

Company Registration No. 516832 (England and Wales)

EP PACKAGING LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006



EP PACKAGING LIMITED

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EP PACKAGING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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

Principal activities and review of the business

The principal activity of the company continued was that of a manufacturer of plastic packaging for the food, cosmetic and toy industries

The directors are pleased to report an increase in turnover of 16% in the year. The reduction in gross margin reflects the competitive nature of the market in which the company operates. Results for the year were also adversely affected by the insolvency of a significant customer.

Although the company suffered an operating loss, the cash flow statement on page 7 shows that the company generated a positive cash flow in the year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2006

P Mondon

P J Underhill

T Simmons

N Mitchell

(Deceased 24 January 2007)

(Appointed 1 March 2006)

(Appointed 1 March 2006 and resigned 31 December 2006)

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985. The directors' interests in the parent company are disclosed in that company's financial statements.

Auditors

CK Audit were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

EP PACKAGING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing 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 period. 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

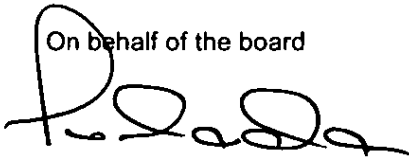
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) 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

On behalf of the board



P Mondon
Director
6 June 2007

EP PACKAGING LIMITED

INDEPENDENT AUDITORS' REPORT TO EP PACKAGING LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985 UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of EP Packaging Limited for the year ended 31 December 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

CK Audit

CK Audit

6 June 2007

Chartered Accountants
Registered Auditor

Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

EP PACKAGING LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Gross profit		1,197,202	1,299,131
Distribution costs		(1,068,464)	(1,012,814)
Administrative expenses		(422,194)	(310,046)
Operating loss	2	(293,456)	(23,729)
Other interest receivable and similar income		216	9
Interest payable and similar charges	4	(34,863)	(51,097)
Loss on ordinary activities before taxation		(328,103)	(74,817)
Tax on loss on ordinary activities	5	70,596	21,919
Loss for the year	13	(257,507)	(52,898)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

EP PACKAGING LIMITED

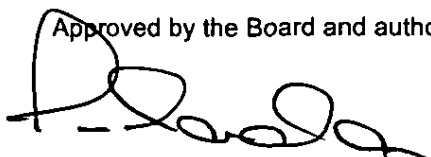
ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	6		1,017,044		1,151,918
Current assets					
Stocks	7	826,527		1,261,944	
Debtors	8	1,897,748		2,115,152	
Cash at bank and in hand		46,748		19,498	
		<u>2,771,023</u>		<u>3,396,594</u>	
Creditors, amounts falling due within one year	9	<u>(3,639,281)</u>		<u>(3,896,113)</u>	
Net current liabilities			<u>(868,258)</u>		<u>(499,519)</u>
Total assets less current liabilities			148,786		652,399
Creditors: amounts falling due after more than one year	10		(30,654)		(206,164)
Provisions for liabilities			-		(70,596)
			<u>118,132</u>		<u>375,639</u>
Capital and reserves					
Called up share capital	12		500,000		500,000
Profit and loss account	13		<u>(381,868)</u>		<u>(124,361)</u>
Shareholders' funds	14		<u>118,132</u>		<u>375,639</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 6 June 2007



P Mondon
Director

EP PACKAGING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	£	2006 £	£	2005 £
Net cash (outflow)/inflow from operating activities		617,804		(19,976)
Returns on investments and servicing of finance				
Interest received	216		9	
Interest paid	(34,863)		(51,097)	
Net cash inflow for returns on investments and servicing of finance		(34,647)		(51,088)
Capital expenditure				
Payments to acquire tangible assets	(169,181)		(104,124)	
Receipts from sales of tangible assets	-		104,699	
Net cash inflow/(outflow) for capital expenditure		(169,181)		575
Net cash (outflow)/inflow before management of liquid resources and financing		413,976		(70,489)
Financing				
Capital element of finance lease contracts	(202,808)		(196,836)	
Net cash inflow from financing		(202,808)		(196,836)
(Decrease)/increase in cash in the year		<u>211,168</u>		<u>(267,325)</u>

EP PACKAGING LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		2006	2005	
			£	£	
	Operating loss		(293,456)	(23,729)	
	Depreciation of tangible assets		304,055	298,841	
	Profit on disposal of tangible assets		-	(39,372)	
	Decrease/(increase) in stocks		435,417	(224,179)	
	Decrease/(increase) in debtors		217,404	(87,954)	
	(Decrease)/Increase in creditors within one year		(45,616)	56,417	
	Net cash inflow/(outflow) from operating activities		617,804	(19,976)	
2	Analysis of net debt	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	19,498	27,250	-	46,748
	Bank overdrafts	(183,918)	183,918	-	-
		<u>(164,420)</u>	<u>211,168</u>	<u>-</u>	<u>46,748</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(399,870)	202,808	-	(197,062)
	Net debt	<u>(564,290)</u>	<u>413,976</u>	<u>-</u>	<u>(150,314)</u>
3	Reconciliation of net cash flow to movement in net debt		2006	2005	
			£	£	
	Increase/(decrease) in cash in the year		211,168	(267,325)	
	Cash outflow from decrease in debt and lease financing		202,808	196,837	
	Movement in net debt in the year		413,976	(70,488)	
	Opening net debt		(564,290)	(493,802)	
	Closing net debt		(150,314)	(564,290)	

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	10% Straight line
Plant and machinery	10 - 50% Straight line
Fixtures, fittings & equipment	10 - 50% Straight line
Motor vehicles	25% / 33 3% Straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Tooling Costs

Costs incurred in preparing prototypes are shown in prepayments to the extent that they will be recovered against future sales. They are amortised over two years from the point they are used to produce goods. Tooling costs which are not recharged to customers are capitalised and amortised over a period of two years.

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

2	Operating loss	2006	2005
		£	£
	Operating loss is stated after charging		
	Depreciation of tangible assets	304,055	298,841
	Loss on foreign exchange transactions	3,296	2,394
	Operating lease rentals	-	33,334
	Auditors' remuneration	7,950	8,400
	and after crediting		
	Exceptional item - profit on sale of plant subsequently leased back	-	(39,372)
		<u> </u>	<u> </u>
3	Investment income	2006	2005
		£	£
	Other interest	216	9
		<u> </u>	<u> </u>
4	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts	8,280	6,942
	Hire purchase interest	26,449	44,155
	On overdue tax	134	-
		<u> </u>	<u> </u>
		<u>34,863</u>	<u>51,097</u>

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5 Taxation	2006 £	2005 £
Deferred tax		
Deferred tax charge/credit current year	(70,596)	(21,919)
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(328,103)	(74,817)
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 30.00%)	(98,431)	(22,445)
	<u> </u>	<u> </u>
Effects of		
Non deductible expenses	634	844
Depreciation add back	91,217	89,653
Capital allowances	(59,142)	(51,914)
Profits on sale of assets	-	(11,812)
Tax losses carried forward	65,722	(4,326)
	<u> </u>	<u> </u>
	98,431	22,445
	<u> </u>	<u> </u>
Current tax charge	-	-
	<u> </u>	<u> </u>

The company has estimated losses of £ 617,227 (2005 £ 448,153) available for carry forward against future trading profits

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2006	3,790	2,985,023	359,117	22,995	3,370,925
Additions	-	166,933	2,248	-	169,181
At 31 December 2006	3,790	3,151,956	361,365	22,995	3,540,106
Depreciation					
At 1 January 2006	1,421	1,913,833	297,524	6,228	2,219,006
Charge for the year	379	273,647	24,281	5,749	304,056
At 31 December 2006	1,800	2,187,480	321,805	11,977	2,523,062
Net book value					
At 31 December 2006	1,990	964,476	39,560	11,018	1,017,044
At 31 December 2005	2,369	1,071,190	61,592	16,767	1,151,918

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 December 2006	600,438	11,018	611,456
At 31 December 2005	716,295	16,767	733,062
Depreciation charge for the year			
At 31 December 2006	115,857	5,749	121,606
At 31 December 2005	115,857	5,749	121,606

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

7	Stocks and work in progress	2006 £	2005 £
	Raw materials and consumables	233,889	469,255
	Work in progress	29,446	47,790
	Finished goods and goods for resale	563,192	744,899
		<u>826,527</u>	<u>1,261,944</u>

8	Debtors	2006 £	2005 £
	Trade debtors	1,792,109	1,780,713
	Other debtors	530	150
	Prepayments and accrued income	105,109	334,289
		<u>1,897,748</u>	<u>2,115,152</u>

Prepayments include £15,278 (2005 £173,246) tooling costs incurred which the directors believe will be recovered in full against future sales

9	Creditors' amounts falling due within one year	2006 £	2005 £
	Bank loans and overdrafts	-	183,918
	Confidential invoice discounting	1,213,620	1,164,921
	Net obligations under hire purchase contracts	166,408	193,706
	Trade creditors	942,218	1,505,553
	Amounts owed to parent and fellow subsidiary undertakings	875,000	-
	Taxes and social security costs	305,097	269,350
	Other creditors	17,646	476,099
	Accruals and deferred income	119,292	102,566
		<u>3,639,281</u>	<u>3,896,113</u>

The confidential invoice discounting liability of £1,213,620 (2005 £1,164,921) is secured on the company's trade debtors

Finance lease and hire purchase liabilities of £197,062 (2005 £399,870) are secured on the respective assets

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 Creditors: amounts falling due after more than one year	2006 £	2005 £
Net obligations under hire purchase contracts	30,654	206,164
Net obligations under hire purchase contracts		
Repayable within one year	166,408	193,706
Repayable between one and five years	30,654	206,164
	197,062	399,870
Included in liabilities falling due within one year	(166,408)	(193,706)
	30,654	206,164

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2006 £	2005 £
Contributions payable by the company for the year	8,843	12,334

12 Share capital	2006 £	2005 £
Authorised		
2,000,000 Ordinary shares of 25p each	500,000	500,000
Allotted, called up and fully paid		
2,000,000 Ordinary shares of 25p each	500,000	500,000

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2006	(124,361)
Loss for the year	(257,507)
	<hr/>
Balance at 31 December 2006	(381,868)
	<hr/> <hr/>

14 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Loss for the financial year	(257,507)	(52,898)
Opening shareholders' funds	375,639	428,537
	<hr/>	<hr/>
Closing shareholders' funds	118,132	375,639
	<hr/> <hr/>	<hr/> <hr/>

15 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	Land and buildings		2006 £	Other 2005 £
	2006 £	2005 £		
Operating leases which expire				
Within one year	-	-	-	2,553
Between two and five years	-	-	7,217	76,159
In over five years	-	100,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	100,000	7,217	78,712
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16 Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	119,851	15,750
Company pension contributions to money purchase schemes	2,467	-
	<hr/>	<hr/>
	122,318	15,750
	<hr/> <hr/>	<hr/> <hr/>

EP PACKAGING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Production staff	95	85
Administration staff	4	6
Sales staff	8	8
	<u>107</u>	<u>99</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,754,881	1,549,257
Social security costs	145,924	135,339
Other pension costs	8,843	12,334
	<u>1,909,648</u>	<u>1,696,930</u>

18 Ultimate parent company

Redbrick Estates Limited are the ultimate parent company, a company incorporated in England and Wales

19 Related party transactions

The company rents property from ICC(One) Limited, a company in which P J Underhill was both a director and shareholder. By agreement with ICC (One) Limited, a rent holiday for the period of 12 months to 31st December 2006 was granted. At 31st December 2006 an amount of £58,750 was due from ICC (One) Limited.

P Mondon and P J Underhill are directors and shareholders of Harper Group PLC. A loan of £475,000 from Harper Group plc which subsisted at 31st December 2005 was increased to £875,000 during 2006 and was repaid in full on 11th December 2006. The company leases equipment from Harper Group plc under the terms of a five year lease at a rent of £5,951 per month. By agreement with Harper Group plc, the lease charge for 2006 was waived.

PJ Underhill was a director of Beeches Three Limited. During 2006 £6,480 and £2,072 respectively were recharged by Beeches Three Limited to EP Packaging Limited in respect of salaries and expenses.