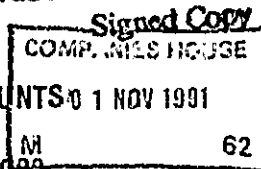


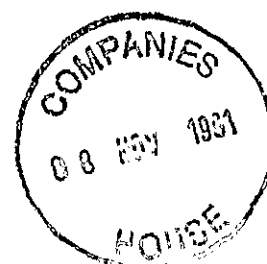
DRG FLEXIBLE PACKAGING LIMITED. 24562
(Formerly Valuelong Limited)

DIRECTORS' REPORT AND ACCOUNTS 01 NOV 1991

PERIOD ENDED 31 DECEMBER 1990



Registered number: 2456291



DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valvelong Limited)

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 1990

The directors submit their Report and Accounts for the period ended 31 December 1990

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £25,979. The directors do not recommend payment of a dividend in respect of the period ended 31 December 1990, leaving £25,979 to be transferred to reserves.

INCORPORATION AND CHANGE OF NAME

The company was incorporated on 29 December 1989 and on 26 January 1990 the company's name was changed to DRG Flexible Packaging Limited. As described more fully in Note 16 the business and assets of the Flexible Packaging division of DRG (UK) Limited were transferred as a going concern to Deltatheta Limited on 23 February 1990 and to the company on 26 February 1990.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the manufacture of specialised packaging primarily for use in the medical, pharmaceutical and food sectors. The directors consider the results for the period to be satisfactory.

FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENT

During the period the company incurred certain costs associated with the reorganisation of the company's manufacturing facilities. The associated costs charged to the profit and loss account are detailed in Note 4. The company carries out research into new products on an ongoing basis.

FIXED ASSETS

Details of tangible fixed assets are set out in Note 6 on page 11. All movements in fixed assets were in the ordinary course of business.

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 1990
(CONTINUED)

DIRECTORS

The directors of the company during the period ended 31 December 1990 were:

Instant Companies Limited	(appointed 29 December 1989, resigned 10 January 1990)
P Sweetbaum	(appointed 10 January 1990, resigned 1 February 1990)
H Muller	(appointed 10 January 1990, resigned 1 February 1990)
D Anderson	(appointed 10 January 1990, resigned 1 February 1990)
GJ Nicholson	(appointed 10 January 1990, resigned 1 February 1990)
RM Cullinan	(appointed 1 February 1990)
ME Franklin	(appointed 1 February 1990)
JL Smith	(appointed 26 October 1990)

None of the directors in office at 31 December 1990 had any interest in the share capital of the company during the period. The interests of the directors in the ultimate holding company are set out in Note 17.

EMPLOYEES

The company's employment policies are intended to provide equal opportunities to all existing and prospective employees, including disabled people, having regard to their individual aptitudes and abilities in relation to the jobs concerned, irrespective of sex, marital status, colour, religion, race, ethnic or national origin.

The company recognises its responsibility for the training and development of employees and this applies to the disabled wherever practicable. Promotion and appointments are on merit, and all employees are encouraged to seek career progression where appropriate. When disablement occurs during service, it has been company policy to make every effort to offer the employee suitable work.

The company seeks to provide employees with information about the business in which they work to help develop an awareness of the effects of financial and economic factors. It is the company's policy to consult employees and where appropriate, their representatives on a regular basis about matters affecting them.

CHARITABLE DONATIONS

The company contributed £2,293 to charities during the period.

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuefong Limited)

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 1990
(CONTINUED)

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office, and their re-appointment will be proposed at the annual general meeting.

On behalf of the board


UHD TRUST LIMITED
Secretary

15 March 1991



**AUDITORS' REPORT TO THE MEMBERS OF
DRG FLEXIBLE PACKAGING LIMITED**

We have audited the financial statements on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

15 March 1991

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

PROFIT AND LOSS ACCOUNT - PERIOD ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> <u>£</u>
TURNOVER	1 & 2	28,043,131
Change in stocks of finished goods and work in progress		2,810,986
Other operating income		262,305
Raw materials and consumables		(19,005,042)
Staff costs	3	(6,848,136)
Depreciation		(915,885)
Other operating charges		<u>(4,324,460)</u>
OPERATING PROFIT	4	22,899
Interest receivable		<u>6,580</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29,479
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	<u>(3,500)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	13	<u>25,979</u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

BALANCE SHEET AT 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>
		£
FIXED ASSETS		
Tangible assets	6	7,215,997
CURRENT ASSETS		
Stocks	7	4,193,294
Debtors	8	7,666,185
Cash at bank and in hand		<u>135,039</u>
		11,994,518
CREDITORS - Amounts falling due within one year	9	<u>(6,323,903)</u>
NET CURRENT ASSETS		<u>5,670,615</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,886,612
CREDITORS - Amounts falling due after more than one year	10	<u>(265,673)</u>
		12,620,939
CAPITAL AND RESERVES		
Called up share capital	12	11,204,002
Share premium account	13	1,390,958
Profit and loss account	13	<u>25,979</u>
		12,620,939



RM CULLINAN

DIRECTOR

APPROVED BY THE BOARD
ON 15 MARCH 1991

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS -
PERIOD ENDED 31 DECEMBER 1990

	1990
	£
Operating activities:	
Profit before tax	29,479
Depreciation	915,885
Movements in working capital	<u>(3,695,511)</u>
Cash used for operating activities	(2,750,147)
Investing activities:	
Transfer of fixed assets from Deltatheta Limited	(7,340,303)
Purchase of tangible fixed assets	(849,893)
Sale of tangible fixed assets	<u>58,314</u>
Cash used for investing activities	(8,131,882)
Financing activities:	
Issue of shares	11,204,002
Share premium on issue of shares	1,390,958
Finance lease obligations	<u>455,592</u>
Cash flow from financing activities	<u>13,050,552</u>
Net movement in cash and cash equivalents	2,168,523
Cash and cash equivalents carried forward	<u> </u>
Cash	135,039
Current account balances with group undertakings	<u>2,033,484</u>
	2,168,523
	<u> </u>
(Increase)/decrease in working capital comprise:	
Stocks	(4,193,294)
Debtors	(5,226,080)
Creditors	6,073,985
Intra-group balances	<u>(350,122)</u>
	(3,695,511)
	<u> </u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents amounts derived from the provision of goods and services falling within the company's ordinary activities, excluding trade discounts and Value Added Tax.

(3) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, except freehold land, over their estimated useful economic lives and is calculated using the straight line method at the following rates:

Freehold buildings	2%	Plant and equipment	5-10%
Computers	20%	Motor vehicles	20%
Fixtures and fittings	20%		

Short term leaseholds are written off over the term of each lease.

(4) Stocks

Stocks are valued at the lower of cost and estimated net realisable value, due allowance being made for obsolete or slow moving items. Cost includes an appropriate proportion of manufacturing wages and overheads.

Progress claims are deducted from work in progress.

(5) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or, where appropriate at the rate of exchange of a related forward contract. All exchange differences are dealt with in the profit and loss account.

(6) Research and development

Research and development expenditure is written off as incurred.

(7) Goodwill

Goodwill arising on acquisition is written off to reserves.

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Value-long Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

(8) Product warranties

Provision is made for the estimated liability on all products still under warranty, including claims already received.

(9) Deferred tax *

Provision is made for deferred tax to the extent that it is considered probable that a liability will crystallise in the foreseeable future.

(10) Pensions

The expected cost of pensions in respect of the company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

Due to the ongoing reorganisation of the Group, the charge to the profit and loss account for 1990 is the actual amount of contributions payable by the company under the scheme.

(11) Leases

Rentals under operating leases are written off to the profit and loss account as incurred. Tangible assets funded by means of finance leases are included in the balance sheet and written off in equal annual instalments over the expected useful lives of the assets concerned.

(12) Government grants

Government grants are credited to the balance sheet and released to the profit and loss account over the estimated useful lives of the related assets.

2 TURNOVER

1990
 £ £

The analysis of turnover is as follows:

External:

United Kingdom	13,220,343	
Overseas	<u>13,119,545</u>	
		26,339,888

Group:

United Kingdom	757,502	
Overseas	<u>945,741</u>	
		<u>1,703,243</u>
		<u>28,043,131</u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

3 EMPLOYEES AND DIRECTORS

	<u>1990</u> £
Staff costs	
Wages and salaries	5,889,289
Social security costs	456,815
Other pension costs	<u>502,032</u>
	<u>6,848,136</u>

	<u>No.</u>
Average numbers employed	406

The directors received no emoluments in respect of their services to the company.

4 OPERATING PROFIT

	<u>1990</u> £
Operating profit is stated after charging (crediting):	
Hire of plant and machinery	214,574
Other operating leases	387,818
Auditors' remuneration	19,170
Exceptional charges - redundancy payments	243,000
Foreign exchange gains	<u>(96,338)</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation on profit on ordinary activities based on the profit for the period at 35%	<u>3,500</u>
Deferred taxation	<u>Nil</u>

Profits for taxation purposes of £939,000, after disclaiming capital allowances, arising during 1990 have been covered by way of group relief claimed from other group companies for no consideration.

The total potential amount of deferred taxation for all timing differences is as follows:

	<u>1990</u> £
Excess capital allowances	761,040
Other timing differences	<u>(55,442)</u>
	<u>705,598</u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

6. TANGIBLE FIXED ASSETS

	Short leasehold land and <u>buildings</u> £	Plant and <u>machinery</u> £	Fixtures, fittings, tools and <u>equipment</u> £	Leased <u>assets</u> £	<u>Total</u> £
COST					
Transferred from Deltatheta Limited	17,178	11,197,131	3,124,188	-	14,338,497
Additions	-	88,916	208,588	552,389	849,893
Disposals	-	(890,532)	(95,468)	-	(986,000)
At 31 December 1990	<u>17,178</u>	<u>10,395,515</u>	<u>3,237,308</u>	<u>552,389</u>	<u>14,202,390</u>
ACCUMULATED DEPRECIATION					
Transferred from Deltatheta Limited	-	4,782,720	2,215,474	-	6,998,194
Provision for the period	-	746,247	169,638	-	915,885
Disposals	-	(866,232)	(61,454)	-	(927,686)
At 31 December 1990	-	<u>4,662,735</u>	<u>2,323,658</u>	-	<u>6,986,393</u>
NET BOOK AMOUNT					
31 December 1990	<u>17,178</u>	<u>5,732,780</u>	<u>913,650</u>	<u>552,389</u>	<u>7,215,997</u>

Capital commitments at 31 December 1990 were as follows:

Contracted	£ 4,750
Authorised by the directors but not contracted	-
	<u>£ 4,750</u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Vafuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

7 STOCKS

	<u>1990</u> £
Raw materials and consumables	1,382,308
Work in progress	792,239
Finished goods and goods for resale	<u>2,018,747</u>
	<u>4,193,294</u>

8 DEBTORS

Trade debtors	5,025,766
Bills of exchange receivable	37,764
Current account balances with group undertakings	2,033,484
Amounts owed by group undertakings	406,621
Other debtors	57,778
Prepayments and accrued income	<u>104,772</u>
	<u>7,666,185</u>

9 CREDITORS - Amounts falling due within one year

Trade creditors	5,454,208
Amounts owed to group undertakings	56,499
Finance lease obligations	189,919
Other creditors	174,097
Corporation tax	3,500
Taxation and social security	211,003
Accruals and deferred income	<u>234,677</u>
	<u>6,323,903</u>

10 CREDITORS - Amounts falling due after more than one year

Finance lease obligations (Note 11)	<u>265,673</u>
-------------------------------------	----------------

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

11 LEASE OBLIGATIONS

	<u>1990</u> £
Finance leases due:	189,919
Under one year	<u>265,673</u>
In the second to fifth year inclusive	455,592
	<u> </u>

The company has the following commitments to make payments in the next year under operating leases:

	<u>Land and Building</u> £	<u>Other Operating Leases</u> £
Leases expiring:		
Under one year	22,124	19,624
In the second to fifth year inclusive	<u> </u>	<u> </u>
In more than five years	22,124	215,585
	<u> </u>	<u> </u>

12 CALLED UP SHARE CAPITAL

	<u>No.</u>	<u>£</u>
Authorised:		
Ordinary shares of £1 each	11,500,000	11,500,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	11,204,002	11,204,002
	<u> </u>	<u> </u>

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

13 RESERVES

	Share premium account £	Profit and loss account £	Total £
Share premium on issue of shares	1,390,958	-	1,390,958
Profit for the financial period	<u>-</u>	<u>25,979</u>	<u>25,979</u>
At 31 December 1990	<u>1,390,958</u>	<u>25,979</u>	<u>1,416,937</u>

14 PENSION COMMITMENTS

Staff costs for the year include the payment of pension contributions amounting to £502,032.

Funding of the UK pension scheme, which covers the majority of UK employees, is based on the last full triennial valuation carried out by the consulting actuaries, as at 31 March 1987 using the projected unit method. The assumptions used in that valuation adopt a long term rate of return on investments of 8.5% per annum, salary increases averaging 7% per annum, pension increases averaging 3% per annum, and dividend growth of 4% per annum, on which basis the actuaries recommended that a contribution rate of 7% of pensionable remuneration be paid by the employer until the next full triennial valuation as at 31 March 1990. On the basis of the valuation at 31 March 1987 the actuarial value of the assets of the fund was sufficient to cover 103% of the benefits that had accrued to members (after allowing for future increases in earnings and for benefit improvements made from 1 April 1988). The market value of assets at the valuation date was £329 million.

15 CONTINGENT LIABILITIES AND CHARGES ON ASSETS

As part of the group financing arrangement, the company, together with other group companies, has granted charges over its assets and undertaking securing the bank facilities of the Pembridge Investments Limited Group. The amount drawn down under those bank facilities exceeds the net asset value of the company.

The company has contingent liabilities of £900,000 in respect of guarantees to HM Customs and Excise and £11,900 in respect of other indemnities.

DRG FLEXIBLE PACKAGING LIMITED
(Formerly Valuelong Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (CONTINUED)

16 RECONSTRUCTION

On the 23 February 1990 the business and assets of the Flexible Packaging division of DRG (UK) Limited ("the Flexible Packaging division") were transferred to Deltatheta Limited.

On the 26 February 1990 Deltatheta Limited resolved to go into a members' voluntary liquidation. The business and assets of the Flexible Packaging division were transferred to the company in consideration of the company issuing fully paid shares in consideration for the Flexible Packaging division to Pembridge Investments Limited, the immediate parent of Deltatheta Limited.

11,204,000 £1 ordinary shares were issued to acquire the following assets. This gave rise to share premium of £1,390,958.

	£
Fixed assets	
Tangible	7,340,303
Current assets	
Stock	5,147,150
Debtors	6,698,646
Cash at bank and in hand	<u>166,664</u>
Total assets	<u>19,352,763</u>
Liabilities	
Creditors falling due within one year	<u>6,757,805</u>
Net Assets	<u>12,594,958</u>

17 HOLDING COMPANY

The ultimate holding company is Pembridge Associates Inc, incorporated in the United States of America. Mr ME Franklin has an interest in 40 shares of 1 cent each in Pembridge Associates Inc.

-0000000-