

Company Number 5217791

Sphere Consumer Products Plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2007

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Sphere Consumer Products Plc

COMPANY INFORMATION

Directors	Antoine Chauvin Francis Lustman John Andre Persenda Mari Jose Persenda Hugh Weston-Smith Christophe Bergamo
Secretary	Thomson Smith & Puxon (Secretarial Services) Limited 4 North Hill Colchester Essex CO1 1EB
Company number	5217791
Registered Office	Unit 15 Yew Tree Way Stone Cross Park Golborne WA3 3JD
Auditors	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Bank	National Westminster Bank Plc Knightsbridge Po Box 6037 186 Brompton Road London SW3 1XJ

Sphere Consumer Products Plc

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Sphere Consumer Products Plc

DIRECTORS' REPORT

The Directors present their report together with audited financial statements for the year ending 31 December 2007

Principal Activities and Business Review

The principal activity of the Company continues to be the manufacture and distribution of foodwraps and household packaging

The Company's key financial and other performance indicators during the year were as follows

	12 months to 31 December 2007 £'000	12 months to 31 December 2006 £'000	Movement %
Turnover	17,462	15,774	11%
Shareholders' Funds	539	676	-20%
Operating Loss	(33)	(53)	38%
Average Number of employees	71	73	-3%

The Company experienced a difficult year in 2007, primarily due to the significant weakening of Sterling against the Euro

A highly disciplined approach to pricing nevertheless ensured substantial growth in sales both in terms of value and volume

The Directors forecast that further progress is likely to be made during 2008 as the result of ongoing commercial efforts and the launch of innovative new products

Results and Dividends

The Directors do not recommend the payment of a dividend for the period ended 31 December 2007 (2006 Nil)

The loss for the year after taxation amounted to £137,034 (2006 £148,421)

Post Balance Sheet Events

There have been no significant post balance sheet events

Sphere Consumer Products Plc

DIRECTORS' REPORT (CONTINUED)

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are considered to be credit risk, foreign currency risk and liquidity risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require customers demonstrate an appropriate payment history and satisfy credit worthiness procedures

Foreign Currency Risk

The Company buys and sells goods denominated in currencies other than sterling. As a result the value of the Company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by the movements in exchange rates in general, Euro rates in particular. The Company enters into derivative transactions in the form of forward currency contracts. The purpose being to manage its currency risks arising from operations

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets. The Company's overdraft facility has been temporarily increased for the month of June. The Directors expect this facility to be renewed during July 2008

Directors

The Directors who served during the period were as follows,

Antoine Chauvin
Francis Lustman
John Andre Persenda
Man Jose Persenda
Hugh Weston-Smith

Christophe Bergamo
Beatrice Evans
Thomson Smith & Puxon

Company Secretary
Company Secretary

Appointed
Resigned
Appointed

18th July 2007
31st May 2007
18th July 2007

Sphere Consumer Products Plc

DIRECTORS' REPORT (CONTINUED)

Creditor Payment Policy

It is the Company's policy to settle terms of payment with suppliers when agreeing the terms of the transaction, to ensure suppliers are aware of these and abide by them. Normally, suppliers will be advised as soon as practicable of a dispute and payment will be made of that part of the invoice not in dispute unless good reason exists. Total creditor days for the period ending 31 December 2007 was 45 days (2006 50 days)

Directors' statement as to disclose of information to auditors

Having made enquiries of the Directors and of the Company's auditors, each of the Directors confirms that

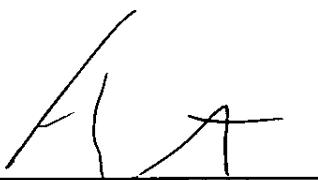
- to the best of each Directors knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and

- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming annual general meeting

BY ORDER OF THE BOARD



Francis Lustman
DIRECTOR

27/6/08

Sphere Consumer Products Plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for the year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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
- 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 Company will continue in business

The Directors are responsible for maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and 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.

Sphere Consumer Products Plc

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPHERE CONSUMER PRODUCTS PLC

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. 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 any 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 financial statements in accordance with applicable United Kingdom law and 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 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 Practises Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Sphere Consumer Products Plc

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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

Ernst & Young LLP

Ernst & Young LLP

Registered auditor
Manchester, United Kingdom

27 JUNE 2008

Sphere Consumer Products Plc

PROFIT AND LOSS ACCOUNT YEAR ENDING 31 DECEMBER 2007

	Notes	12 months to 31 December 2006 £	12 months to 31 December 2007 £
Turnover	2	15,774,349	17,461,833
Cost of Sales		(12,882,285)	(14,523,666)
Gross Profit		<u>2,892,064</u>	<u>2,938,167</u>
Distribution costs		(455,644)	(490,363)
Administrative expenses		(2,534,742)	(2,505,766)
Other operating income		45,182	25,046
Operating Loss	3	<u>(53,140)</u>	<u>(32,916)</u>
Interest payable and similar charges	4	(95,281)	(104,118)
Loss on ordinary activities before taxation		<u>(148,421)</u>	<u>(137,034)</u>
Taxation	5	-	-
Loss on ordinary activities after taxation		(148,421)	(137,034)
Retained loss for period	15	<u>(148,421)</u>	<u>(137,034)</u>

All of the results for the current and previous year have arisen from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than those reported in the profit and loss account

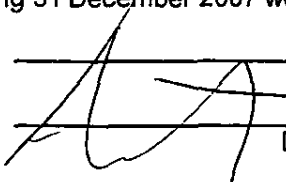
Sphere Consumer Products Plc

BALANCE SHEET AS AT
31 DECEMBER 2007

	Notes	2006 £	2007 £
Fixed assets			
Tangible assets	6	1,047,793	1,037,772
Current assets			
Stocks	7	1,939,513	2,192,677
Debtors	8	3,076,751	2,946,883
Debtors (due after one year)	9	97,121	97,121
Cash at bank and in hand		49,559	-
		<u>5,162,944</u>	<u>5,236,681</u>
Creditors: amounts falling due within one year	10	<u>(4,784,409)</u>	<u>(4,985,159)</u>
Net current assets		378,535	251,522
Total assets less current liabilities		<u>1,426,328</u>	<u>1,289,294</u>
Creditors: amounts falling due after more than one year	11	(750,000)	(750,000)
		<u>676,328</u>	<u>539,294</u>
Capital and reserves			
Share Capital	14	1,250,000	1,250,000
Profit and Loss account	15	(573,672)	(710,706)
Shareholders' funds - equity interests	15	<u>676,328</u>	<u>539,294</u>

The financial statements of Sphere Consumer Products Plc for the year ending 31 December 2007 were authorised for issue by the Board of Directors on

and the Balance Sheet was signed on the Board's behalf by



Director
27/06/08

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDING 31 DECEMBER 2007

1. Accounting policies

1.1. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

1.2. Cash Flow Statement

The directors have taken advantage of the exemption given in the Financial Reporting Standard No 1 (revised) in that these accounts do not include a cash flow statement because the company is a wholly owned subsidiary of Sphere SA, whose financial statements include a group cash flow statement

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	-	Over number of remaining months left on lease
Plant and machinery	-	5-10 years
Fixtures, fittings & equipment	-	5-10 years
Motor vehicles	-	1-3 years

Carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

1.4. Leasing

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

1.5. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	-	purchase cost on a first in, first out basis
Finished goods	-	cost of direct materials and attributable costs on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDING 31 DECEMBER 2007**

1.6. Pensions

These are defined contribution money purchase plans

The company contributes to certain employees and director's personal pension plans and these contributions are charged to income as incurred

1.7. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more than likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.8. Research and development

Research expenditure is written off in the period in which it is incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project

1.9. Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. All differences are taken to profit and loss account

1.10. Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

2. Turnover

Turnover represents the amounts derived from the continuing activity of manufacture and distribution of foodwraps, net of VAT

The analysis of turnover by geographical market is as follow

	12 months to 31 December 2006 £	12 months to 31 December 2007 £
U K Sales	13,796,376	15,225,311
E U Sales	1,391,989	2,019,865
Non E U Sales	585,984	216,657
	<u>15,774,349</u>	<u>17,461,833</u>

3. Operating Loss

Operating Loss is stated after charging/(crediting)

	12 months to 31 December 2006 £	12 months to 31 December 2007 £
Depreciation of tangible assets	162,920	186,280
(Gain) / Loss on foreign exchange transactions	(12,079)	171,956
Operating lease rental - Land and buildings	187,430	183,854
Auditors remuneration - Audit of the financial statements	16,000	16,800
- Other services	-	3,500
Loss on disposal of fixed assets	2,483	2,334
Other	-	7,949

4. Interest Payable

Amounts payable to group undertakings
Bank loans and overdrafts

	12 months to 31 December 2006 £	12 months to 31 December 2007 £
Amounts payable to group undertakings	59,821	71,318
Bank loans and overdrafts	35,460	32,800
	<u>95,281</u>	<u>104,118</u>

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

5. Taxation	12 months to 31 December 2006 £	12 months to 31 December 2007 £
Tax on loss on ordinary activities		
UK Corporation tax		
UK Corporation tax on profits of the period	-	-
Total current tax	-	-
Deferred tax		
Originating and reversal of timing differences	-	-
	-	-
	-	-
	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before tax	(148,421)	(137,034)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(44,526)	(41,110)
<u>Effect of</u>		
Disallowed expenses and non-taxable income	22,032	3,959
Capital allowances in excess of depreciation	(4,022)	666
Short term timing differences	7,229	1,786
Tax losses c/fwd	19,287	34,699
	-	-

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

6. Tangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2007	639,535	478,064	129,898	54,860	1,302,357
Additions	19,229	133,900	24,165	18,050	195,344
Disposals	-	-	(100)	(28,499)	(28,599)
As at 31 December 2007	658,764	611,964	153,963	44,411	1,469,102
Depreciation					
At 1 January 2007	115,670	73,468	37,352	28,074	254,564
Charge for the year	69,604	79,071	22,039	15,566	186,280
Disposals	-	-	-	(9,514)	(9,514)
As at 31 December 2007	185,274	152,539	59,391	34,126	431,330
Net Book Value					
As at 31 December 2007	473,490	459,425	94,572	10,285	1,037,772
As at 31 December 2006	523,865	404,596	92,546	26,786	1,047,793

7. Stocks	2006 £	2007 £
Raw materials	581,529	802,563
Finished goods and goods for resale	1,168,692	1,207,623
Packaging	189,292	182,491
	<u>1,939,513</u>	<u>2,192,677</u>

8. Debtors: amounts falling due within one year	2006 £	2007 £
Trade debtors	2,891,508	2,773,916
Amounts due from group undertakings	73,444	35,438
Other debtors	-	-
Prepayments and accrued income	111,799	137,529
	<u>3,076,751</u>	<u>2,946,883</u>

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

9. Debtors: amounts falling due after more than one year	2006 £	2007 £
Rent deposit due 31st October 2014	97,121	97,121
	<u>97,121</u>	<u>97,121</u>

10. Creditors: amounts falling due within one year	2006 £	2007 £
Bank overdraft	-	576,545
Trade creditors	815,715	757,109
Amounts due to group undertakings	2,772,197	2,925,858
Other taxes and social security costs	744,302	508,897
Other creditors	-	-
Accruals	452,195	216,750
	<u>4,784,409</u>	<u>4,985,159</u>

11. Creditors: amounts falling due after more than one year	2006 £	2007 £
Sphere Consolidated Holdings UK Plc loan notes	750,000	750,000
	<u>750,000</u>	<u>750,000</u>

Long Term loan notes carry interest at 0.75% above LIBOR

Long Term loan notes are due 2014 subscribed by Sphere Consolidated Holdings UK Plc

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

12. Provisions for liabilities and charges

	2006 £	2007 £
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A deferred taxation asset has not been recognised in relation to the following as there is insufficient evidence that the asset will be recovered,

Accelerated capital allowances	(13,608)	(12,938)
Other timing differences	22,819	24,604
Tax losses	79,243	112,830
Total unrecognised deferred tax	88,454	124,496

13. Pension costs

The Company contributes to certain employees and Directors' personal pension plans and these contributions are charged to income as incurred

	2006 £	2007 £
Defined contribution		
Contributions payable by the company outstanding for the period	4,941	4,197
	<u>4,941</u>	<u>4,197</u>

14. Share Capital

	2006 £	2007 £
Authorised ordinary shares at £1 each	1,750,000	1,750,000
Allotted and fully paid ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>

15. Reconciliation of movements in shareholders funds

	Share Capital £	Profit & Loss Account £	Total £
At 1 January 2006	1,250,000	(425,251)	824,749
Loss for the period	-	(148,421)	(148,421)
As at 1 January 2007	1,250,000	(573,672)	676,328
Loss for the period	-	(137,034)	(137,034)
As at 31 December 2007	<u>1,250,000</u>	<u>(710,706)</u>	<u>539,294</u>

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

16. Staff Costs

	2006 £	2007 £
Wages and Salaries	1,494,176	1,356,875
Social Security Costs	155,017	144,914
Staff Pension Contributions	22,303	19,186
	<u>1,671,496</u>	<u>1,520,975</u>

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

	2006 No	2007 No
Production	56	57
Selling	2	4
Office and management	15	10
	<u>73</u>	<u>71</u>

17. Directors emoluments

The directors' aggregate emoluments in respect of qualifying services were,

	2006 £	2007 £
Emoluments	100,002	100,002
Value of company pension contributions to money purchase pension scheme	5,000	5,000
	<u>105,002</u>	<u>105,002</u>

The number of directors who were accruing benefits under the company pension scheme was as follows,

	2006 No	2007 No
Money purchase scheme	<u>1</u>	<u>1</u>

Sphere Consumer Products Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDING 31 DECEMBER 2007

18. Financial Commitments

The payments which the Company are committed to make in the next year under operating leases are as follows,

	Land & Buildings	Land & Buildings
	2006	2007
	£	£
Lease expiring		
Within one year	-	-
Two to five years	-	-
Over five years	215,825	215,825
	<u>215,825</u>	<u>215,825</u>

	Other	Other
	2006	2007
	£	£
Lease expiring		
Within one year	-	-
Two to five years	-	7,949
Over five years	-	-
	<u>-</u>	<u>7,949</u>

19 Ultimate controlling party

The company is a wholly-owned subsidiary of Sphere Consolidated Holdings UK Plc, a company incorporated in England and Wales. The ultimate parent company is Sphere SA, a company incorporated in France.

The consolidated accounts of Sphere SA are available to the public and can be obtained from the Greffe du Tribunal de Commerce de Paris, 1 quai de la Corse, 75181 Paris cedex 04.

20. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.