

Amtico Holdings Limited

Registered Number 3124209

Annual Report for the year ended 31 March 1999



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Amtico Holdings Limited

Annual report for the year ended 31 March 1999

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Amtico Holdings Limited

Directors' report for the year ended 31 March 1999

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the Group is the manufacture and distribution of luxury floor tiles.

Review of business

Trading activity last year was very good, with excellent sales growth being recorded in all key sectors of the company, in particular Europe and America. Overall turnover grew by 26% to £60m, which is an acceleration of our long-term strong growth performance. Operating profit improved by 47% to £8.4m.

Particularly pleasing is that this result has been achieved in the face of intense competition, continued high strength of £ Sterling, and difficult economic conditions in certain areas. With less than 2% of turnover coming from the Asian region, we are fortunate that our exposure to the economic turbulence in that part of the world is at a relatively low level.

There are a number of factors that are key to the company's success, and some of the more significant ones are:

- I. the dedication, hard work and entrepreneurial spirit of our employees;
- II. a track record of quickly responding to customer needs;
- III. being highly creative and innovative, with an ability to continuously develop, market and sell exciting new differentiated products;
- IV. a focus on international expansion, with nearly 60% of sales now coming from outside the UK;
- V. the trebling of sales during 1998/9 of our brand new category of flooring, Stratica.

One of the most important milestones in the company's history was achieved this year when our new £4.4m American factory came on stream in December 1998. This is our first production unit outside the UK and a vital asset that has eliminated capacity constraints for the time being.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 1999 (1998 : £nil).

Amtico Holdings Limited

Directors' report for the year ended 31 March 1999 (continued)

Directors

The directors of the Company during the year were :

BG Allison	(Chairman & Non-Exec.)
MD Gansser - Potts	
J Harris	
N McConnell	(Non-Exec.)
D Motyl	
AJ Rados	
PM White	(Non-Exec.)

Directors' interests in shares of the Company

The interests of the directors in the shares of Amtico Holdings Limited were:

	At 31 March 1999		At 31 March 1998	
	No. of Shares	Class of Share	No. of Shares	Class of Share
BG Allison	33,000	10p A ordinary	33,000	10p A ordinary
J Harris	47,395	10p ordinary	42,531	10p ordinary
D Motyl	35,847	10p ordinary	33,417	10p ordinary
MD Gansser - Potts	35,847	10p ordinary	33,417	10p ordinary
AJ Rados	26,733	10p ordinary	24,304	10p ordinary

No other director had a beneficial interest in the share capital of the Company. There are no other interests required to be disclosed under the Companies Act 1985.

Employees

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Amtico Holdings Limited

Directors' report for the year ended 31 March 1999 (continued)

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them and the performance of the Company. This is achieved through formal and informal meetings.

Equal opportunities

The Company is committed to providing equal opportunities in employment regardless of sex, marital status, creed, colour, race, nationality or ethnic origin. This applies to recruitment, training, promotion and all other aspects of employment. Only in this way can the Company deploy its personnel to best effect, for the benefit of the business and its employees alike.

Creditor payment policy

Suppliers are paid in accordance with agreed terms of purchase, providing that the supplier is also complying with all relevant terms and conditions.

Environment

The Company is committed to seeking continuous improvement in such matters as the sourcing and utilisation of raw materials, the operation of manufacturing processes and the well being of our staff and the local community. The impact upon the environment of any activity entered into by us is closely controlled as part of our commitment to the prevention of pollution. The Company's internal audit procedures ensure that all relevant environmental legislation, regulations and other requirements are complied with.

Research and development

The Company has maintained its commitment to ongoing research and development, which is essential for future growth. The Company has continued to create new products and a number of these were launched for sale during the year.

Year 2000

We are currently a significant way through our programme for Year 2000 compliance of our business critical systems. This process involves identifying risks, testing and updating systems so that they will function properly in the year 2000. All business critical systems will be compliant by mid 1999. The cost associated with the year 2000 is considered minimal.

Amtico Holdings Limited

Directors' report for the year ended 31 March 1999 (continued)

Directors' responsibilities statement

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1999. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board

T. W. Morrow

TW Morrow
Company Secretary
21 June 1999

Amtico Holdings Limited

Report of the auditors to the members of Amtico Holdings Limited

We have audited the financial statements on pages 8 to 26 which have been prepared under the historical cost convention, and the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 6 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you if, in our opinion, the director's 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 director's remuneration and transactions is not disclosed.

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 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 and the Group at 31 March 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Birmingham

21 June 1999

Amtico Holdings Limited

Consolidated profit and loss account for the year ended 31 March 1999

	Notes	1999 £'000	1998 £'000
Turnover - continuing operations	2	60,402	48,116
Cost of sales - continuing operations		<u>(27,978)</u>	<u>(21,625)</u>
Gross profit		32,424	26,481
Net operating expenses - continuing operations		<u>(24,044)</u>	<u>(20,793)</u>
Operating profit - continuing operations		8,380	5,688
Interest receivable and similar income	3	179	272
Interest payable and similar charges	4	<u>(3,232)</u>	<u>(3,966)</u>
Profit on ordinary activities before tax	5	5,327	1,994
Tax on profit on ordinary activities	7	<u>(1,930)</u>	<u>(707)</u>
Retained profit for the period		<u>3,397</u>	<u>1,287</u>

There were no discontinued operations in the period.

Statement of total recognised gains and losses

	Notes	1999 £'000	1998 £'000
Profit for the period		3,397	1,287
Currency translation differences on foreign currency net investments	16	<u>146</u>	<u>(303)</u>
Total recognised gains relating to the period		<u>3,543</u>	<u>984</u>

There is no difference between the profit shown above and historical cost profit.
The accompanying notes are an integral part of this profit and loss account.

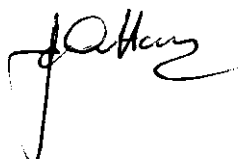
Amtico Holdings Limited

Balance Sheets at 31 March 1999

	Notes	Group		Company	
		1999	1998	1999	1998
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8	21,550	18,540	2,382	2,410
Investments	9	<u>-</u>	<u>-</u>	<u>40,036</u>	<u>40,036</u>
		21,550	18,540	42,418	42,446
Current assets					
Stocks	10	6,638	5,363	-	-
Debtors: amounts falling due after one year	11	147	417	-	-
Debtors: amounts falling due within one year	11	8,829	8,654	1,240	2,395
Cash at bank and in hand		<u>2,064</u>	<u>5,635</u>	<u>6</u>	<u>9</u>
		17,678	20,069	1,246	2,404
Creditors: amounts falling due within one year	12	(14,626)	(13,500)	(11,008)	(6,355)
Net current assets / (liabilities)		3,052	6,569	(9,762)	(3,951)
Total assets less current liabilities		24,602	25,109	32,656	38,495
Creditors: amounts falling due after more than one year	13	(38,550)	(42,050)	(38,550)	(42,050)
Provisions for liabilities and charges	14	<u>(2,162)</u>	<u>(2,756)</u>	<u>(82)</u>	<u>(58)</u>
		(40,712)	(44,806)	(38,632)	(42,108)
Net liabilities		(16,110)	(19,697)	(5,976)	(3,613)
Capital and reserves					
Called up share capital	15	304	304	304	304
Share premium account	16	2,331	2,327	2,331	2,327
Profit and loss account	16	<u>(18,785)</u>	<u>(22,328)</u>	<u>(8,611)</u>	<u>(6,244)</u>
Equity shareholders' funds		(16,150)	(19,697)	(5,976)	3,613
Minority interest	16	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' funds		(16,110)	(19,697)	(5,976)	3,613
Total shareholders' interests					
Non-current shareholder loan stock	13	23,550	23,550	23,550	23,550
Minority interest		40	-	-	-
Equity shareholders' funds		<u>(16,150)</u>	<u>(19,697)</u>	<u>(5,976)</u>	<u>(3,613)</u>
Total shareholders' interests		7,440	3,853	17,574	19,937

The financial statements on pages 8 to 26 were approved by the board of directors on 21st June 1999 and were signed on its behalf by:

J Harris
Director



Amtico Holdings Limited

Consolidated cash flow statement for the year ended 31 March 1999

	Notes	1999 £'000	1998 £'000
Operating activities			
Net cash inflow from operating activities	18	9,417	7,911
Returns on investments and servicing of finance			
Interest received		179	272
Interest paid		<u>(3,109)</u>	<u>(3,494)</u>
		(2,930)	(3,222)
Taxation			
UK Corporation tax		(1,552)	-
Overseas tax paid		<u>(463)</u>	<u>(730)</u>
		(2,015)	(730)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6,093)	(1,728)
Return of purchase consideration		<u>895</u>	<u>236</u>
		(5,198)	(1,492)
Cash (outflow) / inflow before management of liquid resources and financing		(726)	2,467
Financing			
Share issue		4	-
Issue of shares by group companies to minority shareholders		40	-
Repayment of bank loans		<u>(3,000)</u>	<u>(2,500)</u>
		(2,956)	(2,500)
Decrease in cash in the period	19	<u>(3,682)</u>	<u>(33)</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared under the historical cost convention and on the going concern basis.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 March 1999. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes to the Company. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Goodwill

Goodwill arising on consolidation represents the excess of the consideration given over the fair value of the identifiable net assets acquired. As a result of a change in Accounting Standards, goodwill arising on acquisition will be capitalised and amortised in accordance with FRS 10 over a period not exceeding 20 years.

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Freehold buildings	2.5%
Plant and machinery	10% to 33%
Fixtures & fittings	10% to 33%

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all appropriate direct and indirect expenditure and production overheads based on the normal level of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided on timing differences that will probably reverse, at the rates of tax likely to be in force at the time of reversal.

Pension costs

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Minority interests

Minority interests represent the share of profits less losses on ordinary activities after taxation attributable to the shareholders in subsidiaries that are not wholly owned by the Company or its subsidiaries.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied in the normal course of business. Recognition of income is at the point of despatch.

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

Principal accounting policies (continued)

Operating leases

The Group has entered into operating leases as set out in note 17 (b). Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Research and development

Research and development expenditure is written off in the period of expenditure.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of loan finance costs. These costs are charged to the profit and loss account over the expected term of the borrowings.

2 Turnover

The Company operates substantially one class of business. Segmental information on turnover has not been disclosed as in the opinion of the directors it would be seriously prejudicial to the interests of the business.

3 Interest receivable and similar income

	1999 £'000	1998 £'000
Bank interest receivable	<u>179</u>	<u>272</u>

4 Interest payable and similar charges

	1999 £'000	1998 £'000
Bank loans and other loans		
- repayable wholly or partly in less than 5 years	2,054	2,218
- repayable wholly in more than 5 years	1,178	1,058
Amortisation of loan finance costs	-	690
	<u>3,232</u>	<u>3,966</u>

The interest cost above includes £1,178,000 payable to Electra Fleming Limited, a related party.

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £'000	1998 £'000
Depreciation on tangible fixed assets	3,250	3,291
Auditors' remuneration		
- audit services (company £ 2,000 : 1998 £ 2,000)	43	36
- other services	93	73
Hire of plant and machinery - operating leases	362	294
Hire of other assets - operating leases	785	718
Research & development	537	539

6 Staff costs

	1999 £'000	1998 £'000
Employee costs during the year amounted to:		
Wages and salaries	16,051	12,833
Social security costs	1,698	1,263
Other pension costs (see note 17(c))	878	630
	<u>18,627</u>	<u>14,726</u>

The average monthly number of persons employed by the Group during the period was as follows:

	1999 Number	1998 Number
Production	324	293
Selling & distribution	210	180
Administration	55	45
	<u>589</u>	<u>518</u>

Amtico Holdings Limited

Notes to the financial statements for the period ended 31 March 1999 (continued)

6 Staff Costs (continued)

The employee costs shown above include emoluments of £571,387 (1998 : £438,492) paid to directors, which excludes pension contributions of £ nil (1998 : £nil).

The director's remuneration shown above included:

Highest paid director	1999 £'000	1998 £'000
Aggregate emoluments and benefits	163	117

Retirement benefits are accruing to three directors under a defined benefit scheme.

Electra Fleming Limited, of which Mr N McConnell is a director, were paid fees of £60,156 (1998:£58,400) for the year 1 January 1999 to 31 December 1999, part of which were for directors' services.

7 Tax on profit on ordinary activities

	1999 £'000	1998 £'000
United Kingdom corporation tax at 31% (1998 : 32%):		
- Current	1,741	1,028
- Deferred	(355)	(232)
Overseas taxation	408	166
Under / (over) provision in respect of prior years		
- current	136	(111)
- deferred	-	(144)
	<u>1,930</u>	<u>707</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

8 Tangible fixed assets

The movement in the year was as follows:

Group	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures & fittings £'000	Capital in progress £'000	Total £'000
Cost					
At 1 April 1998	2,485	16,832	4,137	1,487	24,941
Exchange adjustment	71	102	99	-	272
Additions	1,507	2,858	779	949	6,093
Disposals	-	-	(146)	-	(146)
Reclassification	-	1,474	13	(1,487)	-
31 March 1999	<u>4,063</u>	<u>21,266</u>	<u>4,882</u>	<u>949</u>	<u>31,160</u>
Depreciation					
At 1 April 1998	75	4,579	1,747	-	6,401
Exchange adjustment	27	11	67	-	105
Charge for year	159	2,506	585	-	3,250
Disposals	-	-	(146)	-	(146)
Reclassification	-	-	-	-	-
31 March 1999	<u>261</u>	<u>7,096</u>	<u>2,253</u>	<u>-</u>	<u>9,610</u>
Net book value at 31 March 1999	<u>2,382</u>	<u>13,525</u>	<u>4,693</u>	<u>949</u>	<u>21,550</u>
Net book value at 31 March 1998	<u>2,410</u>	<u>12,253</u>	<u>2,390</u>	<u>1,487</u>	<u>18,540</u>

Company

The tangible fixed assets of the Company consist entirely of freehold land and buildings.

Cost	£'000
At 1 April 1998 and 31 March 1999	<u>2,485</u>
Depreciation	
At 1 April 1998	75
Charge for the year	28
At 31 March 1999	<u>103</u>
Net book value at 31 March 1999	<u>2,382</u>
Net book value at 31 March 1998	<u>2,410</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

9 Investments

Company

Investment in subsidiary undertakings £'000

At 1 April 1998 and 31 March 1999 40,036

Name of Undertaking	Country of incorporation	Description of shares held	% of nominal value of issued shares held
The Amtico Company Limited	Great Britain	£1 ordinary	100
Amtico International Pty Ltd	Australia	AUS \$1 ordinary	100
Amtico International Limited	Great Britain	£1 ordinary	100
Amtico International GmbH	Germany	DM 1	100
Amtico International Inc.	USA	US \$1 ordinary	100
Amtico International SA	France	1 Euro ordinary	60

All of the subsidiaries are owned by Amtico Holdings Limited, the Amtico International GmbH and Amtico International Inc being wholly owned subsidiaries of Amtico International Limited. Amtico International SA was incorporated during the year and is a 60% subsidiary of Amtico International Limited. All of the above companies operated principally in their country of incorporation or registration.

The principal business activities of these subsidiary undertakings is the sale and distribution of luxury flooring tiles, with the exception of Amtico International Limited whose principal activity is as an investment company for the Amtico Holdings Limited Group.

10 Stocks

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Raw materials & consumables	4,403	3,660	-	-
Work-in-progress	1,445	891	-	-
Finished goods	<u>790</u>	<u>812</u>	-	-
	<u>6,638</u>	<u>5,363</u>	-	-

In the opinion of the directors, there is no material difference between the replacement cost and the balance sheet value of stocks.

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

11 Debtors

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts falling due after one year				
UK pension fund	<u>147</u>	<u>417</u>	=	=
Amounts falling due within one year				
Trade debtors	7,610	6,591	-	-
UK pension fund	270	141	-	-
Prepayments and accrued income	840	835	152	276
Other debtors	<u>109</u>	<u>1,087</u>	<u>1,088</u>	<u>2,119</u>
	<u>8,829</u>	<u>8,654</u>	<u>1,240</u>	<u>2,395</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank loans & overdrafts	3,500	3,000	3,500	3,000
Trade creditors	4,961	5,059	-	-
Amounts owing to group companies	-	-	6,521	2,369
Corporation tax	1,901	1,836	-	-
Other taxation & social security	37	-	-	-
Other creditors	225	422	-	-
Accruals & deferred income	<u>4,002</u>	<u>3,183</u>	<u>987</u>	<u>986</u>
	<u>14,626</u>	<u>13,500</u>	<u>11,008</u>	<u>6,355</u>

The bank loans and overdrafts are secured by a fixed charge on all assets of Amtico Holdings Limited, and a floating charge over its undertakings.

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

13 Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank loans	15,000	18,500	15,000	18,500
Non-current shareholder loan stock	<u>23,550</u>	<u>23,550</u>	<u>23,550</u>	<u>23,550</u>
	<u>38,550</u>	<u>42,050</u>	<u>38,550</u>	<u>42,050</u>

Bank loans

The bank loans and overdrafts are secured by a fixed charge on all assets of Amtico Holdings Limited, and a floating charge over its undertakings. The loan bears interest at commercial rates based on LIBOR.

Non-current shareholder loan stock

This loan stock is repayable to Electra Fleming Limited in equal instalments on 30 September 2003 and 30 September 2004 and interest is payable at 5% per annum.

Loans are repayable as follows:

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts payable				
- on demand or within 1 year	3,500	3,000	3,500	3,000
- between 1 and 2 years	4,000	3,500	4,000	3,500
- between 2 and 5 years	22,775	13,000	22,775	13,000
- over 5 years	<u>11,775</u>	<u>25,550</u>	<u>11,775</u>	<u>25,550</u>
	<u>42,050</u>	<u>45,050</u>	<u>42,050</u>	<u>45,050</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

14 Provisions for liabilities and charges

Group	Deferred taxation £'000	Other £'000	Total £'000
At 1 April 1998	2,009	747	2,756
Profit & Loss	(142)	-	(142)
Utilisation	-	(452)	(452)
At 31 March 1999	<u>1,867</u>	<u>295</u>	<u>2,162</u>

Company	Deferred taxation £'000	Other £'000	Total £'000
At 1 April 1998	58	-	58
Profit & loss account	<u>24</u>	-	<u>24</u>
At 31 March 1999	<u>82</u>	-	<u>82</u>

Deferred tax

Deferred taxation is fully provided in the financial statements as follows:

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Excess of tax allowances over depreciation	2,094	2,235	82	58
Short term timing differences	(227)	(32)	-	-
Losses	-	(195)	-	-
Total	<u>1,867</u>	<u>2,235</u>	<u>82</u>	<u>58</u>

15 Called up share capital

	1999 £'000	1998 £'000
Authorised:		
2,400,000 A Ordinary shares of 10p each	240	240
303,797 (1998 : 303,797) B shares of 10p each	30	30
334,178 (1998 : 334,178) ordinary shares of 10p each	<u>34</u>	<u>34</u>
	<u>304</u>	<u>304</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

15 Called Up Share Capital (continued)

	1999 £'000	1998 £'000
Allotted, called up and fully paid		
2,400,000 (1998 : 2,400,000) A Ordinary shares	240	240
303,797 (1998 : 303,797) B shares	30	30
330 797 (1998 : 326,797) ordinary shares	<u>34</u>	<u>34</u>
	<u>304</u>	<u>304</u>

During the year 4,000 ordinary shares were issued with a nominal value of £400. Consideration of £4,000 was received, the premium on the issue of the shares being credited to the share premium account.

The A Ordinary shares, ordinary shares and B shares all rank pari passu in respect of all dividends and other distributions. No dividend or other distribution may be declared or paid in respect of any shares without the consent of the holders of a majority of the A Ordinary shareholders.

All holders of shares of a class shall, on a poll, have one vote in respect of every share of the class held by them which is fully paid up or credited as fully paid up. In the event of winding up of the Company or other return of capital, the assets available for distribution will be distributed between the holders of the Ordinary shares.

"A" Ordinary shares conversion

A Ordinary shares may be converted on a Listing, Sale or redemption of shares by the Company to ordinary shares, which will rank pari passu with existing ordinary shares.

"B" shares

Immediately following the conversion of the A Ordinary shares above, B shares shall convert into ordinary shares in accordance with the formula contained in the Memorandum & Articles of Association.

Any B shares not converted will be redeemed for an aggregate of £1.

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

16 Reserves

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the period was £ 2,367,000 (1998 : £2,771,000).

The movement in reserves was as follows:

Group	Share premium account £'000	Goodwill £'000	Minority interest £'000	Profit & loss account £'000	Total £'000
At 1 April 1998	2,327	(24,745)	-	2,417	(20,001)
Exchange difference	-	-	-	146	146
Transfer to profit & loss	-	24,745	-	(24,745)	-
Proceeds of share issue	4	-	-	-	4
Retained profit for year	-	-	40	3,397	3,437
At 31 March 1999	<u>2,331</u>	<u>-</u>	<u>40</u>	<u>(18,785)</u>	<u>(16,414)</u>

Company	Share premium account £'000	Profit & loss account £'000	Total £'000
At 1 April 1998	2,327	(6,244)	(3,917)
Proceeds of share issue	4	-	4
Loss for year	-	(2,367)	(2,367)
At 31 March 1999	<u>2,331</u>	<u>(8,611)</u>	<u>(6,280)</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

17 Guarantees and other financial commitments

a) Capital commitments

The following commitments existed at the balance sheet date:

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Contracted but not provided	235	85	-	-
Authorised but not contracted	269	4,361	-	-

The outstanding commitments relate mainly to the construction of a new production facility.

b) Lease commitments

At 31 March 1999 the group had annual commitments under non-cancellable operating leases as follows:

	1999		1998	
	Land & buildings	Other	Land & buildings	Other
	£'000	£'000	£'000	£'000
Operating leases expiring				
- within one year	22	125	98	118
- between two to five	498	383	84	374
- in over 5 years	<u>119</u>	<u>-</u>	<u>318</u>	<u>-</u>
	<u>639</u>	<u>508</u>	<u>500</u>	<u>492</u>

Amtico Holdings Limited

Notes to the financial statements for the period ended 31 March 1999 (continued)

17 Guarantees and other financial commitments (continued)

c) Pension arrangements

The Group's principal pension scheme is the Courtaulds plc Pension Fund (the Scheme) which provides defined benefits based on final pensionable pay to a substantial majority of employees. The assets of the Scheme are held in a separate trustee administered fund. Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

The group enjoys the right to stay in the Scheme for the next two years. Had the Group withdrawn from the Scheme immediately following the acquisition, consideration of £1,250,000 would have been payable to the Group in lieu of employee pension rights. An asset representing this funding was included as a fair value adjustment, and is being amortised over a five year term in line with the terms of the sale and purchase agreement.

Other local arrangements are made for those employees working in overseas subsidiaries.

The charge to the profit and loss account for the year was £878,000 (1997 : £630,000).

(d) Deferred consideration

As part of the sale and purchase agreement, additional consideration of £3,750,000 may become payable depending on the future results of the Group.

18 Reconciliation of operating profit to net cash inflow from operating activities

	1999 £'000	1998 £'000
Operating profit	8,380	5,688
Accrual of pension costs	720	630
Depreciation on tangible fixed assets	3,250	3,291
(Increase) in stocks	(1,298)	(1,655)
Increase in debtors	(1,277)	(878)
Increase / (Decrease) in creditors	<u>(358)</u>	<u>835</u>
Net cash inflow from operating activities	<u>9,417</u>	<u>7,911</u>

Amtico Holdings Limited

Notes to the financial statements for the period ended 31 March 1999 (continued)

19 Reconciliation of net cash flow to movement in net debt

	1999 £'000	1998 £'000
(Decrease) / Increase in cash in the period	(3,682)	(33)
Cash outflow from decrease in debt	<u>2,994</u>	<u>2,517</u>
Change in net debt resulting from cash flows	(688)	2,484
Other non cash items:		
Translation difference	111	(150)
Accrual for finance cost of debt	-	322
Deal costs	-	<u>(690)</u>
Movement in net debt for the year	<u>(577)</u>	<u>1,966</u>
Net debt at 1 April 1998	(40,396)	(42,362)
Net debt at 31 March 1999	<u>(40,973)</u>	<u>(40,396)</u>

20 Analysis of net debt

	At 1 April 1998 £'000	Cash flow £'000	Other non cash changes £'000	Exchange movement £'000	At 31 March 1999 £'000
Net Cash:					
Cash at bank and in hand	5,635	(3,682)	-	111	2,064
Debts:					
Falling due within one year	(3,981)	6,109	(6,615)	-	(4,487)
Falling due after one year	<u>(42,050)</u>	-	<u>3,500</u>	-	<u>(38,550)</u>
Net debt	<u>(40,396)</u>	<u>2,427</u>	<u>(3,115)</u>	<u>111</u>	<u>(40,973)</u>

Amtico Holdings Limited

Notes to the financial statements for the year ended 31 March 1999 (continued)

21 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the period	3,397	1,287
Exchange difference	146	(303)
New share capital issued	4	-
Write off of goodwill	-	(1,155)
	<u>3,547</u>	<u>(171)</u>
Minority interest	40	-
Net Reduction in Shareholders funds	3,587	-
Opening shareholders' funds	(19,697)	(19,526)
Closing shareholders' funds	<u>(16,110)</u>	<u>(19,697)</u>

22 Related Party Transactions

With the exceptions of the related party transactions referred to in notes 4, 6, 13 and 23, there are no other transactions requiring disclosure.

23 Ultimate controlling party

Investment entities managed by Electra Fleming Limited own 77 % of issued share capital of the Company.

Copies of the Group accounts may be obtained by writing to:

TW Morrow
Company Secretary
Amtico Holdings Limited
Kingfield Road
Coventry
CV6 5AA