

Budelpack March Limited
Annual report
for the year ended 31 December 2006

Registered Number 1902932

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Budelpack March Limited

Annual report for the year ended 31 December 2006

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Budelpack March Limited

Directors and advisors

Directors

P Cope

C Moerkerken (Resigned 4 January 2007)

Budelpack International B V (Appointed 4 January 2007)

Secretary

C Moerkerken (Resigned 4 January 2007)

Budelpack International B V (Appointed 4 January 2007)

Registered Office

Budelpack March Ltd

7 Martin Avenue

March

Cambs

PE15 OBJ

Auditors

PricewaterhouseCoopers LLP

Abacus House

Castle Park

Cambridge

CB3 0AN

Bankers

Barclays Bank Plc

2 Broad Street

March

Cambridgeshire

PE15 8TQ

Budelpack March Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Business Review and Principal Activities

The principal activity of the company continued to be that of specialist contract packing. The profit and loss account is set out on page 5. The results of the company show a pre-tax loss of £637,340 (2005 £85,343) and sales of £8.8 million (2005 £8.7 million). The mix of business in 2006 was not significantly different to that of 2005 with only a small number of new contracts awarded in the year being converted. Whilst turnover levels grew by 1.5%, Gross Profit fell as a result of higher material costs as the customer base changes. Operational efficiency improvements continued throughout the factory in 2006 with labour costs being reduced in 2006 when compared to 2005. The company has net liabilities of £4.3 million at the end of 2006 (2005 £3.4 million).

Strategy

In terms of the outlook for 2007, the commercial strategy implemented in 2006 which strengthened the number of account managers and focused on more business process outsourcing activities has already generated some exciting new contracts for the plant which started during the first quarter of 2007. The focus will undoubtedly be to ensure that these new contracts are successful, whilst also securing additional work for the second half of the year.

Financial risk management

The directors have considered the disclosure requirements of the Companies Act 1985 in respect of financial risk management and have concluded that after considering financial risk management, price risk, credit risk, liquidity risk and cash flow risk that this is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company on the basis that there is a financial & operational guarantee in place from the ultimate parent company Budelpack Holding B.V.

Principle risks and uncertainties

The management of the company and the execution of the company's strategy are subject to a number of risks. Currently the business is reliant on a few key customers and short term work. Whilst the strategy for the coming year aims to increase the number of key customers to reduce this risk, these contracts still need to be secured. Given the uncertainty surrounding the volume of work coming into the business, another key risk facing the business is our ability to retain staff with key skills. Retaining key staff is key to us being able to meet our customer requirements when new contracts are won.

Key Performance Indicators

We have made positive progress in the year against the majority of key performance indicators which the business measures itself against. Whilst gross profit is a key measure in determining the company's ability to generate a positive result, in developing a number of key customers it is very important that we service them to the highest standards. By focusing on complaints this gives us an indication of the quality of our products leaving the factory. In delivering a high quality service it is also important that our staff are highly trained. We aim to continue focussed training during the course of 2007 to ensure we are providing the best possible service. It is also very important that we demonstrate to the outside world that we are an environmentally friendly company. In this respect our waste is recycled where at all possible to avoid the negative environmental effects of sending waste to landfill. Finally a key aim of this business is to provide a safe working environment for our staff.

Performance during the year together with 2005 comparatives is set out in the table below.

| KPI | 2006 | 2005 | Definition |
|-------------------------|-------|-------|---|
| Gross Profit as % Sales | 32.17 | 42.39 | Gross profit divided by sales |
| Complaints per million | 0.29 | 0.62 | Customer complaints per million units sold |
| Training Hours | 1,906 | 192 | Number of Hours spent on training in the year |
| Waste to Landfill | 99 | 621 | Waste in Tonnes to landfill in the year |
| Accidents | 2 | 5 | Number of accidents reported in the year |

Budelpack March Limited

Dividends

The directors do not recommend the payment of a dividend (2005 £nil)

Directors and their interests

The directors who held office during the year are listed on page 1

None of the directors held interests in shares of the company or its immediate parent company, Budelpack UK Holding Limited, at 31 December 2006. The company's ultimate parent undertaking is incorporated in The Netherlands. As permitted by Statutory Instrument, directors are not required to notify the company of any interest in shares or options of any company in the group incorporated outside Great Britain.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

In accordance with Section 234ZA(2) of the Companies Act, in the case of the persons who are directors at the date the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

An elective resolution has been passed to dispense with the need to hold Annual General Meetings and annually reappoint PricewaterhouseCoopers LLP as auditors.

By order of the Board



Paul Oope
Director

Budelpack March Limited

Independent auditor's report to the members of Budelpack March Limited

We have audited the financial statements of Budelpack March Ltd for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

21st May 2007

Budelpack March Limited

Profit and loss account for the year ended 31 December 2006

| | Note | 2006 £ | 2005 £ |
|--|--------|------------------|-------------|
| Turnover | 2 | 8,830,012 | 8,700,796 |
| Cost of sales | | (5,988,105) | (5,011,763) |
| Gross profit | | 2,841,907 | 3,689,033 |
| Administrative expenses | | (3,364,696) | (3,587,965) |
| Profit/(loss) on ordinary activities before interest and taxation | 3 | (522,789) | 101,068 |
| Interest receivable | 4 | 142,108 | 149,155 |
| Interest payable and similar charges | 5 | (256,659) | (335,566) |
| Loss on ordinary activities before taxation | | (637,340) | (85,343) |
| Tax on loss on ordinary activities | 8 | (262,329) | - |
| Loss for the financial year | 17, 18 | (899,669) | (85,343) |

All amounts relate to continuing activities

There are no recognised gains or losses for the current or previous financial period other than as stated in the profit and loss account

Budelpack March Limited

Balance sheet as at 31 December 2006

| | Notes | 2006 £ | 2005 £ |
|---|-------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 9 | 1,325,214 | 650,746 |
| Current assets | | | |
| Stocks | 10 | 332,010 | 382,339 |
| Debtors | | | |
| - due after one year | 11 | 2,425,377 | 2,276,524 |
| - due within one year | 11 | 1,778,022 | 1,860,356 |
| Cash at bank and in hand | | - | 809,795 |
| | | 4,535,409 | 5,329,014 |
| Creditors - amounts falling due within one year | 12 | (6,939,126) | (7,095,517) |
| Net current liabilities | | (2,403,717) | (1,766,503) |
| Total assets less current liabilities | | (1,078,503) | (1,115,757) |
| Creditors - amounts falling due after more than one year | 13 | (3,228,828) | (2,291,905) |
| Net liabilities | | (4,307,331) | (3,407,662) |
| Capital and reserves | | | |
| Share capital | 16 | 3,800 | 3,800 |
| Profit and loss account | 17 | (4,311,131) | (3,411,462) |
| Shareholders' deficit | 18 | (4,307,331) | (3,407,662) |

The financial statements on pages 5 to 16 were approved by the board of directors on 18 MAY 2007 and were signed on its behalf by



P Cope
Director

Budelpack March Limited

Notes to the financial statements for the year ended 31 December 2006

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting policies", and which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, which relies on the continued support of the ultimate parent undertaking. The ultimate parent undertaking, Budelpack Holding B.V., has indicated that it will provide financial support to the Company to enable it to meet its liabilities as they fall due.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, (less their estimated residual values), on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|-------------------------|------------------------|
| Plant and machinery | 10% per annum |
| Motor vehicles | 25% per annum |
| Furniture and equipment | 12.5% to 33% per annum |

Stocks

Stocks are valued at the lower of the cost and net realisable value. Cost is calculated on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stock.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Finance leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of lease payments is charged to the profit and loss account over the period of lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Turnover

Turnover represents the amount derived from the provision of goods by the company to its customers and is recognised net of VAT. Turnover is recognised once goods have been despatched to customers. There are two different types of contract which Budelpack March Ltd enters into. The first of these is where the customer supplies the materials and only the packing fee is included in turnover. The second is where Budelpack March Ltd purchase the materials and this is then also included in the turnover figure with the packing fee.

Pension scheme arrangements

The company operates a defined contribution pension scheme. Contributions payable by the company on behalf of employees are charged to the profit and loss account.

Budelpack March Limited

1 Principal accounting policies (continued)

Cash flow statement

The company is a wholly owned subsidiary of Budelpack Holding B V and the cash flows of the company have been included in the consolidated cash flow statement of Budelpack Holding B V. Consequently, the company is exempt under the terms of FRS1 (Revised), "Cash flow statements", from publishing a cash flow

Deferred taxation

Provision is made for deferred taxation in accordance with FRS 19, "Deferred taxation" on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Budelpack March Limited

2 Turnover

Turnover by destination is as follows

| | 2006 | 2005 |
|--------------------|------------------|------------------|
| | £ | £ |
| UK | 8,618,517 | 8,651,611 |
| Continental Europe | 158,164 | 49,185 |
| Rest of World | 53,331 | - |
| | 8,830,012 | 8,700,796 |

3 Operating loss/profit

| | 2006 | 2005 |
|---|---------|---------|
| | £ | £ |
| The operating (loss)/profit is stated after charging | | |
| Depreciation of tangible fixed assets | | |
| - owned assets | 375,910 | 371,837 |
| - hire purchase assets | 3,881 | 8,345 |
| Operating leases | | |
| - Plant and equipment | 597,300 | 519,612 |
| - land and buildings | 359,443 | 346,815 |
| Auditors' remuneration | | |
| - Services provided by the company's auditor Fees payable to the company's auditor for the audit of the company's annual accounts | 19,638 | 13,193 |
| - Fees payable to the company's auditor and its associates for other services | | |
| Tax services | 3,350 | 3,250 |
| Other services | 1,750 | 1,750 |
| Foreign exchange gains | 50,417 | 83,330 |

4 Interest receivable

| | 2006 | 2005 |
|---|---------|---------|
| | £ | £ |
| Interest receivable from group undertakings | 142,108 | 149,155 |

Budelpack March Limited

5 Interest payable and similar charges

| | 2006 | 2005 |
|---|----------------|----------------|
| | £ | £ |
| Interest payable on bank loans and overdrafts | 35,229 | 2,991 |
| Interest payable to group undertakings | 221,137 | 331,740 |
| Hire purchase interest | 293 | 835 |
| | 256,659 | 335,566 |

6 Employee information

The average monthly number of employees, including executive directors during the year was as follows

| | 2006 | 2005 |
|----------------|------------|------------|
| | Number | Number |
| Administration | 20 | 19 |
| Production | 126 | 143 |
| | 146 | 162 |

| | 2006 | 2005 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Staff costs (for the above persons) | | |
| Wages and salaries | 2,558,721 | 2,729,275 |
| Social security costs | 236,014 | 244,383 |
| Other pension costs | 58,267 | 49,214 |
| | 2,853,002 | 3,022,872 |

7 Directors' emoluments

The aggregate emoluments of the directors of the company are set out below

| | 2006 | 2005 |
|-----------------------|----------------|---------------|
| | £ | £ |
| Aggregate emoluments | 107,923 | 74,423 |
| Pension contributions | 8,000 | 6,667 |
| | 115,923 | 81,090 |

Payments are made to pension schemes on behalf of one director (2005 one)

Mr C Moerkerken was paid by the ultimate parent company, Budelpack Holding B V. No recharge will be made to Budelpack March Limited. He was a director of other companies in the Budelpack International group and it is not possible to make an accurate apportionment of his emoluments in respect of each of the companies. Accordingly, the details above do not include his emoluments. His emoluments are disclosed in the Budelpack BV accounts.

Budelpack March Limited

8 Tax on loss on ordinary activities

(a) Analysis of tax charge in the period

| | 2006 | 2005 |
|--|------------------|----------|
| | £ | £ |
| UK corporation tax on profits of the period | - | - |
| Adjustments in respect of previous years | (262,329) | - |
| Total current tax (note 8(b)) | (262,329) | - |
| Deferred tax (see note 15) | - | - |
| Tax charge on loss on ordinary activities | (262,329) | - |

(b) Factors affecting tax credit for the period

| | £ | £ |
|---|------------------|----------|
| Loss on ordinary activities before taxation | (637,340) | (85,343) |
| Tax at 30% (2005 30%) | (191,202) | (25,603) |
| Expenses not deductible for tax purposes | 12,591 | 4,191 |
| Accelerated capital allowances and other timing differences | 178,611 | 21,412 |
| Adjustments to tax charge in respect of previous periods | (262,329) | - |
| Tax credit | (262,329) | - |

Budelpack March Limited

9 Tangible fixed assets

| | Plant and machinery | Furniture and equipment | Total |
|----------------------------|------------------------|-------------------------------|------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2006 | 1,686,047 | 866,017 | 2,552,064 |
| Additions | 53,089 | 1,012,572 | 1,065,661 |
| Disposal | (29,787) | - | (29,787) |
| At 31 December 2006 | 1,709,349 | 1,878,589 | 3,587,938 |
| Depreciation | | | |
| At 1 January 2006 | 1,094,478 | 806,840 | 1,901,318 |
| Charge for the year | 209,780 | 170,011 | 379,791 |
| Disposal | (18,385) | - | (18,385) |
| At 31 December 2006 | 1,285,873 | 976,851 | 2,262,724 |
| Net book value | | | |
| At 31 December 2006 | 423,476 | 901,738 | 1,325,214 |
| At 31 December 2005 | 591,569 | 59,177 | 650,746 |

Included within plant and machinery are assets held under hire purchase agreements with a net book value of £0 (2005 £3,881) at 31 December 2006

10 Stocks

| | 2006 | 2005 |
|----------------|----------------|----------------|
| | £ | £ |
| Raw materials | 240,849 | 322,883 |
| Finished goods | 91,161 | 59,456 |
| | 332,010 | 382,339 |

Budelpack March Limited

11 Debtors

| | 2006 | 2005 |
|--|------------------|------------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 779,229 | 989,837 |
| Other debtors | 36,888 | - |
| Amounts owed by other group undertakings | 717,020 | 715,819 |
| Prepayments and accrued income | 244,885 | 154,700 |
| | 1,778,022 | 1,860,356 |

| | 2006 | 2005 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Due outside one year. | | |
| Amounts owed by parent undertaking | 2,425,377 | 2,276,524 |

12 Creditors: amounts falling due within one year

| | 2006 | 2005 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank overdraft | 5,779 | - |
| Trade creditors | 575,719 | 679,630 |
| Amounts owed to group undertakings | 5,592,250 | 5,828,434 |
| Other taxes and social security | 292,193 | 395,550 |
| Hire purchase obligations | - | 7,511 |
| Accruals | 210,856 | 184,392 |
| Group relief payable | 262,329 | - |
| | 6,939,126 | 7,095,517 |

Within the amounts owed to group undertakings £809,409 represents amounts owed to Budelpack Holding B V which forms part of the group banking arrangement with Eurofactor This amount is secured upon the trade debtors of the company

Budelpack March Limited

13 Creditors: amounts falling due after more than one year

| | 2006 | 2005 |
|---------------------------------------|-----------|-----------|
| | £ | £ |
| Amounts payable to group undertakings | 3,228,828 | 2,291,905 |
| | 3,228,828 | 2,291,905 |

There are no set repayment terms for the group company loan which is unsecured

14 Hire purchase obligations

| | 2006 | 2005 |
|-----------------------|----------|--------------|
| | £ | £ |
| Falling due within | | |
| One year | - | 7,511 |
| At 31 December | - | 7,511 |

15 Deferred taxation

At 31 December, the company had deferred tax (assets)/liabilities as follows

| | Amount provided 2006 £ | Amount unprovided 2006 £ | Amount provided 2005 £ | Amount unprovided 2005 £ |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Tax effect of timing differences because of | | | | |
| Difference between capital allowances and depreciation | - | (15,482) | - | (98,520) |
| Tax losses carried forward | - | (1,527,494) | - | (991,909) |
| Pension provision | - | (1,000) | - | (949) |
| Other short term timing differences | - | - | - | - |
| | - | (1,543,976) | - | (1,091,378) |

The deferred tax assets have not been recognised as there is no immediate prospect of these being utilised

Budelpack March Limited

16 Called up share capital

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Authorised | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| Issued, allotted, called up and fully paid | | |
| 3,800 ordinary shares of £1 each | 3,800 | 3,800 |

17 Profit and loss account

| | 2006 £ |
|-----------------------------|--------------------|
| At 1 January | (3,411,462) |
| Loss for the financial year | (899,669) |
| At 31 December | (4,311,131) |

18 Reconciliation of movement in shareholders' deficit

| | 2006 £ | 2005 £ |
|--|--------------------|--------------------|
| Opening shareholders' (deficit)/funds | (3,407,662) | (3,322,319) |
| Loss for the financial year | (899,669) | (85,343) |
| Closing shareholders' (deficit) | (4,307,331) | (3,407,662) |

19 Pension scheme

The company makes contributions to pension schemes for the benefit of certain employees and directors. The assets of the schemes are administered by trustees in funds independent from those of the company. The charge for the year was £58,267 (2005 £49,214), which included a brought forward accrual of £3,162 and a carried forward accrual of £3,334.

20 Operating lease commitments

At 31 December 2006, the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-----------------------------------|--------------------|----------------|---------------|---------------|
| | 2006 £ | 2005 £ | 2006 £ | 2005 £ |
| Expiry within one year | - | - | 14,185 | 15,112 |
| Expiry between two and five years | - | - | 66,991 | 74,831 |
| Expiry in over five years | 359,443 | 346,815 | - | - |
| | 359,443 | 346,815 | 81,176 | 89,943 |

Budelpack March Limited

21 Related party disclosures and ultimate controlling party

The directors consider the immediate parent company of Budelpack March Limited to be Budelpack UK Holdings Limited, and the ultimate parent company to be Budelpack Holding B V a company incorporated in The Netherlands. Copies of the group accounts can be obtained Jacob Obrechtlaan 3c, 4611 AP Bergen op Zoom, the Netherlands

No details of inter-group transactions have been disclosed as the company has taken advantage of exemptions contained within FRS 8 "Related party disclosures" in that consolidated group accounts have been prepared and are publicly available

22 Events after the balance sheet date

After the year end, the UK Government announced a cut of 2% in the UK corporation tax rates for large businesses with effect from 1 April 2008. Although not material, an adjustment to the company's unprovided deferred tax assets may be required in 2007