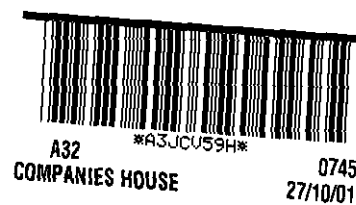


MIDS & HORSEY LTD
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001



Company No. 116571

MIDS & HORSEY LTD
COMPANY INFORMATION

Directors	D P K Christian R A Anstey C G Brown Mrs M E A Jeffery (resigned 31st March 2001) C J Oake I P Byrne S H C Verdon (resigned 13th July 2001)
Secretary	Mrs M E A Jeffery
Company number	116571
Registered office	26 Chapel Street Chichester West Sussex PO19 1DL
Auditors	Stoner Cottingham 42 London Road Horsham West Sussex RH12 1AY
Bankers	National Westminster Bank plc 23 West Street Havant Hants PO9 1EU

MIDS & HORSEY LTD

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MIDS & HORSEY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2001

The directors present their report and the financial statements for the company for the year ended 31st March 2001.

Principal activities and review of business

The company's principal activity continued to be that of printing and personalising plastic cards and stationery.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors are pleased with the results for the year and in particular the relocation to the new purpose built high security premises within Petersfield and look forward to a similar result in the following year.

The directors do not recommend a dividend.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st March 2001	At 1st April 2000
D P K Christian	£1 Ordinary	1	1
R A Anstey		-	-
C G Brown		-	-
Mrs M E A Jeffery (resigned 31st March 2001)		-	-
C J Oake		-	-
I P Byrne		-	-
S H C Verdon (resigned 13th July 2001)		-	-

The balance of the issued share capital is owned by the holding company, Woodpecker Plc.

Statement of directors' responsibilities

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 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;

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.

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.

MIDS & HORSEY LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH 2001**

Auditors

A resolution to re-appoint Stoner Cottingham Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Mrs M E A Jeffery, Secretary
24th September 2001

26 Chapel Street
Chichester
West Sussex
PO19 1DL

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDS & HORSEY LTD

We have audited the financial statements of Mids & Horsey Limited for the year ended 31st March 2001 on pages 4 to 12 . These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparatio of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financials statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consdier 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stoner Cottingham
Chartered Accountants and Registered Auditors
42 London Road
Horsham
West Sussex
RH12 1AY

Date: 24th September 2001

MIDS & HORSEY LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001

	Notes	2001 £	2000 £
Turnover	2	4,950,135	4,821,410
Cost of sales		(2,561,204)	(2,615,097)
Gross profit		2,388,931	2,206,313
Production costs		(617,848)	(598,124)
Selling Expenses		(216,028)	(173,775)
Administrative expenses		(1,239,498)	(1,128,343)
Reorganisation costs		(83,298)	(400)
Operating profit	3	232,259	305,671
Profit/(loss) on sale of fixed assets		24,502	(145,319)
Profit on ordinary activities before interest		256,761	160,352
Interest payable	4	(63,747)	(61,193)
Profit on ordinary activities before taxation		193,014	99,159
Tax on profit on ordinary activities	6	-	(9,363)
Profit for the financial year		193,014	89,796
Retained profit brought forward		880,429	790,633
Retained profit carried forward		1,073,443	880,429

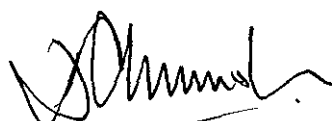
All amounts relate to continuing activities.

MIDS & HORSEY LTD

BALANCE SHEET AS AT 31ST MARCH 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	7		1,427,127		1,378,924
Current assets					
Stocks	8	210,628		261,056	
Debtors	9	1,734,867		1,217,294	
Cash at bank and in hand		17,970		166,334	
			<u>1,963,465</u>	<u>1,644,684</u>	
Creditors: amounts falling due within one year	10		<u>(1,755,339)</u>	<u>(1,415,481)</u>	
Net current assets			<u>208,126</u>		<u>229,203</u>
Total assets less current liabilities			<u>1,635,253</u>		<u>1,608,127</u>
Creditors: amounts falling due after more than one year	11		<u>(553,810)</u>		<u>(719,698)</u>
			<u>1,081,443</u>		<u>888,429</u>
Capital and reserves					
Share capital	15		8,000		8,000
Profit and loss account			1,073,443		880,429
Shareholders' funds	16		<u>1,081,443</u>		<u>888,429</u>

These accounts were approved by the board on 24th September 2001 and signed on its behalf by:


D P K Christian
Director

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value of all tangible fixed assets, with the exception of freehold land, by equal annual instalments over their expected useful lives:

Plant and machinery	10% / 20%
Motor vehicles	25%
Fixtures and fittings	10% / 20%

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

2 Turnover

The geographical analysis of turnover is as follows:

	2001	2000
	£	£
Europe	291,535	285,557
Middle East	7,450	-
UK	4,641,826	4,535,853
America	1,126	-
Other 1	2,848	-
Other 2	5,350	-
	<u>4,950,135</u>	<u>4,821,410</u>

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	88,353	166,166
-assets held under finance leases and hire purchase	200,373	192,124
Profit on disposal of fixed assets	(24,502)	145,319
Hire of equipment	5,253	6,460
Auditors' remuneration - non audit work	1,500	750
Auditors' remuneration	8,000	5,000
	<u>273,977</u>	<u>515,819</u>

4 Interest payable and similar charges

	2001	2000
	£	£
Finance leases and hire purchase contracts	63,747	61,193
	<u>63,747</u>	<u>61,193</u>

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

5 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2001	2000
	£	£
Wages and salaries	1,703,825	1,555,956
Social security costs	207,866	189,826
Other pension costs	44,133	20,510
	<u>1,955,824</u>	<u>1,766,292</u>

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

	2001	2000
	Number	Number
Office and management	16	16
Direct labour	80	78
	<u>96</u>	<u>94</u>

Directors' emoluments

	2001	2000
	£	£
Aggregate emoluments	175,748	112,834
Directors' pension contributions under defined contribution schemes	16,514	11,230
	<u>192,262</u>	<u>124,064</u>

Retirement benefits were accruing to directors as follows:

	2001	2000
	Number	Number
Defined contribution pension scheme	4	3

Highest paid director

	2001	2000
	£	£
Aggregate emoluments	49,396	45,000
Contributions to a defined contribution pension scheme	4,647	4,458
	<u>54,043</u>	<u>49,458</u>

Highest paid director other information.

Accrued pension	-	-
Other	-	-

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

6 Taxation

	2001 £	2000 £
Based on the profit for the year:		
UK corporation tax at 20% (2000 31%)	-	9,363
	-	9,363

7 Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1st April 2000	2,004,334	118,256	189,884	2,312,474
Additions	220,386	-	123,216	343,602
Disposals	(17,280)	(42,580)	(700)	(60,560)
At 31st March 2001	2,207,440	75,676	312,400	2,595,516
Depreciation				
At 1st April 2000	788,952	78,898	65,699	933,549
Charge for the year	218,387	17,919	52,420	288,726
Disposals	(10,678)	(42,578)	(630)	(53,886)
At 31st March 2001	996,661	54,239	117,489	1,168,389
Net book value				
At 31st March 2001	1,210,779	21,437	194,911	1,427,127
<i>At 31st March 2000</i>	<i>1,215,382</i>	<i>39,358</i>	<i>124,185</i>	<i>1,378,925</i>

Assets held under finance leases and hire purchase originally cost £1,645,080 (2000: £1,507,579) and have a net book value of £1,062,549 (2000: £1,135,835). Depreciation charged for the year was £200,373 (2000: £192,124).

8 Stocks

	2001 £	2000 £
Raw materials	64,724	115,374
Work in progress	145,904	145,682
	210,628	261,056

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

9	Debtors	2001	2000
		£	£
	Trade debtors	855,722	1,007,075
	Amounts owed by related companies	779,777	156,175
	Other debtors	3,000	-
	Prepayments and accrued income	96,368	54,044
		<u>1,734,867</u>	<u>1,217,294</u>
10	Creditors: amounts falling due within one year	2001	2000
		£	£
	Obligations under hire purchase and finance lease (Note 13)	334,312	307,115
	Trade creditors	1,267,407	840,491
	Amounts owed to associated undertakings (Note 12)	39,086	32,343
	Corporation tax	(24,331)	84,845
	Other taxes and social security	51,990	48,466
	Other creditors	8,119	263
	Accruals and deferred income	78,756	101,958
		<u>1,755,339</u>	<u>1,415,481</u>
11	Creditors: amounts falling due after more than one year	2001	2000
		£	£
	Obligations under hire purchase and finance lease (Note 13)	553,810	719,698
		<u>553,810</u>	<u>719,698</u>
12	Loans and borrowings	2001	2000
		£	£
	Analysis of loans		
	Obligations under hire purchase and finance lease	888,122	1,026,813
	Amounts owed to associated undertakings	39,086	32,343
		<u>927,208</u>	<u>1,059,156</u>
	Maturity of debt		
	In one year or less, or on demand	39,086	32,343
		<u>39,086</u>	<u>32,343</u>

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

13	Obligations under hire purchase and finance leases	2001	2000
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	334,312	307,115
	In the second to fifth years inclusive	547,262	706,939
	In more than five years	6,548	12,759
		<u>888,122</u>	<u>1,026,813</u>
14	Deferred taxation		
	Deferred taxation provided and unprovided for in the accounts is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30% (2000 31%).		
		Amount unprovided	
		2001	2000
		£	£
	Accelerated capital allowances	173,891	148,084
		<u>173,891</u>	<u>148,084</u>
15	Share capital	2001	2000
		£	£
	Authorised		
	Equity shares		
	10,800 Ordinary shares of £1.00 each	10,800	10,800
	12,000 Preference shares of £1.00 each	12,000	12,000
		<u>22,800</u>	<u>22,800</u>
	Allotted		
	Equity shares		
	8,000 Allotted, called up and fully paid ordinary shares of £1.00 each	8,000	8,000
		<u>8,000</u>	<u>8,000</u>
16	Reconciliation of movement in shareholders' funds	2001	2000
		£	£
	Profit for the financial year	193,014	89,796
	Increase in the shareholders' funds	193,014	89,796
	Opening shareholders' funds	888,429	798,633
	Closing shareholders' funds	<u>1,081,443</u>	<u>888,429</u>

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

17 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors & senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £44,133 (2000 £20,510).

18 Contingent assets/liabilities

The company has a mortgage debenture in favour of National Westminster Bank plc. It is also party to a composite guarantee with Woodpecker Plc, its holding company, and Adpads Limited and Lockie Limited, fellow subsidiaries, in favour of National Westminster Bank Plc.

19 Related parties

In the directors' opinion the company's ultimate parent company and controlling party is Woodpecker Plc which is incorporated in England. Copies of its group accounts are available from the registered office.

During the year the company paid £524,641 (2000: £575,773) management fees and £72,000 (2000: £72,000) to related companies.