

Data-Label Limited

Registered No. 912556

DIRECTORS

M J Smith
D C Hedley
B Holt

SECRETARY

API Sec. T K Johnston

AUDITORS

Ernst & Young
Provincial House
37 New Walk
Leicester LE1 6TU

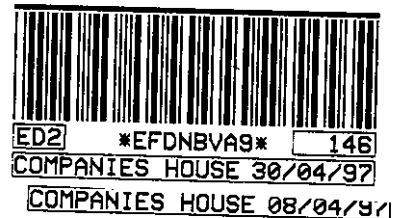
BANKERS

Barclays Bank PLC
10 Market Place
Macclesfield
Cheshire SK10 1HA

REGISTERED OFFICE

API Group plc
Silk House
Park Green
Macclesfield
Cheshire SK11 7NU

ERNST & YOUNG



Data-Label Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the fifteen months ended 28 September 1996.

RESULTS AND DIVIDENDS

The profit of the company for the period after taxation, amounts to £317,333. No dividend was paid, leaving a profit of £317,333 to be retained.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be the production and sale of self-adhesive labels and the purchase and sale of thermal transfer printers and accessories.

The directors consider the results for the period and state of affairs of the company at 28 September 1996 to be satisfactory. The current performance is expected to continue for the current year.

FIXED ASSETS

The movements in fixed assets are as detailed in note 10 to the accounts.

EVENTS SINCE THE BALANCE SHEET DATE

In November 1996, all Data-Label Limited production facilities have been moved to Tenza Limited a subsidiary of API Group plc.

DIRECTORS AND THEIR INTERESTS

The directors at 28 September 1996 are listed below. None of the directors or their families had any interest in, or option or other right to subscribe for the share capital of the company at any time during the year.

M J Smith
D C Hedley
B Holt

The interests of those directors who were also directors of API Group plc, are disclosed in the group accounts. The interest of B Holt in the shares of API Group plc, the ultimate parent undertaking were as follows:

At 1 July 1995 Granted Exercised At 28 September 1996

Executive share option scheme
ordinary shares

- 10,000 - 10,000

On 7 July 1995 Messrs P A C Fox, M A Fawcett and J M Yates resigned as directors and Messrs M J Smith and D C Hedley were appointed.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS
to the members of Data-Label Limited

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 the 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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28 September 1996 and of its profit for the fifteen months then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Leicester

17 Nov 1997

Data-Label Limited

PROFIT AND LOSS ACCOUNT

for the fifteen months ended 28 September 1996

		<i>Fifteen months ended 28 September 1996</i>	<i>Year ended 30 June 1995</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	4,631,730	3,011,729
Operating costs	3	(3,999,810)	(2,655,593)
OPERATING PROFIT	3	631,920	356,136
Interest receivable	6	18,395	7,951
Interest payable	7	(170,408)	(1,664)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		479,907	362,423
Tax on profit on ordinary activities	8	(162,574)	(116,689)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		317,333	245,734
Dividends	9	-	(12,000)
PROFIT RETAINED FOR THE FINANCIAL PERIOD		317,333	233,734

The movements on reserves can be found in note 16 to the accounts.

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of £317,333 in the fifteen months ended 28 September 1996 and the profit of £245,734 for the period ended 30 June 1995.

Data-Label Limited

BALANCE SHEET

at 28 September 1996

	Notes	28 September 1996 £	30 June 1995 £
FIXED ASSETS			
Tangible assets	10	244,003	261,243
CURRENT ASSETS			
Stocks	11	273,034	153,665
Debtors	12	909,291	570,927
Cash at bank and in hand		320,069	213,782
		1,502,394	938,374
CREDITORS: amounts falling due within one year	13	(1,015,403)	(762,314)
NET CURRENT ASSETS		486,991	176,060
TOTAL ASSETS LESS CURRENT LIABILITIES		730,994	437,303
PROVISION FOR LIABILITIES AND CHARGES		-	(23,642)
NET ASSETS		730,994	413,661
CAPITAL AND RESERVES			
Called up share capital (including non equity shares)	15	2,200	2,200
Revaluation reserve	16	11,044	11,044
Profit and loss account	16	717,750	400,417
SHAREHOLDERS' FUNDS	16	730,994	413,661

B Holt 10.1.97.

B Holt

Director

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historic cost convention modified to include the revaluation of freehold land and buildings and are prepared in accordance with applicable accounting standards.

Leased assets

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Depreciation

Freehold land is not depreciated. Depreciation on assets is calculated to write off the cost or valuation on a straight line basis over the estimated useful lives, at the following rates:

Freehold buildings	- 25 years
Plant and equipment	- 4 - 15 years
Motor vehicles	- 4 - 5 years

Stocks and work in progress

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of production overheads.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Pensions

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to members are evenly matched, so far as possible, to the service lives of the members concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension fund is allocated over the average remaining service lives of current members (on a group basis).

Foreign currency translation

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

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

2. TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of VAT. Turnover is attributable to the continuing activities of the production and sale of self-adhesive labels and the purchase and sale of thermal transfer printers and accessories respectively.

An analysis of turnover by geographical market is given below:

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
United Kingdom	4,467,925	2,934,804
Europe	121,825	69,763
	<u>4,589,750</u>	<u>3,004,567</u>
Group companies	41,980	7,162
	<u>4,631,730</u>	<u>3,011,729</u>

3. OPERATING COSTS

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Changes in stocks of work in progress and finished goods	32,930	14,644
Raw materials and consumables	2,915,183	1,873,875
Staff costs	618,045	447,967
Depreciation of tangible assets	80,807	61,002
Group management charges	-	54,000
Other operating charges	352,845	204,105
	<u>3,999,810</u>	<u>2,655,593</u>

Operating profit is stated after charging:

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Auditors' remuneration	6,500	6,500
Operating leases - plant and machinery	28,675	15,697
	<u>35,175</u>	<u>22,197</u>

Data-Label Limited

NOTES TO THE ACCOUNTS at 28 September 1996

4. EMOLUMENTS OF DIRECTORS

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Directors' emoluments, including pension contributions and benefits	64,503	72,112
Directors' emoluments, excluding pension contributions, includes amounts paid to:		
Chairman	-	-
Highest paid director	64,503	67,332
Directors' emoluments, excluding pension contributions, fell within the following ranges:		
Nil - £5,000	5	3
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1

5. EMPLOYEE INFORMATION

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Wages and salaries	569,202	393,278
Social security costs	48,843	29,570
Other employment costs	-	25,119
	<u>618,045</u>	<u>447,967</u>

The average weekly number of employees during the year was as follows:

	<i>No.</i>	<i>No.</i>
Manufacturing	11	10
Management and administration	16	13
	<u>27</u>	<u>23</u>

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

6. INTEREST RECEIVABLE

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Interest receivable from group undertakings	18,395	4,515
Other interest receivable	-	3,436
	<u>18,395</u>	<u>7,951</u>

7. INTEREST PAYABLE

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Bank loans and overdrafts	-	17
Interest payable to group undertakings	170,408	1,647
	<u>170,408</u>	<u>1,664</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation on ordinary activities:

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Corporation tax at 33% (1995 33%)	186,216	119,596
Deferred tax (note 14)	(23,642)	(2,907)
	<u>162,574</u>	<u>116,689</u>

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

9. DIVIDENDS

	<i>Fifteen months ended 28 September 1996 £</i>	<i>Year ended 30 June 1995 £</i>
Ordinary - paid	-	12,000

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Plant, equipment and vehicles £</i>	<i>Total £</i>
Cost or valuation:			
At 1 July 1995	60,000	592,667	652,667
Additions at cost	-	63,567	63,567
At 28 September 1996	60,000	656,234	716,234
Depreciation:			
At 1 July 1995	11,700	379,724	391,424
Charge for year	2,250	78,557	80,807
At 28 September 1996	13,950	458,281	472,231
Net book value:			
At 28 September 1996	46,050	197,953	244,003
At 1 July 1995	48,300	212,943	261,243

The revaluation was based on the open market value for existing use at 31 December 1988.

Included in freehold land and buildings is land valued at £15,000 which is not depreciated.

The historical cost of the freehold land and buildings is as follows:

	<i>£</i>
Historical cost:	
At 1 July 1995 and 28 September 1996	52,054
Accumulated depreciation:	
At 1 July 1995	13,898
At 28 September 1996	15,980

• Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

11. STOCKS

	1996 £	1995 £
Raw materials and consumables	130,179	43,740
Work in progress	-	7,862
Finished goods	142,855	102,063
	<u>273,034</u>	<u>153,665</u>

In the opinion of the directors there is no material difference between the replacement cost of stocks and their balance sheet value.

12. DEBTORS

	1996 £	1995 £
Trade debtors	896,095	560,671
Amounts due from group undertakings	4,555	4,032
Prepayments	8,641	6,224
	<u>909,291</u>	<u>570,927</u>

13. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Trade creditors	350,571	517,530
Amounts due to group undertakings	340,648	-
Corporation tax	186,216	119,596
Other taxes and social security costs	104,887	75,730
Accruals	33,081	49,458
	<u>1,015,403</u>	<u>762,314</u>

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

14. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	1996	Provided 1995	1996	Not provided 1995
	£	£	£	£
Accelerated capital allowances	-	23,642	18,885	-
Short-term timing differences	-	-	-	-
	<u>-</u>	<u>23,642</u>	<u>18,885</u>	<u>-</u>
	<u>-</u>	<u>23,642</u>	<u>18,885</u>	<u>-</u>

15 SHARE CAPITAL

	£	Authorised No	£	Allotted, called up and fully paid No.
<i>Non equity shares</i>				
5% non-cumulative preference shares of £1 each	30,000	30,000	2,000	2,000
<i>Equity shares</i>				
Ordinary shares of £1 each	200	200	200	200
	<u>30,200</u>	<u>30,200</u>	<u>2,200</u>	<u>2,200</u>
	<u>30,200</u>	<u>30,200</u>	<u>2,200</u>	<u>2,200</u>

There was no change in the share capital during the period.

The holders of the 5% non-cumulative preference shares of £1 each are entitled to receive in priority to the equity shareholders a fixed non-cumulative dividend of 5% gross per annum, but without resort in case of deficiency to the profits of the subsequent years, and to repayment of amounts paid up on such shares on a return of assets upon any winding-up. The holders of the preference shares are not entitled to attend or vote at general meetings.

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 June 1994	2,200	11,044	166,683	179,927
Profit for the financial year	-	-	245,734	245,734
Dividend	-	-	(12,000)	(12,000)
At 30 June 1995	2,200	11,044	400,417	413,661
Profit for the financial period	-	-	317,333	317,333
Dividend	-	-	-	-
At 28 September 1996	2,200	11,044	717,750	730,994
Equity shareholders	200	11,044	717,750	728,994
Non equity shareholders	2,000	-	-	2,000
	2,200	11,044	717,750	730,994

17. OPERATING LEASE COMMITMENTS

At 28 September 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>1996 other £</i>	<i>1995 other £</i>
Operating leases which expire:		
within one year	4,888	-
within two to five years	538	20,591

18. CAPITAL COMMITMENTS

At 28 September 1996, the directors had not contracted for any future capital expenditure (1995 - £Nil).

19. PENSION COMMITMENTS

The company is an employer in the API Group plc Pension and Life Assurance Fund which provides benefits based on full service to all members. This is a funded scheme and its valuation was reviewed by professionally qualified actuaries using a project unit costing method, on 1 April 1995. Further particulars of the actuarial valuation of this group fund are contained in the accounts of API Group plc.

Data-Label Limited

NOTES TO THE ACCOUNTS

at 28 September 1996

20. CASH FLOW STATEMENT

As the company is a wholly owned subsidiary undertaking of API Group plc at 28 September 1996, a company registered in England and Wales, which prepared a consolidated cash flow statement, the company has taken the advantage of the exemption provided under paragraph 8 of FRS-1 not to prepare a "cash flow statement".

21. ULTIMATE PARENT UNDERTAKING

At 28 September 1996 the company's ultimate parent undertaking was API Group plc, a company registered in England and Wales. Copies of the group accounts may be obtained from API Group, Silk House, Park Green, Macclesfield, Cheshire, SK11 7NU.

22. POST BALANCE SHEET EVENTS

In November 1996, all Data-Label Limited production facilities have been moved to Tenza Limited a fellow subsidiary of the API Group.