



USHER-WALKER PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996

Company No. 00103246

USHER-WALKER PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

Company Registration Number: 00103246

Registered Office: Usher Walker House
1 Datapoint Business Centre
6 South Crescent
London
E16 4TL

Directors: P F Walker
L Randall
B N Vignolo
H Dyner
A C Higgins
P R Hepworth

Secretary: C G Frost

Bankers: National Westminster Bank plc
332 High Holborn
London
WC1V 7PS

Solicitors: Freshfields
65 Fleet Street
London
EC4Y 1HB

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

USHER-WALKER PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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USHER-WALKER PLC

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1996.

Principal activities

The principal activity during the year was that of a holding company for a group involved in the manufacture of printing inks.

Business review

The profit for the year after taxation is £183,000 (1995: loss of £290,000). The directors cannot recommend payment of a dividend and the profit has therefore been retained.

Directors

The directors in office during and at the end of the year are listed below.

The interests of the directors and their families in the shares of the company at 1 January 1996 and at 31 December 1996 were as follows:

	1996 and 1995 Ordinary shares
P F Walker, BSc, C. Chem, MRSC	-
L Randall, DMS	-
B N Vignolo	-
H Dyner	-
A C Higgins	-
P R Hepworth	-

Directors' responsibilities for the financial statements

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;
- state whether applicable 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.

USHER-WALKER PLC

REPORT OF THE DIRECTORS

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

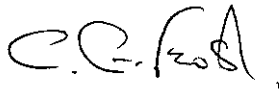
Fixed assets

Details of movements on fixed assets can be found at note 4 to the financial statements.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary
20/6 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

USHER-WALKER PLC

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

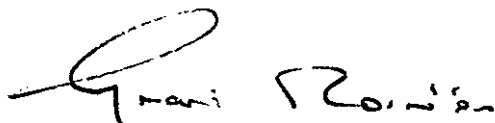
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

18 June 1997

USHER-WALKER PLC

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention except for the revaluation of certain fixed assets.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Consolidation

The company is a wholly owned subsidiary undertaking of Sun Chemical Investments Plc and has therefore taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare or deliver group financial statements.

The financial statements are therefore those of the individual company and not of its group.

Cash flow statement

Sun Chemical Limited prepares and files a consolidated cash flow statement which includes the cash flows of its subsidiaries. As a wholly owned subsidiary of Sun Chemical Limited the company has relied on the exemption provided by Financial Reporting Standard 1 from preparing its own cash flow statement.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Freehold properties

- estimated life up to 75 years

Leasehold properties

- period of the lease

Deferred tax

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is computed under the liability method using the rates at which it is estimated that the tax will be paid (or recovered) when the timing differences reverse.

USHER-WALKER PLC**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1996**

	Note	1996 £'000	1995 £'000
Administrative expenses		(12)	(214)
Other operating income		<u>195</u>	<u>250</u>
Operating loss		183	36
Exceptional items			
Loss on sale of fixed assets in continuing operations		<u>-</u>	<u>(326)</u>
Profit/(loss) on ordinary activities before and after taxation transferred to/from reserves	1,12	<u><u>183</u></u>	<u><u>(290)</u></u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

USHER-WALKER PLC

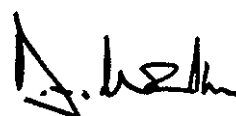
BALANCE SHEET AT 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	4	281	293
Investments	5	<u>8</u>	<u>8</u>
Current assets		289	301
Debtors	6	4,782	5,661
Creditors: amounts falling due within one year	7	<u>(223)</u>	<u>(223)</u>
Net current assets		<u>4,559</u>	<u>5,438</u>
Total assets less current liabilities		4,848	5,739
Provisions for liabilities and charges	8	<u>-</u>	<u>(1,074)</u>
		<u>4,848</u>	<u>4,665</u>
Capital and reserves			
Called up share capital	9	976	976
Share premium account	10	6,270	6,270
Revaluation reserve	10	-	-
Other capital reserves	10	11	11
Profit and loss account	10	<u>(2,409)</u>	<u>(2,592)</u>
		<u>4,848</u>	<u>4,665</u>
Shareholders' funds			
Equity shareholders' funds		4,748	4,565
Non-equity shareholders' funds		<u>100</u>	<u>100</u>
		<u>4,848</u>	<u>4,665</u>

The financial statements were approved by the Board of Directors on:

18th June 1997

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

USHER-WALKER PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity, which is carried on in a single geographical market.

The profit/(loss) on ordinary activities is stated after:

	1996 £'000	1995 £'000
Other operating income - rental income/lease premium	195	250
Exceptional items:		
Write down of intercompany debt	-	200
Loss on disposal of tangible fixed assets	-	326
Depreciation of owned tangible fixed assets	12	14
	<u>12</u>	<u>14</u>

2 DIRECTORS AND EMPLOYEES

There were no staff costs during the year (1995: £nil).

The average number of employees of the company during the year was 6 (1995: 6).

The company had no employees during the year other than the directors.

Directors of the company received the following remuneration from the company's subsidiaries:

	1996 £'000	1995 £'000
Management remuneration	346	331
Pensions to former directors for services as a director	61	61
	<u>407</u>	<u>392</u>

The emoluments of the directors, excluding pension contributions, were as follows:

	1996 £'000	1995 £'000
The Chairman and highest paid director	<u>121</u>	<u>115</u>

USHER-WALKER PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 1996****DIRECTORS AND EMPLOYEES (CONTINUED)**

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	1996 Number	1995 Number
£ 0 to £ 5,000	2	2
£ 35,001 to £ 40,000	-	2
£ 55,001 to £ 60,000	2	1
£ 90,001 to £ 95,000	1	1
£120,001 to £125,000	<u>1</u>	<u>-</u>

3 TAXATION

There is no taxation charge arising in the year.

4 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long leasehold properties £'000	Short leasehold properties £'000	Total £'000
Cost or valuation				
At 1 January 1996 and at 31 December 1996	<u>173</u>	<u>237</u>	<u>3</u>	<u>413</u>
Depreciation				
At 1 January 1996	40	77	3	120
Charge for the year	<u>4</u>	<u>8</u>	<u>-</u>	<u>12</u>
At 31 December 1996	<u>44</u>	<u>85</u>	<u>3</u>	<u>132</u>
Net book value at 31 December 1996	<u>129</u>	<u>152</u>	<u>-</u>	<u>281</u>
Net book value at 31 December 1995	<u>133</u>	<u>160</u>	<u>-</u>	<u>293</u>

USHER-WALKER PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 1996****TANGIBLE FIXED ASSETS (CONTINUED)**

	1996 £'000	1995 £'000
Cost or valuation at 31 December 1996 is represented by:		
Subsequent net additions at cost	<u>413</u>	<u>413</u>
On 30 June 1978 certain freehold properties of the company were professionally revalued on an existing use basis. On an historical basis, land and buildings would have been included at:		
	1996 £'000	1995 £'000
Original cost and subsequent net additions	413	413
Aggregate depreciation	<u>(125)</u>	<u>(120)</u>
	<u>288</u>	<u>293</u>

5 FIXED ASSETS INVESTMENTS

Total fixed asset investments comprise

	Listed investments £'000	Subsidiaries £'000	Total £'000
Cost			
As at 1 January 1996 and at 31 December 1996	<u>10</u>	<u>2,742</u>	<u>2,752</u>
Amounts written off			
At 1 January 1996 and at 31 December 1996	<u>2</u>	<u>2,742</u>	<u>2,744</u>
Net book amount			
At 31 December 1996	<u>8</u>	<u>-</u>	<u>8</u>
At 31 December 1995	<u>8</u>	<u>-</u>	<u>8</u>

The aggregate market value of listed investments at 31 December 1996 was £8,000 (1995: £8,000).

USHER-WALKER PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

FIXED ASSETS INVESTMENTS (CONTINUED)

At 31 December 1996 the company and its subsidiaries held 100% of the ordinary share capital of the following companies, all of which are registered in England and Wales:

Shares held by the company:	Nature of business
Usher-Walker Group Limited	Manufacture of printing ink
C Wishart Hall and Company Limited	Dormant
Usher-Walker (Overseas) Limited	Dormant

Shares held by Usher-Walker Group Limited:

Usher-Walker (Printing Inks) Limited	Dormant
Usher-Walker (Liquid Inks) Limited	Dormant
Usher-Walker Rollers Limited	Dormant
Usher-Walkers (Management) Limited	Dormant
Usher-Walker (Export) Limited	Dormant
Usher-Walker (Sundries) Limited	Dormant
Wynne & Selby Limited	Dormant
Findlone Limited	Dormant
Flexographic Inks (Sales) Limited	Dormant

At 31 December 1996 the aggregate capital and reserves of Usher-Walker Group Limited was £3,026,000 (1995 restated: £83,000) and the profit for the financial year ended on that date was £2,943,000 (1995 restated: £1,137,000).

6 DEBTORS

	1996 £'000	1995 £'000
Amounts owed by subsidiary undertakings	<u>4,782</u>	<u>5,661</u>

Included in the above figure of £4,782,000 is an amount of £2,000,000 (1995: £2,000,000) which is due after more than one year.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Amounts owed to subsidiary undertakings	<u>223</u>	<u>223</u>

USHER-WALKER PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

8 PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for pensions £'000
At 1 January 1996	1,074
Net transfers to provision	4
Transferred to subsidiary undertaking	<u>(1,078)</u>
At 31 December 1996	<u><u>-</u></u>

The provision for pensions has been transferred to Usher-Walker Group Limited where the charges are borne.

9 SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised		
100,000 3.5% cumulative preference shares of each	100	100
10,000,000 ordinary shares of 10p each	<u>1,000</u>	<u>1,000</u>
	<u>1,100</u>	<u>1,100</u>
Allotted, called up and fully paid		
100,000 3.5% cumulative preference shares of £1 each	100	100
8,762,000 ordinary shares of 10p each	<u>876</u>	<u>876</u>
	<u>976</u>	<u>976</u>

Preference shares

The 3.5% cumulative share are non-equity shares which carry an entitlement to a dividend at the rate of 3.5p (net) per share per annum. Holders of preference shares have one vote for every share held but only if the preferential dividend has remained unpaid for a period of 3 months or greater after the end of the year to which it relates or on a resolution for the winding-up of the company or reducing the capital or on a resolution affecting the rights attached to the shares. Preference share shareholders have the right on a winding-up to receive, in priority to any other class of shares, the amount paid up per share together with any arrears of the preferential dividend.

USHER-WALKER PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

10 SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Other capital reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 1995	976	6,270	239	11	(2,541)	4,955
Transfer from revaluation reserve to profit and loss account	-	-	239	-	239	-
Loss retained for the year	-	-	-	-	(290)	(290)
At 31 December 1995	976	6,270	-	11	(2,592)	4,665
Profit retained for the year	-	-	-	-	(183)	183
At 31 December 1996	976	6,270	-	11	(2,409)	4,848

11 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1996 or 31 December 1995.

12 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 1996 or 31 December 1995.

13 GUARANTEES AND FINANCIAL COMMITMENTS

The company participates in the Sun Chemical Limited group overdraft facility, and is a party to the unlimited multi-lateral cross-guarantees across the Sun Chemical group which secures this facility.

At 31 December 1996 the total net bank overdraft of the Sun Chemical group of companies was £1,830,000 (1995 : £3,469,000).

14 GROUP FINANCIAL STATEMENTS

The company has taken advantage of the exemption from preparing group financial statements allowed under S228(2) of the Companies Act 1985 as the company is included in the financial statements of a larger group, that of its holding company Sun Chemical Limited. Sun Chemical Limited is incorporated in Great Britain and registered in England and Wales.

USHER-WALKER PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

15 PARENT UNDERTAKING

The parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up is Sun Chemical Limited, a company registered in England. Copies of these financial statements can be obtained from the Registered Office of Sun Chemical Limited, Sandown Road, Watford, Hertfordshire.

The ultimate parent undertaking is Dainippon Ink and Chemicals Inc, incorporated in Japan. The consolidated financial statements of Dainippon Ink and Chemicals Inc are available to the public and may be obtained from DIC (Japan) Inc, DIC Building, 7 - 20 Nihonbashi, 3 - Chome, Chuo - Ko, Toyko 103, Japan.

16 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of exemption under Financial Reporting Statement No 8 not to disclose details of transactions with group companies. Details of balances with group companies are disclosed on notes 6 and 7 to the accounts.