Benson Box Holdings Limited

Directors' report and consolidated financial statements
Registered number 5400677
31 May 2007

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2007

Business review and principal activities

The Company's principal activities are that of a holding company for operating companies involved in the manufacture and sale of cartons and patient information leaflets for the food and pharmaceutical industry in the UK and Europe There have not been any significant changes in the Company's principal activities in the year under review The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year

All companies in the Group invest in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of that Company, in the medium to long-term future

As shown in the Group profit and loss account on page seven, the consolidated turnover has increased by 9% over the prior year on a like for like basis and profit before tax has increased by 129% on a like for like basis The major factors resulting in the increase in profit before tax were increased sales activity and the improvement in margin due to greater purchasing volumes and group transport synergies Additionally the operating businesses realigned their depreciation polices resulting in an overall £159,000 decrease in the depreciation charge Additionally certain loss making contracts were either terminated or revised prices were negotiated to completion

The consolidated balance sheet on page eight of the financial statements shows that the Group financial position at the year-end and is consistent with the prior year after allowing for the acquisition of Print Design and Graphics Ltd in May 2006 There has been an improvement in the current asset / liability situation in the year and a reduction in net debt of £2,013,000

Benson Box Holdings Limited manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business

Principal risks and uncertainties

Competitive pressure in the UK and Europe is a continuing risk for the Group, which could result in it losing turnover To manage this risk, the Group strives to provide added-value products and services to its customers, utilising lean manufacturing processes, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers

The Group operating companies sell products into international markets and it is therefore exposed to currency movements on such sales However these risks are not deemed to be material

The Group's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks

The Group operating businesses are financed by the use of loans which are generally variable rate loans The business is therefore exposed to interest rate increases In the opinion of the directors this is not seen as a major risk to the business's ability to finance future operations

Directors' report *(continued)*

Environment

Benson Box Holdings Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by it's and the operating companies activities Initiatives aimed at minimising the Group's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy and materials consumption

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements

The Group has policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters

The directors wish to recognise and thank all employees for their outstanding effort and commitment to the company Their continued support and dedication will be vital, at this time of rapid change, for the company and its industry

The group has established systems for communicating information on its performance and other significant issues affecting the business

The group's open management style encourages employees to contribute to the development of the business When visiting the various company businesses, the directors meet informally with employees to discuss issues which affect the group

The board remains committed to ensuring that the working environment within the group is one where differences in people are recognised and valued Equality is the fundamental principle that determines how the group treats its employees and this is reflected in the group's employment policies

The board understands its responsibilities to encourage and assist in the employment, training, personal and career development of disabled people The group gives proper consideration to applications for employment when these are received from disabled people, and employs them whenever suitable vacancies arise

Dividends

Dividends paid during the year comprise a final dividend on the ordinary shares of £122,500 in respect of the previous year ended 31 May 2006

Directors

The directors, who held office during the year, were as follows

AJ Benson
JW Benson
NJ Benson

Donations

The Group made no political contributions during the year Donations to UK charities amounted to £165 (*2006 £810*)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

Auditors

KPMG LLP have been appointed auditors, and a resolution for their re-appointment is to be proposed at the forthcoming Annual General Meeting

By order of the board

AJ Benson
Director

Interlink Park
Bardon
Leicestershire
LE67 1PE

19 March 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of Benson Box Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Benson Box Holdings Limited for the year ended 31 May 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, and the related notes 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 auditor's 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 Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant 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 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 group's and 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

Independent auditors' report to the members of Benson Box Holdings Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2007 and of the group's profit 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

KPMG LLP

20 March 2008

Chartered Accountants
Registered Auditor

Consolidated profit and loss account

for the year ended 31 May 2007

	Note	2007 £000	2006 £000
Turnover	*1*	**58,884**	30,827
Cost of sales		**(46,179)**	(22,133)
Gross profit		**12,705**	8,694
Distribution costs		**(1,965)**	(846)
Administrative expenses		**(6,779)**	(6,100)
Operating profit		**3,961**	1,748
Profit on sale of fixed assets		**47**	22
Interest payable and similar charges	*5*	**(1,248)**	(591)
Profit on ordinary activities before taxation	*2*	**2,760**	1,179
Tax on profit on ordinary activities	*6*	**(872)**	(282)
Profit on ordinary activities after taxation	*17*	**1,888**	897

All the group's activities relate to continuing activities

Note of historical cost profits and losses

for the year ended 31 May 2007

	2007 £000	2006 £000
Reported profit on ordinary activities before taxation	**2,760**	1,179
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**13**	-
Historical cost profit on ordinary activities before taxation	**2,773**	1,179
Historical cost profit for the year retained after taxation and dividends	**1,779**	814

Consolidated balance sheet
at 31 May 2007

	Note	2007		2006	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*8*		1,235		1,338
Tangible assets	*9*		20,917		21,565
Investments	*10*		3		3
			22,155		22,906
Current assets					
Stocks	*11*	5,006		4,605	
Debtors	*12*	11,949		11,074	
Cash at bank and in hand		47		503	
		17,002		16,182	
Creditors: amounts falling due within one year	*13*	(20,586)		(20,528)	
Net current liabilities			(3,584)		(4,346)
Total assets less current liabilities			18,571		18,560
Creditors amounts falling due after more than one year	*14*		(7,428)		(9,054)
Provisions for liabilities and charges	*15*		(2,162)		(2,291)
Net assets			8,981		7,215
Capital and reserves					
Called up share capital	*16*		1		1
Revaluation reserve	*17*		564		577
Profit and loss account	*17*		8,416		6,637
			8,981		7,215

These financial statements were approved by the board of directors on 19 March 2008 and were signed on its behalf by

AJ Benson
Director

Company balance sheet
at 31 May 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Tangible assets	9		6,828		6,943
Investments	10		8,773		8,773
			15,601		15,716
Current assets					
Debtors	12	149		-	
		149		-	
Creditors amounts falling due within one year	13	(2,185)		(1,573)	
Net current liabilities			(2,036)		(1,573)
Total assets less current liabilities			13,565		14,143
Creditors: amounts falling due after more than one year	14		(13,430)		(14,022)
Provisions for liabilities and charges	15		(97)		(113)
Net assets			38		8
Capital and reserves					
Called up share capital	16		1		1
Profit and loss account	17		37		7
			38		8

These financial statements were approved by the board of directors on 19 March 2008 and were signed on its behalf by

AJ Benson
Director

Consolidated cash flow statement
for the year ended 31 May 2007

Reconciliation of operating profit with net cash inflow from operating activities

	2007 £000	2006 £000
Operating profit	**3,961**	1,748
Depreciation and amortisation charges	**2,598**	2,281
(Increase)/decrease in stocks	**(401)**	239
(Increase) in debtors	**(875)**	(348)
Increase/(decrease) in creditors	**498**	(390)
Share related awards	**-**	99
Net cash inflow from operating activities	**5,781**	3,629

Cash flow statement

	Note	2007 £000	2006 £000
Cash inflow from operating activities		**5,781**	3,629
Returns on investments and servicing of finance	*21*	**(1,191)**	(576)
Capital expenditure and financial investment	*22*	**(1,473)**	(346)
Taxation paid		**(455)**	(30)
Acquisitions and disposals	*23*	**-**	(9,201)
Equity dividends paid		**(122)**	(83)
Cash inflow/(outflow) before financing		**2,540**	(6,607)
Financing	*24*	**(2,263)**	2,702
Increase/(decrease) in cash in the year		**277**	(3,905)

Reconciliation of net cash flow with movement in net debt

	Note	2007 £000	2006 £000
Increase/(decrease) in cash in the year		**277**	(3,905)
Cash outflow/(inflow) from movement in debt and lease financing		**2,213**	(2,752)
Change in net debt resulting from cash flows		**2,490**	(6,657)
New hire purchase contracts		**(420)**	-
New debt from acquisitions		**-**	(3,710)
Amortisation of costs of arranging loans		**(57)**	(15)
Movement in net debt in the year		**2,013**	(10,382)
Net debt at start of year		**(17,674)**	(7,292)
Net debt at end of year	*25*	**(15,661)**	(17,674)

Consolidated statement of total recognised gains and losses
for the year ended 31 May 2007

	2007	2006
	£000	£000
Profit for the year	**1,888**	897
Unrealised surplus on revaluation of property	**-**	577
Total recognised gains and losses relating to the year	**1,888**	1,474

Reconciliation of movements in shareholders' funds

for the year ended 31 May 2007

	Group 2007 £000	Company 2007 £000	Group 2006 £000	Company 2006 £000
Profit for the year	**1,888**	**152**	897	7
Dividends on shares classified in shareholders' funds	(122)	(122)	(83)	-
Retained profit	**1,766**	**30**	814	7
Credit in relation to share based payments	-	-	99	-
New share capital subscribed	-	-	-	1
Unrealised surplus on revaluation of property	-	-	577	-
Net increase in shareholders' funds	**1,766**	**30**	1,490	8
Opening shareholders' funds	7,215	8	5,725	-
Closing shareholders' funds	**8,981**	**38**	7,215	8

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified by the revaluation of freehold property

Basis of consolidation

The consolidated financial statements include the financial statements of the company, and its subsidiary undertakings, made up to 31 May 2007

Under Section 240 (4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account

The acquisition method of accounting has been adopted for other acquisitions Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition

In the company's financial statements, investments in subsidiary undertakings are stated at cost

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired), arising on consolidation/business combinations, is capitalised, and is amortised to nil by equal annual instalments over its estimated useful life over periods of 3 to 10 years

Fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal annual instalments over their estimated economic lives as follows

Long leasehold buildings	-	50 years or amortised over the life of the lease if shorter
Plant and machinery	-	10 years
Computer equipment	-	5 years
Commercial motor vehicles	-	5 years
Motor cars	-	4 years
Fixtures and fittings	-	5 years
Tools and die boards	-	3 years

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities, denominated in foreign currencies, are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Leases

Assets acquired under finance leases or hire purchase are capitalised, and the outstanding future obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post-retirement benefits

The group operates defined contribution pension schemes The assets of the schemes are held separately from those of the group in independently administered funds The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Taxation

The charge or credit for taxation is based on the result for the year, and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed, by the balance sheet date, except as otherwise required by FRS 19

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand Liquid resources are current asset investments which are disposable without curtailing or disrupting the business, and are either readily convertible into known amounts of cash at or close to their carrying values, or traded in an active market Liquid resources comprise investments in money market managed funds

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year, and all arises in the United Kingdom

Share based payments

The share option programme allows employees to acquire shares of the Company The fair value of options granted after 7 November 2002 and those not yet vested as at the effective date of FRS 20 is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting

For cash-settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities The fair value is remeasured at grant date and spread over the period during which the employees become unconditionally entitled to payment The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment The fair value is measured based on an option pricing model taking in to account the terms and conditions upon which the instruments were granted The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised, and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes *(continued)*

2 Profit on ordinary activities before taxation

	2007 £000	2006 £000
Profit on ordinary activities before taxation is stated		
after charging		
Depreciation and other amounts written off tangible fixed assets	**1,137**	1,218
Depreciation of assets held under hire purchase and finance leases	**1,143**	854
Amortisation of goodwill	**318**	209
Hire of plant and machinery - rentals payable under operating leases	**191**	24
Hire of other assets – rentals paid under operating leases	**293**	122

Auditors' remuneration

	2007 £000	2006 £000
Audit of these financial statements	**6**	6
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	**43**	43
Other services relating to taxation	**36**	47
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or the Group	**-**	233

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

3 Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	**203**	296
Company contributions to money purchase pension schemes	**30**	-

All of the company's three directors are members of a money purchase pension scheme No contributions were made in the year or in the previous year

	2007 £000	2006 £000
Highest paid director		
Total remuneration excluding pension contributions	**123**	197

Notes *(continued)*

4 Staff numbers and costs

The average number of persons, including directors, employed by the company during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Manufacturing	**513**	221
Sales and distribution	**24**	19
Administration	**69**	52
	606	292

The aggregate payroll costs of these persons were as follows

	2007	2006
	£000	£000
Wages and salaries	**16,368**	7,973
Share related awards	**-**	99
Social security costs	**1,543**	806
Other pension costs	**290**	134
	18,201	9,012

5 Interest payable and similar charges

	2007	2006
	£000	£000
On bank loans and overdrafts	**902**	328
On loan from pension fund	**58**	56
Other interest	**-**	3
Finance charges payable in respect of finance leases and hire purchase contracts	**273**	189
Finance costs on shares classified as liabilities	**15**	15
	1,248	591

Notes *(continued)*

6 Taxation

Analysis of charge in period

	2007		2006	
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the year	920		122	
Adjustments in respect of prior years	(11)		-	
Current tax on income for the period		909		122
Deferred taxation (see note 15)				
(Credit)/charge for the current year	(7)		263	
Adjustments relating to prior years	(30)	(37)	(103)	160
		872		282

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2006 lower)* than the standard rate of corporation tax in the UK The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Profit on ordinary activities before tax	2,760	1,179
Current tax at 30%	828	353
Expenses not deductible for tax purposes	85	32
Capital allowances for year (in excess of)/less than depreciation	(33)	142
Short term timing differences	40	26
Tax losses utilised	-	(431)
Adjustments to tax charge in respect of previous years	(11)	-
Total current tax charge	909	122

7 Dividends

The aggregate amount of dividends comprises

	2007 £000	2006 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	122	83

Notes *(continued)*

8 Intangible fixed assets

Group	**Goodwill £000**
Cost	
At beginning of year	1,694
Additions	215
At end of year	1,909
Amortisation	
At beginning of year	356
Charged in year	318
At end of year	674
Net book value	
At 31 May 2007	**1,235**
At 31 May 2006	1,338

During the year, the group carried out a detailed review of the depreciation policies applied to the tangible fixed assets and to bring all of the groups' subsidiaries into line

The additions for the year relates to a reduction of £307,000, less related deferred tax of £92,000, in the fair value of fixed assets of Print Design and Graphics Limited acquired in the previous year

Notes *(continued)*

9 Tangible fixed assets

	Freehold land and buildings £000	Long leasehold buildings £000	Plant, machinery and equipment £000	Total £000
Group				
Cost or valuation				
At beginning of year	6,943	1,999	34,117	43,059
Additions	15	1	2,115	2,131
Disposals	-	-	(1,041)	(1,041)
At end of year	6,958	2,000	35,191	44,149
Depreciation				
At beginning of year	-	189	21,305	21,494
Charge for year	130	54	2,096	2,280
On acquisitions (note 8)	-	-	307	307
Eliminated on disposals	-	-	(849)	(849)
At end of year	130	243	22,859	23,232
Net book value				
At 31 May 2007	**6,828**	**1,757**	**12,332**	**20,917**
At 31 May 2006	6,943	1,810	12,812	21,565

Included in the net book value of plant, machinery and equipment is £6,941,000 *(2006 £7,507,000)*, in respect of assets held under finance lease, hire purchase and similar contracts

The freehold land and buildings were professionally valued by Lambert Smith Hampton, Chartered Surveyors at £6,875,000 in September 2005, on the basis of market value with vacant possession Subsequent additions of £83,000 are stated at cost

If the group sold its freehold land and buildings at the revalued amount, the tax liability would be approximately £235,000 *(2006 £235,000)*

The estimated useful lives of fixed assets has been revised during the year, principally to increase plant and machinery from 6 67 years to 10 years, the effect has been to reduce the charge for the year by £573,000

Notes *(continued)*

10 Fixed asset investments *(continued)*

	Shares in group undertakings £000
Company	
Cost	
At beginning and end of period	8,773

Benson Box Holdings Limited has the following investments in subsidiary undertakings, all of which are wholly owned and incorporated in England

Subsidiary undertakings	Principal activity	
The Benson Box Company Limited	Packaging	
Medica Packaging Limited	Packaging	
Print Design & Graphics Limited	Packaging	
Lembrite Limited	Non-trading	*
Parabrook Limited	Non-trading	*

* = held through indirect holdings

11 Stocks

	Group 2007 £000	Group 2006 £000
Raw materials and consumables	1,229	1,261
Work in progress	907	948
Finished goods and goods for resale	2,870	2,396
	5,006	4,605

12 Debtors

	Group 2007 £000	Company 2007 £000	Group 2006 £000	Company 2006 £000
Trade debtors	11,143	-	10,186	-
Other debtors	156	-	473	-
Amounts owed by group undertakings	-	149	-	-
Prepayments and accrued income	650	-	415	-
	11,949	149	11,074	-

Notes *(continued)*

13 Creditors: amounts falling due within one year

	Group 2007 £000	Company 2007 £000	Group 2006 £000	Company 2006 £000
Bank loan and overdrafts	6,680	593	7,414	596
Trade creditors	8,095	-	7,446	-
Obligations under finance leases, hire purchase and similar contracts	1,600	-	1,759	-
Amounts owed to group undertakings	-	1,571	-	962
Corporation tax	645	-	192	-
Other taxation and social security	1,341	-	1,445	-
Other creditors	516	-	602	-
Accruals and deferred income	1,644	6	1,605	-
Loan from retirement benefit scheme	50	-	50	-
Dividends payable on preference shares classified as liabilities	15	15	15	15
	20,586	2,185	20,528	1,573

The bank loan of £593,000 *(2006 £596,000)* is repayable over 10 years from 1 June 2006, and bears interest at 1 5% over base rate

The bank loan and overdrafts are secured by fixed charges over certain properties and the book debts of the group, and a floating charge over the assets of the group

Included in other creditors are loans from two directors amounting to £80,000 *(2006 £19,000)* The loan is interest free and repayable on demand

14 Creditors: amounts falling due after more than one year

	Group 2007 £000	Company 2007 £000	Group 2006 £000	Company 2006 £000
Loan from retirement benefit scheme	630	-	680	-
Bank loan	4,772	4,772	5,364	5,364
Obligations under finance lease, hire purchase and similar contracts	1,976	-	2,910	-
Amounts owed to group undertakings	-	8,658	-	8,658
Other creditors	50	-	100	-
	7,428	13,430	9,054	14,022

The bank loan bears interest at 1 5% over base rate and is repayable over 10 years from June 2006

Notes *(continued)*

14 Creditors: amounts falling due after more than one year *(continued)*

Analysis of debt

Debt can be analysed as falling due	**Group 2007 £000**	**Company 2007 £000**	Group 2006 £000	Company 2006 £000
In one year or less, or on demand	**8,330**	**593**	9,223	1,558
Between one and two years	**2,429**	**593**	2,715	1,558
Between two and five years	**2,549**	**1,779**	3,251	4,674
In more than five years	**2,400**	**2,400**	2,988	7,790
	15,708	**5,365**	18,177	15,580

15 Provisions for liabilities and charges

	Group 2007 £000	**Company 2007 £000**	Group 2006 £000	Company 2006 £000
Deferred taxation				
At beginning of year	**2,291**	**113**	592	-
On acquisition (note 8)	**(92)**	**-**	1,539	-
On property transferred from subsidiary undertaking	**-**	**-**	-	113
(Credit)/charge for the year	**(37)**	**(16)**	160	-
At end of year	**2,162**	**97**	2,291	113

The elements of deferred taxation are as follows

	Group 2007 £000	**Company 2007 £000**	Group 2006 £000	Company 2006 £000
Difference between accumulated depreciation and capital allowances	**2,649**	**97**	2,716	113

Notes (continued)

16 Called up share capital

	2007 £	2006 £
Authorised		
Equity 135,000 ordinary shares of 1p each	**1,350**	1,350
15,000 preferred ordinary shares of 1p each	**150**	150
	1,500	1,500
Allotted, called up and fully paid		
Equity 122,500 ordinary shares of 1p each	**1,225**	1,225
15,000 preferred ordinary shares of 1p each	**150**	150
	1,375	1,375
Shares classified as liabilities	**150**	150
Shares classified in shareholders' funds	**1,225**	1,225
	1,375	1,375

The preferred ordinary shares rank *pari passu* with the ordinary shares except that they carry the right to receive a dividend each year of £1 per share

17 Reserves

	Group revaluation reserve £000	Group profit and loss account £000	Company profit and loss account £000
At beginning of year	577	6,637	7
Profit for the year	-	1,888	152
Dividends	-	(122)	(122)
Transfers	(13)	13	-
At end of year	**564**	**8,416**	**37**

18 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	Group 2007 £	2006 £
Contracted	**1,670**	487

Notes *(continued)*

19 Operating lease commitments

	Group			
	2007		2006	
	Land & Buildings £000	**Other £000**	Land & Buildings	Other £000
Leases which expire				
- within one year	**-**	**2**	-	35
- within one to five years	**-**	**8**	-	5
- over five years	**426**	**22**	426	-

20 Pension scheme

The group operates defined contribution pension schemes The charge for the year represents contributions payable by the group, and amounted to £290,000 *(2006 £134,000)*

21 Returns on investments and servicing of finance

	2007 £000	2006 £000
Interest paid	**903**	372
Dividends paid on shares classified as liabilities	**15**	15
Interest element of finance lease payments	**273**	189
	1,191	576

22 Capital expenditure and financial investment

	2007 £000	2006 £000
Purchase of tangible fixed assets	**(1,712)**	(378)
Sales of tangible fixed assets	**239**	32
	(1,473)	(346)

23 Acquisitions and disposals

	2007 £000	2006 £000
Purchase of subsidiary undertakings	**-**	(9,201)
	-	(9,201)

Notes *(continued)*

24 Financing

	2007 £000	2006 £000
New bank loan	-	6,500
Capital element of hire purchase repayments	**(1,513)**	(1,030)
Bank loan repayments	**(650)**	(2,112)
Pension fund loan repayments	**(50)**	(50)
Purchase of own shares	**(50)**	(50)
Costs of arranging loans	-	(556)
	(2,263)	2,702

25 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash changes £000	At end of year £000
Cash at bank and in hand	503	(456)	-	**47**
Overdrafts	(6,820)	733	-	**(6,087)**
Overdrafts	(6,317)	277	-	**(6,040)**
Debt due after one year	(6,044)	699	(57)	**(5,402)**
Debt due within one year	(644)	1	-	**(643)**
Hire purchase contracts	(4,669)	1,513	(420)	**(3,576)**
Total	(17,674)	2,490	(477)	**(15,661)**

26 Contingent liabilities

During the acquisition of Medica Packaging Limited in the previous year, it was determined that there was a small defined benefit element to the Medica Packaging Limited Pension Scheme (the Scheme) As a result, an additional amount of £145,000 was paid into the Scheme, which was in excess of the liability calculated by the scheme actuary at that date

The Pension Regulator requested that an additional amount of £95,000 was set aside for the protection of the Scheme members, should any further liabilities arise This amount was included as an other debtor as at 31 May 2007 The actuary has not performed FRS 17 calculations as at the year end and as a consequence the pension scheme liability cannot be quantified The directors believe, however, that it is unlikely that there was any further significant liability to the pension scheme as at 31 May 2007

Notes *(continued)*

27 Related party disclosures

Mr AJ Benson is the company's controlling party, by virtue of his majority shareholding

During the year to 31 May 2003, a loan of £41,000 was advanced to an officer of The Benson Box Company Limited Limited The amount outstanding at the end of the year was £28,000 *(2006 £37,000)*

The group has a loan of £680,000 *(2006 £730,000)* from the retirement benefit scheme, of which AJ Benson, JW Benson and NJ Benson, directors of this company, are trustees The loan bears interest at 3% over bank base rate

Mr AJ Benson had a loan from the group in the year, which was repaid before the end of the year The maximum amount outstanding during the year was £21,000

28 Employee share schemes

Share based payments (Group)

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares

Grant date	Number of instruments	Vesting conditions	Contractual life of options
23 December 2005	7,236	The earlier of the change of control, listing date or 23 December 2005	23 December 2015
25 May 2006	2,894	The earlier of the change of control, listing date or predefined performance conditions	25 May 2016

The number and weighted average exercise prices of share options in are as follows

	2007 Weighted average exercise price £	**2007 Number of options £000**	2006 Weighted average exercise price £	2006 Number of options £000
Outstanding at the beginning of the period	**5 88**	**10**	-	-
Granted during the period	-	-	5 88	10
Outstanding at the end of the period	**5.88**	**10**	5 88	10
Exercisable at the end of the period	**0 01**	**7**	0 01	7

No share options were exercised during the period

The options outstanding at the year end have an exercise price in the range of £0 01 to £20 55 and a weighted average contractual life of 10 years

Notes *(continued)*

28 Employee share schemes *(continued)*

Share based payments (Group)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted The estimate of the fair value of the services received is measured based on a Black Scholes model

	2007	2006
Weighted average fair value at measurement date	-	£14 53
Weighted average		
Share price at grant date	-	£10 55
Exercise price	-	£0 01
Expected volatility (expressed as standard of share price)	-	50%
Option life	-	10 years
Expected dividends	-	-
Risk free interest rate	-	4 5%

The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information

There is no market available for shares or options, and hence the options are valued on the basis that a vesting condition would occur before the expiry of the options

The total expenses recognised for the year arising from share based payments are as follows

	2007	2006
	£000	£000
Equity settled share based payments	-	99
	-	99

29 Post balance sheet event

On 3 December 2007, the company acquired the share capital of Integrated Packaging Limited for cash consideration of £3 1million