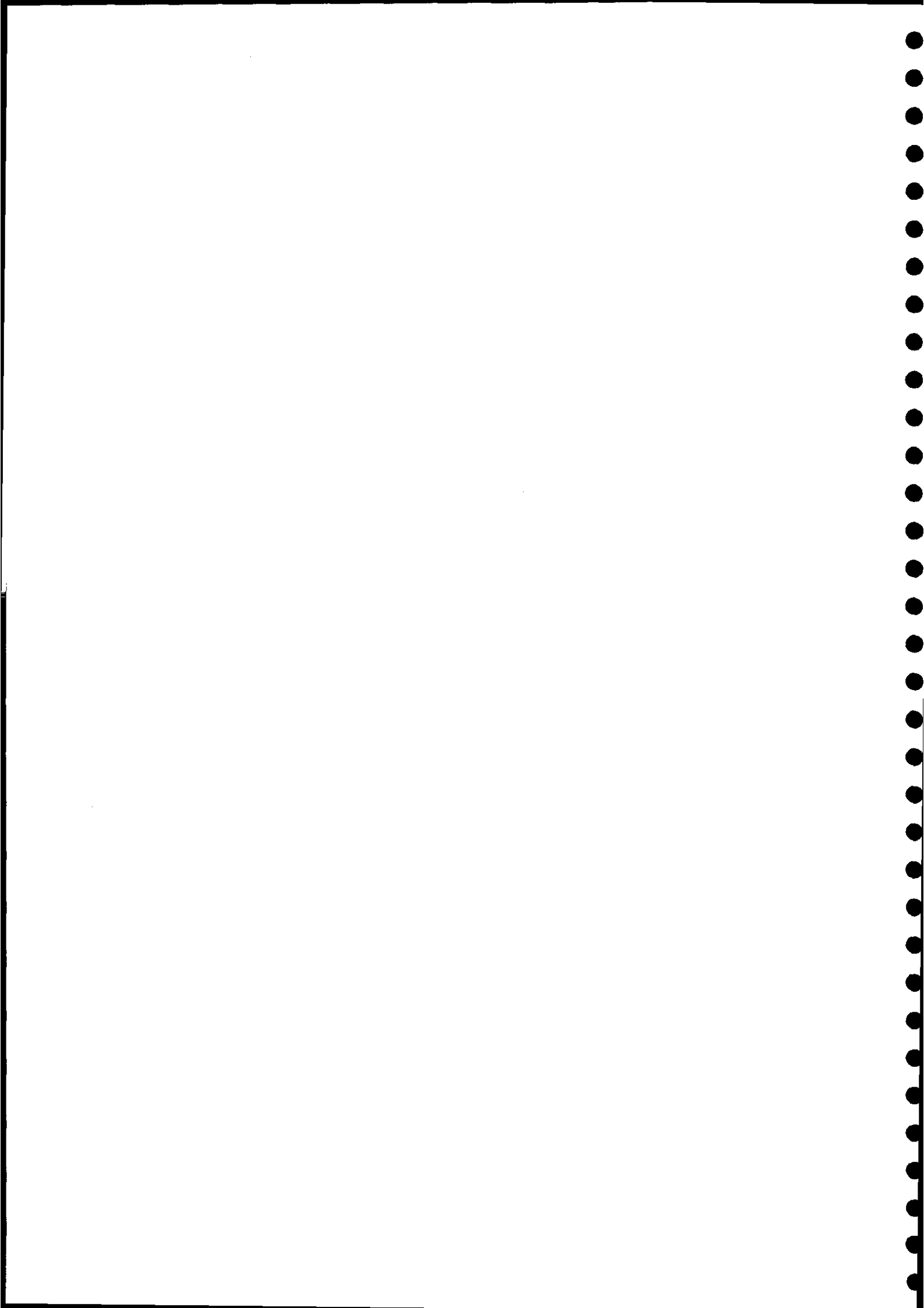
All turnover and profits arose from one class of business.

The geographical analysis of turnover is stated below.

	2002 £'000	2001 £'000
United Kingdom	4,451	4,826
Overseas	1,684	1,778
	<u>6,135</u>	<u>6,604</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £'000	2001 £'000
Directors' emoluments		
Emoluments	279	267
Pensions	70	69
	<u>349</u>	<u>336</u>
Emoluments of the highest paid director	<u>79</u>	<u>75</u>
Amount of contributions paid into a defined contribution scheme in respect of the highest paid director	<u>20</u>	<u>20</u>
	<u>No</u>	<u>No</u>
Number of directors who are members of a defined contribution scheme	<u>4</u>	<u>4</u>
Average number of persons employed		
Production	112	122
Sales and distribution	11	10
Administration	8	8
	<u>131</u>	<u>140</u>



NOTES TO THE ACCOUNTS

Year ended 28 September 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEE (continued)

	2002 £'000	2001 £'000
Staff costs during the year (including directors)		
Wages and salaries	1,952	1,983
Social security costs	177	182
Pension costs	97	93
	<u>2,226</u>	<u>2,258</u>

4. OPERATING PROFIT

	2002 £'000	2001 £'000
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	269	264
Assets held under finance lease	80	108
Loss/(profit) on sale of tangible fixed assets	(17)	30
Rentals under operating leases:		
Hire of plant, machinery and cars	44	62
Research and development	64	99
Auditors' remuneration	9	9
Non audit related fees	5	3
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Bank overdraft	-	4
Bank loans repayable within five years	-	2
Finance leases and hire purchase contracts	6	14
	<u>6</u>	<u>20</u>

NOTES TO THE ACCOUNTS

Year ended 28 September 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
United Kingdom corporation tax at 30% (2001 - 30%) based on the profit for the year	42	93
Deferred taxation at 30% (2001-30%)	4	(23)
	<hr/> 51	<hr/> 70
Adjustments to prior years' tax provisions		
Corporation tax	(1)	(3)
	<hr/> 50	<hr/> 67

The current tax charge for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 19% (2001: 30%). The differences are explained below

	2002 %	2001 %
Standard tax rate for the year as a percentage of profit	19	30
Effects of		
Expenses not deductible for tax purposes	2	1
Capital allowances in excess of depreciation	(2)	7
Rate differences on Corporation Tax		
Additional 50% deduction from qualifying R&D	(4)	(8)
Movement in rounding on DT at 19%	1	(5)
Rate differences on Deferred Tax provision	1	-
Prior period adjustments	-	1
	<hr/> 17	<hr/> 26

7. DIVIDENDS ON EQUITY SHARES

	2002 £'000	2001 £'000
Final paid - £773.375 per ordinary share (2001 - £1,177.875 per share)	<hr/> 77	<hr/> 118

NOTES TO THE ACCOUNTS
Year ended 28 September 2002

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost or valuation				
At 30 September 2001	720	3,191	1,149	5,060
Additions	-	238	114	352
Disposals	-	(112)	(3)	(115)
At 28 September 2002	720	3,317	1,260	5,297
At valuation 1996	720	-	-	720
At cost	-	3,317	1,260	4,577
	720	3,317	1,260	5,297
Accumulated depreciation				
At 30 September 2001	117	2,334	1,001	3,452
Charge for the year	24	286	39	349
Disposals	-	(102)	-	(102)
At 28 September 2002	141	2,518	1,040	3,699
Net book value				
At 28 September 2002	579	799	220	1,598
At 29 September 2001	603	857	148	1,608
Comparable amounts determined according to the historical cost convention				
Cost	333	3,317	1,260	4,910
Accumulated depreciation	202	2,518	1,040	3,760
Net book value				
At 28 September 2002	131	799	220	1,150
At 29 September 2001	139	857	148	1,144

The freehold land and buildings were valued on 28 September 1996 at open market value for the existing use by Lambert Smith Hampton at £720,000.

Included in freehold land and buildings is land valued at £320,000 (2001 - £320,000) which is not depreciated.

All other tangible fixed assets are stated at historical cost and include fully depreciated assets with a cost of £2,510,257 (2001 - £2,201,000).

The net book value of fixed assets include £143,401 (2001 - £229,000) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS
Year ended 28 September 2002

9. STOCKS

	2002 £'000	2001 £'000
Raw materials and consumables	296	282
Finished goods and goods for resale	252	303
	<u>548</u>	<u>585</u>

In the opinion of the directors there is no significant difference between the replacement cost of stock and the values shown.

10. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	900	996
Prepayments and accrued income	81	47
	<u>981</u>	<u>1,043</u>

All amounts included above are due within one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Bank loans (see note 13)	-	11
Trade creditors	495	384
Obligations under finance leases (see note 13)	49	82
Amounts owed to ultimate parent company	216	257
Taxation and social security	134	213
Accruals	156	161
	<u>1,050</u>	<u>1,108</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Bank loans (see note 13)	-	-
Obligations under finance leases (see note 13)	-	49
	<u>-</u>	<u>49</u>

NOTES TO THE ACCOUNTS
Year ended 28 September 2002

13. BORROWINGS

	2002 £'000	2001 £'000
Bank loans	-	11
Obligations under finance leases	49	131
	<u>49</u>	<u>142</u>
Due within one year	49	93
Due after more than one year	-	49
	<u>49</u>	<u>142</u>

Analysis of loan repayments:

Bank loans and overdrafts		
Within one year or on demand	-	11
Between one and two years	-	-
Between two and five years	-	-
Obligations under finance leases		
Within one year or on demand	49	82
Between one and two years	-	49
Between two and five years	-	-
	<u>49</u>	<u>142</u>

The overdraft facility is secured by a fixed and floating charge over the company's assets.

14. DEFERRED INCOME

	2002 £'000	2001 £'000
Capital based government grants:		
At 30 September 2001	11	13
Released to profit and loss account	(1)	(2)
At 28 September 2002	<u>10</u>	<u>11</u>

NOTES TO THE ACCOUNTS
Year ended 28 September 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
Balance at 30 September 2001	93
Current year charge	4
	<u>97</u>
Balance at 28 September 2002	<u>97</u>

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

	Provided 2002 £'000	Provided 2001 £'000	Not Provided 2002 £'000	Not Provided 2001 £'000
Capital allowances in advance of depreciation	101	97	-	-
Rolled over gain	-	-	7	7
	<u>101</u>	<u>97</u>	<u>7</u>	<u>7</u>
Other timing differences	(4)	(4)	-	-
	<u>97</u>	<u>93</u>	<u>7</u>	<u>7</u>

16. CALLED UP EQUITY SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

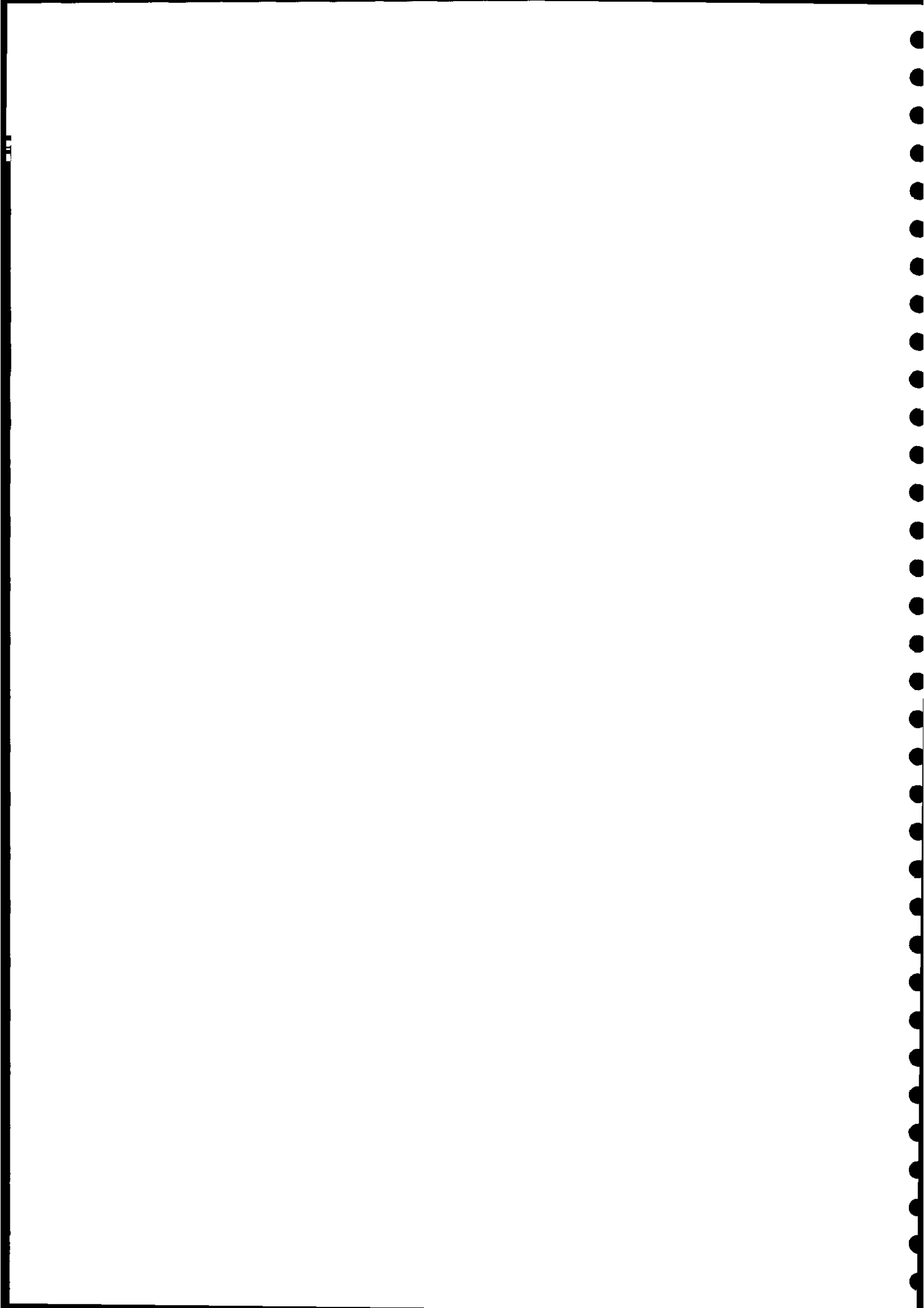
17. FINANCIAL COMMITMENTS

	2002 £'000	2001 £'000
Capital commitments		
Contracted for but not provided	<u>50</u>	<u>46</u>
Authorised but not yet contracted for	<u>36</u>	<u>37</u>

Operating lease commitments

At 28 September 2002 the company was committed to making the following payments during the next year in respect of plant and machinery

	2002 £'000	2001 £'000
Leases which expire:		
Within one year	16	6
Within 2 to 5 years	<u>10</u>	<u>36</u>
	<u>26</u>	<u>42</u>



NOTES TO THE ACCOUNTS

Year ended 28 September 2002

18. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 30 September 2001	404	1,833
Profit for the year	-	149
Depreciation charged in the year attributable to revaluation of property	(15)	15
At 28 September 2002	<u>389</u>	<u>1,997</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit for the financial year	226	275
Dividends	(77)	(118)
	<u>149</u>	<u>157</u>
Other recognised gains and losses for the year	-	-
Net increase to shareholders' funds	149	157
Opening equity shareholders' funds	<u>2,237</u>	<u>2,080</u>
Closing equity shareholders' funds	<u>2,386</u>	<u>2,237</u>

20. CONTINGENT LIABILITIES

The company has entered into cross-guarantees in respect of group borrowings. At the balance sheet date the contingent liability arising was £ Nil (2001 - £ Nil).

21. ULTIMATE PARENT COMPANY

In the opinion of the directors, the ultimate parent company is Levelkeen Limited, a company incorporated in Great Britain and registered in England and Wales. A copy of the group financial statements can be obtained from that company's registered office: Derby Works, Manchester Road, Bury, Lancashire, BL9 9NX.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard No.8, "Related Party Transactions" (para 3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

23. POST BALANCE SHEET EVENT

On 31 October 2002, the company issued a special dividend of £500,000 to its holding company, Levelkeen Limited, for the repurchase of 20,000 ordinary shares of that company from director Peter Wallwork.

