

Company Registration No. 3541144

BRITTON GROUP LIMITED

Report and Financial Statements

30 April 2006



BRITTON GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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BRITTON GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Clark
S Goodman

SECRETARY

S Goodman

REGISTERED OFFICE

Road One Industrial Estate
Winsford
Cheshire

BANKERS

Bank of Scotland
No 1 Marsden Street
Manchester

SOLICITORS

Eversheds LLP
1 Royal Standard Place
Nottingham

AUDITORS

Deloitte & Touche LLP
Nottingham

BRITTON GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2006. The previous accounting period was the 16 months ended 30 April 2005.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's ultimate parent company is Britton Holdings Ltd.

The principal activity of the company is that of an intermediary holding company. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely change in the company's activities in the next year.

The company will continue to trade as a holding company in the foreseeable future.

There have been no significant events since the year end.

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed to interest rate changes as all cash at bank is held at floating rates.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend payment of a dividend. The loss of £1,536,000 (2005: profit £523,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 1 of the accounts. Those in office at the period end, and their interests in the share capital of the company, were:

M Clark

S Goodman

None of the directors have any interest in the issued share capital of the company.

The interests of Mr. S Goodman and Mr. M Clark, directors of the ultimate parent company, are disclosed in the accounts of that company.

BRITTON GROUP LIMITED

DIRECTORS' REPORT

AUDITORS

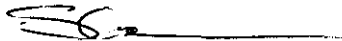
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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



S Goodman
Director

BRITTON GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed; and
- (d) 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 BRITTON GROUP LIMITED

We have audited the financial statements of Britton Group Limited for the year ended 30 April 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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 United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you on the consistency of the directors' report 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

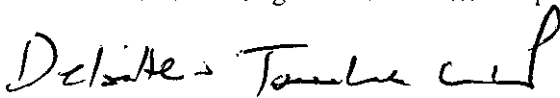
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its loss for the year then ended; and
- 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.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Nottingham

United Kingdom

31 August 2006

BRITTON GROUP LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 April 2006

	Note	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Administrative expenses		(383)	(325)
Exceptional administrative items		-	(282)
TOTAL ADMINISTRATIVE EXPENSES		(383)	(607)
Reversal of past impairments		-	2,500
Other operating income		1,892	3,092
OPERATING PROFIT	5	1,509	4,985
Loss on disposal of fixed asset investment	8	-	(539)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,509	4,446
Interest receivable and similar income	2	96	76
Interest payable and similar charges	3	(3,359)	(4,014)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,754)	508
Tax credit on (loss)/profit on ordinary activities	6	218	15
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	13, 14	(1,536)	523

All results are derived from continuing operations in the current and prior year.

There are no recognised gains and losses other than the profit for the financial year and for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

BRITTON GROUP LIMITED

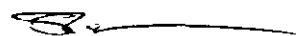
BALANCE SHEET

30 April 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	7	13	1
Investments	8	9,000	9,000
		<u>9,013</u>	<u>9,001</u>
CURRENT ASSETS			
Debtors	9	24,952	26,925
Cash at Bank		1,727	-
		<u>26,679</u>	<u>26,925</u>
CREDITORS: amounts falling due Within one year	10	<u>(35,155)</u>	<u>(33,555)</u>
NET CURRENT LIABILITIES		<u>(8,476)</u>	<u>(6,630)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		537	2,371
Provisions for liabilities	11	<u>(196)</u>	<u>(494)</u>
NET ASSETS		<u>341</u>	<u>1,877</u>
CAPITAL AND RESERVES			
Called up share capital	12	82,157	82,157
Share premium account	13	1,925	1,925
Profit and loss account	13	<u>(83,741)</u>	<u>(82,205)</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>341</u>	<u>1,877</u>

These financial statements were approved by the Board of Directors on 31 August 2006

Signed on behalf of the Board of Directors



S Goodman

Director

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery 25% - 33% per annum

Loan issue costs

Issue costs relating to loans agreed have been capitalised and are being amortised over the loan period.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which 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

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

Pension costs

The group pays contributions on behalf of the directors and qualifying employees to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged directly to the profit and loss account.

Cash flow

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary undertaking of Britton Holdings Limited, is exempt from the requirement to prepare such a statement under Financial Reporting Statement 1 "Cash flow statements".

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Bank interest receivable	96	76

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

3. INTEREST PAYABLE AND SIMILAR CHARGES

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Bank loans, overdraft and other loans	3,359	3,969
Amortisation of fees	-	45
	<u>3,359</u>	<u>4,014</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Directors' emoluments		
Emoluments, including benefits in kind	273	420
Contributions to a defined contribution pension scheme	24	46
Compensation for loss of office	-	394
	<u>297</u>	<u>860</u>

Contributions to a defined contribution scheme were made on behalf of 2 (2005: 2) directors.

	£'000	£'000
Highest paid director		
Emoluments, including benefits in kind	181	48
Contributions to a defined contribution pension scheme	16	24
Compensation for loss of office	-	294
	<u>197</u>	<u>366</u>

Average number of persons employed

Administration	9	9
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	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	727	981
Social security costs	97	131
Pension costs	70	98
	<u>894</u>	<u>1,210</u>

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

5. OPERATING PROFIT

Operating profit is stated after charging

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Exceptional items:		
Redundancy costs	-	272
Property Costs	-	10
Depreciation	5	6
Rentals under operating leases	47	58
Auditors remuneration		
Audit fees	43	19
Other services	19	6
	<u> </u>	<u> </u>

6. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of credit in the period

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
Current tax		
UK corporation tax at 30% (2005: 30%) based on the profit for the period	-	-
Adjustments in respect of prior years	-	-
	<u> </u>	<u> </u>
Total current tax (note 6b)	-	-
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	454	(2)
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	(552)	-
Adjustments in respect of previous years	(120)	(13)
	<u> </u>	<u> </u>
Total deferred tax (note 11)	(218)	(15)
	<u> </u>	<u> </u>
Total tax credit in the year	<u>(218)</u>	<u>(15)</u>

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

b) Factors affecting the tax charge for the period

The tax assessed for the current year differs to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	12 months ended 30 April 2006 £'000	16 months ended 30 April 2005 £'000
(Loss)/profit on ordinary activities before tax	(1,754)	508
(Loss)/profit on ordinary activities multiplied by the standard Rate of corporation tax in the UK	(526)	152
Effects of:		
Difference between capital allowances and depreciation	2	3
Imputed interest an intra-group balances	(440)	-
Expenses not deductible for tax purposes	5	91
Utilisation of tax losses	(457)	(501)
Movement in other short term timing differences	(3)	-
Group relief not paid for	1,419	1,005
Movement on investments	-	(750)
Current tax charge for the period (note 6a)	-	-

7. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
Cost	
At 1 May 2005	101
Additions	17
At 30 April 2006	118
Accumulated depreciation	
At 1 May 2005	100
Charge for the period	5
At 30 April 2006	105
Net book value	
At 30 April 2006	13
At 30 April 2005	1

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

8. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £'000
Cost	
At 1 May 2005 and 30 April 2006	48,343
Provision for impairment	
At 1 May 2005 and 30 April 2006	39,343
Net book value	
At 30 April 2005 and 2006	9,000

Britton Gelpas was sold on 23 June 2004. Britton Gelpas was transferred to Britton Group Limited along with other trading subsidiaries in 1999. No cost of investment can be accurately attributed to Britton Gelpas. The investment was previously held at nil net book value due to past impairments.

The proceeds from the sale were £274,000. Total costs of the sale including a provision for costs to come are £813,000, resulting in a loss on disposal of £539,000. The above is included in the result for the 16 months ended 30 April 2005.

The company has the following wholly owned subsidiaries incorporated in Great Britain and registered in England and Wales:

<i>Undertaking</i>	<i>Principal activity</i>
Merlin Group Holdings Limited*	Holding company
Britton Merlin Limited	Extrusion, printing and conversion of low, co-extruded and high density polythene films
Britton Group Plastics Limited*	Dormant
Britton Taco Limited*	Manufacture of extruded and embossed polyolefin film and polypropylene film
Taco Plastics Limited	Dormant
Tacolin Limited	Dormant
Britton Polymon Limited*	Dormant
Britton Packbourne Limited*	Polythene film converter
Britton Precision Limited*	Manufacture of polythene film
Britton Security Packaging Limited*	Manufacture and distribution of polythene security and distribution packaging
Britton Decoflex Limited	Manufacture and distribution of polythene security and distribution packaging
Britton Polyian Limited	Printing and conversion of polythene
Hubcharm Limited	Dormant
Finoplas Limited	Dormant
CK Addison and Company Limited	Dormant

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Britton Holdings Limited.

* indicates direct subsidiary.

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

9. DEBTORS

	2006 £'000	2005 £'000
Amounts owed by subsidiary undertakings	23,600	25,663
Deferred tax asset	275	57
Other debtors (note 11)	1,077	1,205
	<u>24,952</u>	<u>26,925</u>
Amounts falling due within one year	<u>24,952</u>	<u>26,925</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Bank loans and overdraft	-	46
Amounts owed to group undertakings	33,876	32,786
Other taxes and social security	159	292
Accruals and deferred income	1,120	431
	<u>35,155</u>	<u>33,555</u>

11. PROVISIONS FOR LIABILITIES

	Vacant property £'000	Deferred taxation £'000 (note 9)
At start of year	(494)	57
Credit for the year	298	218
	<u>(196)</u>	<u>275</u>
At end of year	<u>(196)</u>	<u>275</u>

The vacant property provision relates the rental charges and other costs on the vacant former Gelplas properties, which were transferred to Britton Group Limited upon the sale of Gelplas Limited. It is expected that all of the costs will be incurred within the next 12 months.

The amount of deferred taxation provided and not provided in the accounts are as follows:

Deferred taxation	Provided 2006 £'000	Not provided 2006 £'000	Provided 2005 £'000	Not provided 2005 £'000
Accelerated capital allowances	(13)	-	(15)	-
Losses	(239)	(2,242)	-	(2,365)
Short term timing differences	(23)	-	(42)	-
	<u>(275)</u>	<u>(2,242)</u>	<u>(57)</u>	<u>(2,365)</u>

Deferred tax is not provided where there is uncertainty over the recovery of the asset. To be prudent therefore only deferred tax assets on short term timing differences, accelerated capital allowances and losses expected to be utilised against taxable profits within the next twelve months have been provided.

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

12. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
82,242,517 ordinary shares of £1 each	82,243	82,243
Allotted, called up and fully paid		
82,156,579 ordinary shares of £1	82,157	82,157

13. MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 May 2005	82,157	1,925	(82,205)	1,877
Loss for the period	-	-	(1,536)	(1,536)
At 30 April 2006	82,157	1,925	(83,741)	341

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
(Loss)/profit for the financial period	(1,536)	523
Opening shareholders' funds	1,877	1,354
Closing shareholders' funds	341	1,877

15. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary and has taken advantage of the exemptions available under paragraph 3(c) of FRS 8.

16. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Britton Group (Holdings) Limited. The ultimate parent company and controlling party, for which consolidated accounts are prepared, is Britton Holdings Limited, a company incorporated in Great Britain. Group accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The smallest and largest group for which consolidated accounts are prepared are those of Britton Holdings Limited.

BRITTON GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2006

17. CONTINGENT LIABILITIES

The company has a joint VAT registration with Britton Taco Limited, Britton Group Plastics Limited and Britton Polymon Limited.

Guarantee

With effect from the 21 May 2004 the company is party to a cross company and group guarantee with respect to parent company financing. There are consequently fixed and floating charges over the company's present and future property and assets. This guarantee replaced all previous cross company guarantees.

18. FINANCIAL COMMITMENTS

At 30 April 2006, the company had annual commitments under non-cancellable operating leases as set out below:

	2006 Buildings £'000	2005 Buildings £'000	2006 Other £'000	2005 Other £'000
Operating leases which expire:				
Within one year	13	-	2	4
Within two to five years	7	-	40	67
More than five years	76	-	-	-
	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. PENSIONS

Certain employees are members of the group defined contribution scheme. Contributions paid during the year were £70,000 (2005: £98,000).