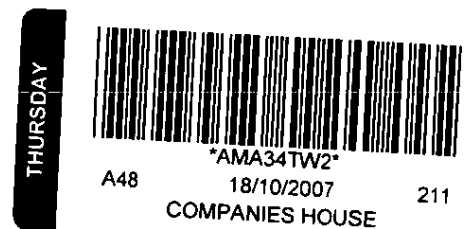


Essential Box Confectionery Limited

Report and Financial Statements

Year Ended

30 April 2007



IBDO

BDO Stoy Hayward
Chartered Accountants

Essential Box Confectionery Limited

Annual report and financial statements for the year ended 30 April 2007

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Directors

W B Pegg Resigned 5 July 2007
I R Walker

Secretary and registered office

D Biney, 16 Stratford Place Mayfair W1C 1BF

Company number

05618401

Auditors

BDO Stoy Hayward LLP 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Essential Box Confectionery Limited

Report of the directors for the year ended 30 April 2007

The directors present their report together with the audited financial statements for the year ended 30 April 2007

Results

The profit and loss account is set out on page 5 and shows the loss for the year

Principal activities

The Company's principal activity is that of a holding company for The Essential Box Hong Kong Limited which was acquired by the company in a share for share exchange on 24 February 2006

Directors

The directors of the company during the year were

R M Kimm	Resigned 17 December 2006
W B Pegg	Resigned 5 July 2007
I R Walker	

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent and
- 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

Essential Box Confectionery Limited

Report of the directors for the year ended 30 April 2007 (*Continued*)

Auditors


All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

I R Walker

X 

Director

Date

13th SEPT 2007

Essential Box Confectionery Limited

Independent auditor's report

To the shareholders of Essential Box Confectionery Limited

We have audited the financial statements of Essential Box Confectionery Limited for the year ended 30 April 2007 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2007 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



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Gatwick

Date 13 September 2007

Essential Box Confectionery Limited**Profit and loss account for the year ended 30 April 2007**

	Note	Year ended 30 April 2007 £	Six months ended 30 April 2006 £
Turnover		-	-
Administrative expenses		696,537	66 444
		<u> </u>	<u> </u>
		(696,537)	(66,444)
Other operating income		657,558	66,444
		<u> </u>	<u> </u>
Loss on ordinary activities before and after taxation for the financial year/period	2	(38,979)	-
		<u> </u>	<u> </u>

All amounts relate to continuing activities

All recognised gains and losses in the current year and prior period are included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements

Essential Box Confectionery Limited

Balance sheet at 30 April 2007

	Note	30 April 2007 £	30 April 2007 £	30 April 2006 £	30 April 2006 £
Fixed assets					
Tangible assets	3		36,745		-
Fixed asset investments	4		1		1
			<u>36,746</u>		<u>1</u>
Current assets					
Debtors	5	206,591		77,197	
Cash at bank and in hand		194,793		1	
		<u>401,384</u>		<u>77,198</u>	
Creditors: amounts falling due within one year	6	<u>477,107</u>		<u>77,197</u>	
Net current (liabilities)/assets			<u>(75,723)</u>		<u>1</u>
Total assets less current liabilities			<u>(38,977)</u>		<u>2</u>
Capital and reserves					
Called up share capital	7		2		2
Profit and loss account			(38,979)		-
			<u>(38,977)</u>		<u>2</u>
Shareholders' funds	8		<u>(38,977)</u>		<u>2</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the board of directors and authorised for issue on 13 September 2007

I R Walker
Director



The notes on pages 7 to 10 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention

Notwithstanding the net liabilities of £38,977 the financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future as a result of the availability of support from the shareholder should it be necessary

The financial statements do not included any adjustments that would result if the company was unable to continue as a going concern

The following principal accounting policies have been applied

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

2 Loss on ordinary activities

	Year ended 30 April 2007 £	Six months ended 30 April 2006 £
This is arrived at after charging		
Hire of other assets - operating leases	40,987	4,000
Audit services	5,000	5,000
Exceptional item	72,000	-
	<hr/>	<hr/>

The exceptional item relates to a debt due from Essential Box Holdings Limited which the directors consider to be unrecoverable.

3 Tangible fixed assets

	Plant and machinery etc £
<i>Cost</i>	
Additions and at 30 April 2007	36,745
	<u> </u>
At 30 April 2006	-
	<u> </u>

4 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 May 2006 and 30 April 2007	1
	<u> </u>

The fixed asset investment relates to a 100% controlled subsidiary, The Essential Box Hong Kong Limited a company incorporated in Hong Kong. The investment was acquired in a share for share exchange and in line with S131 of the Companies Act 1985 the directors do not consider it appropriate to recognise a premium on the share issued.

5 Debtors

	30 April 2007 £	30 April 2006 £
Amounts owed by group undertakings	117,710	66,444
Other debtors	88,881	10,753
	<u> </u>	<u> </u>
	206,591	77,197
	<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year

Essential Box Confectionery Limited

Notes forming part of the financial statements for the year ended 30 April 2007 (Continued)

6 Creditors: amounts falling due within one year

	30 April 2007 £	30 April 2006 £
Directors' loans	360,000	-
Other creditors	117,107	77,197
	<u>477,107</u>	<u>77,197</u>

7 Share capital

	30 April 2007 £	Authorised 30 April 2006 £	Allotted, called up and fully paid 30 April 2007 £	30 April 2006 £
Ordinary shares of £1 each	1,000	1,000	2	2
	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

8 Reconciliation of movements in shareholders' funds

	Year ended 30 April 2007 £	Six months ended 30 April 2006 £
Loss for the year	(38,979)	-
Issue of shares	-	2
	<u>(38,979)</u>	<u>2</u>
Net (deductions from)/additions to shareholders' funds	(38,979)	2
Opening shareholders' funds	2	-
	<u>2</u>	<u>-</u>
Closing shareholders' funds	(38,977)	2
	<u>(38,977)</u>	<u>2</u>

The shares issued during the previous period include the initial subscriber share and the share issued on the acquisition of The Essential Box Hong Kong Limited in a share for share exchange (note 2)

9 Related party disclosures

Controlling parties

The company is controlled by I R Walker by virtue of his interest in the share capital of the company

Related party transactions and balances

The Company was formed as part of a strategic restructuring which involved the transfer of The Essential Box Hong Kong Limited from Essential Box Trading Ltd, a company under common control

During the year, £696,537 (2006 £66,444) was recharged by The Essential Box Company Limited for payroll and overhead costs incurred on behalf of the company At 30 April 2007 a debit balance of £15,518 (2006 credit balance of £72,196) gross of Value Added Tax was due from/to The Essential Box Company Limited

The company has raised a management charge to The Essential Box Hong Kong Limited for £657,558 At 30 April 2007 a balance of £117,710 (2006 £nil) remained outstanding

During the period to 30 April 2006 the resources of the company were fully utilised on a factory project carried out on behalf of Essential Box Holdings Limited As a result the company raised a management charge to Essential Box Holdings Limited for £66,444 At 30 April 2006 this balance remained outstanding and was included within other debtors This amount has been written off during the year ended 30 April 2007 as the director