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LATTICE LABELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

LATTICE LABELS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2004

Company registration number: 2589295

Registered office: Colmworth Business Park
Great North Road
Eaton Socon
ST NEOTS
PE19 8YH

Directors: C B Beadle
J L Roberts
M Chambers

Secretary: T C Clifton

Bankers: Barclays Bank plc
41 High Street
ST NEOTS
PE19 1AS

Solicitors: Schofield Sweeney
Number 1
Valley Court
Canal Road
BRADFORD
B1 4SP

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Byron House
Cambridge Business Park
Cowley Road
CAMBRIDGE
CB4 0WZ

LATTICE LABELS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2004

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LATTICE LABELS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2004.

Principal activity

The company is principally engaged in the manufacture and wholesale of adhesive labels.

Business review

The directors are satisfied with the performance for the year and are cautiously optimistic for the future.

There was a profit for the year after taxation amounting to £280,115 (2003: £161,249). The directors recommend dividends absorbing £nil (2003: £nil) leaving £280,115 (2003: £161,249) retained.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

C B Beadle
J L Roberts
M Chambers

None of the directors had an interest in the shares of the company. The interests of the directors in the shares of the parent undertaking are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

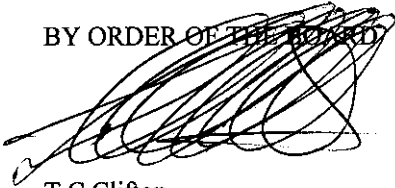
LATTICE LABELS LIMITED

REPORT OF THE DIRECTORS

Auditors

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

BY ORDER OF THE BOARD

A large, dense, handwritten signature in black ink, appearing to be 'T C Clifton', written over the text 'BY ORDER OF THE BOARD'.

T C Clifton
Secretary

25 May 2005

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LATTICE LABELS LIMITED**

We have audited the financial statements of Lattice Labels Limited for the year ended 31 December 2004 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 23. 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 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards 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 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LATTICE LABELS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

CAMBRIDGE

8 June 2005.

LATTICE LABELS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

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

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

GOODWILL

Negative goodwill is written back to the profit and loss account to match the recovery of the non-monetary assets acquired (see note 5).

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Plant and machinery	10%
Computer equipment	25%
Fixtures and fittings	10%

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represent 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.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

LATTICE LABELS LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

RETIREMENT BENEFITS

Defined Contribution Pension Schemes

The pension costs charged against operating profits are the contributions payable to the schemes in respect of the accounting period.

LATTICE LABELS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	1	6,744,915	6,557,990
Cost of sales		<u>(4,038,693)</u>	<u>(3,978,417)</u>
Gross profit		2,706,222	2,579,573
Distribution costs		(311,440)	(438,646)
Administrative expenses		<u>(2,012,954)</u>	<u>(1,970,925)</u>
Operating profit		381,828	170,002
Net interest	2	<u>(100,813)</u>	<u>(105,753)</u>
Profit on ordinary activities before taxation	1	281,015	64,249
Tax on profit on ordinary activities	4	<u>(900)</u>	<u>97,000</u>
Profit for the financial year	16	<u>280,115</u>	<u>161,249</u>

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

All activities of the company are classed as continuing.


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

LATTICE LABELS LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible fixed assets	5		(23,928)		(28,713)
Tangible assets	6		<u>1,198,336</u>		<u>1,360,077</u>
			1,174,408		1,331,364
Current assets					
Stocks	7	153,163		219,105	
Debtors: amounts falling due within one year	8	1,370,634		1,204,974	
Debtors: amounts falling due after more than one year	8	2,255,600		1,807,182	
Cash at bank and in hand		<u>51,764</u>		<u>31,811</u>	
			3,831,161	3,263,072	
Creditors: amounts falling due within one year	9	<u>(3,056,818)</u>		<u>(2,879,290)</u>	
Net current assets			<u>774,343</u>		<u>383,782</u>
Total assets less current liabilities			1,948,751		1,715,146
Creditors: amounts falling due after more than one year	10		(181,494)		(228,404)
Provisions for liabilities and charges	12		<u>(112,400)</u>		<u>(112,000)</u>
			<u>1,654,857</u>		<u>1,374,742</u>
Capital and reserves					
Called up share capital	14		308,750		308,750
Profit and loss account	15		<u>1,346,107</u>		<u>1,065,992</u>
Shareholders' funds	16		<u>1,654,857</u>		<u>1,374,742</u>

The financial statements were approved by the Board of Directors on 25 May 2005


C B Beadle
Director

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

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation is attributable to the manufacture and wholesale of adhesive labels.

The profit on ordinary activities is stated after:

	2004 £	2003 £
Auditors' remuneration	7,950	7,500
Depreciation and amortisation:		
Negative goodwill	(4,785)	(4,785)
Tangible fixed assets, owned	173,852	189,461
Tangible fixed assets, held under finance leases and hire purchase contracts	25,020	18,259
Other operating lease rentals	<u>160,606</u>	<u>149,845</u>

2 NET INTEREST

	2004 £	2003 £
On bank loans and overdraft	18,907	271
Finance charges in respect of finance leases	6,018	24,359
Other interest payable and similar charges	<u>75,888</u>	<u>81,123</u>
	<u>100,813</u>	<u>105,753</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2004 £	2003 £
Wages and salaries	1,168,716	1,126,458
Social security costs	123,608	115,189
Other pension costs	<u>28,876</u>	<u>24,403</u>
	<u>1,321,200</u>	<u>1,266,050</u>

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

	2004 Number	2003 Number
Office and management	3	4
Production and development	34	36
Selling and marketing	<u>10</u>	<u>8</u>
	<u>47</u>	<u>48</u>

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2004	2003
	£	£
Emoluments	225,949	223,181
Pension contributions to money purchase pension schemes	6,300	10,135
	232,249	233,316

During the year 3 directors (2003: 3 directors) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2004	2003
	£	£
Emoluments	88,078	86,684
Pension contributions to money purchase pension schemes	1,440	4,355
	89,518	91,039

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge/(credit) represents:

	2004	2003
	£	£
Corporation tax at 19%	500	-
Adjustment in respect of prior year	-	(13,000)
Total current tax	500	(13,000)
Origination and reversal of timing differences	400	(84,000)
Total deferred tax	400	(84,000)
Tax on profit on ordinary activities	900	(97,000)

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2003: 19%). The differences are explained as follows:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>281,015</u>	<u>64,249</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2003: 19%)	<u>53,393</u>	<u>12,207</u>
Effect of:		
Expenses not deductible for tax purposes	1,368	2,379
Difference between capital allowances for the year and depreciation	(5,592)	11,056
Other timing differences	2,660	-
Group relief claimed	(50,441)	(25,642)
Adjustments to tax charge in respect of prior year	-	(13,000)
Marginal relief	<u>(888)</u>	<u>-</u>
Current tax charge/(credit) for the year	<u>500</u>	<u>(13,000)</u>

5 INTANGIBLE FIXED ASSETS

	Negative goodwill £
Cost	
At 1 January 2004 and at 31 December 2004	<u>47,853</u>
Amounts written off	
At 1 January 2004	19,140
Written back in the year	<u>4,785</u>
At 31 December 2004	<u>23,925</u>
Net book amount at 31 December 2004	<u>23,928</u>
Net book amount at 31 December 2003	<u>28,713</u>

Negative goodwill included above relates to the following:

	Date of acquisition	Period of amortisation (years)	Negative goodwill at original cost £
LAC Consultancy	1 January 2000	10	<u>47,853</u>

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

6 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures and fittings £	Plant and machinery £	Total £
Cost				
At 1 January 2004	180,042	170,213	2,049,893	2,400,148
Additions	14,375	386	26,949	41,710
Disposals	(52,036)	(10,180)	(12,494)	(74,710)
At 31 December 2004	142,381	160,419	2,064,348	2,367,148
Depreciation				
At 1 January 2004	148,012	57,892	834,167	1,040,071
Provided in the year	18,545	15,363	164,964	198,872
Eliminated on disposal	(51,485)	(9,262)	(9,384)	(70,131)
At 31 December 2004	115,072	63,993	989,747	1,168,812
Net book amount at 31 December 2004	<u>27,309</u>	<u>96,426</u>	<u>1,074,600</u>	<u>1,198,336</u>
Net book amount at 31 December 2003	<u>32,030</u>	<u>112,321</u>	<u>1,215,726</u>	<u>1,360,077</u>

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows:

	Computer equipment £	Plant and Machinery £
Net book amount at 31 December 2004	<u>6,912</u>	<u>192,612</u>
Net book amount at 31 December 2003	<u>-</u>	<u>216,250</u>
Depreciation provided in the year	<u>1,382</u>	<u>23,638</u>

LATTICE LABELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2004

7 STOCKS

	2004	2003
	£	£
Raw materials and consumables	137,973	159,408
Finished goods and goods for resale	15,190	59,697
	153,163	219,105

8 DEBTORS

	2004	2003
	£	£
Trade debtors	1,298,871	1,156,705
Amounts owed by group undertakings	2,255,600	1,807,182
Other debtors	18,866	-
Prepayments and accrued income	52,897	48,269
	3,626,234	3,012,156

Included in the above is the following amount which is due after more than one year:

	2004	2003
	£	£
Amounts owed by group undertakings	2,255,600	1,807,182

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loan and overdraft	99,097	157,324
Invoice discounting balance	848,301	910,452
Trade creditors	1,695,165	1,474,693
Corporation tax	500	-
Social security and other taxes	191,818	155,387
Accruals and deferred income	177,901	137,376
Amounts due under finance leases and hire purchase contracts	44,036	44,058
	3,056,818	2,879,290

The bank loan and overdraft are secured by a charge over the assets of the company.

The company has granted a floating charge on its trade debtors to secure invoice discounting borrowing totalling £848,301 (2003: £910,452).

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

LATTICE LABELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2004

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Bank loan	107,355	116,671
Amounts due under finance leases and hire purchase contracts	74,139	111,733
	181,494	228,404

The bank loan is secured by a charge over the assets of the company.

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

11 BORROWINGS

Borrowings are repayable as follows:

	2004	2003
	£	£
Within one year:		
Bank and other borrowings	99,097	157,324
Finance leases	44,036	44,058
After one and within two years:		
Bank and other borrowings	99,097	100,000
Finance leases	31,536	41,548
After two and within five years:		
Bank and other borrowings	8,258	16,671
Finance leases	42,603	70,185
	324,627	429,786

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 13) £
At 1 January 2004	112,000
Provided in the year (note 4)	400
At 31 December 2004	112,400

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

13 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below.

	2004 £	2003 £
Accelerated capital allowances	99,000	96,000
Other timing differences	(2,600)	-
Capital gains rolled over	16,000	16,000
	<u>112,400</u>	<u>112,000</u>

14 SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid 308,750 ordinary shares of £1 each	<u>308,750</u>	<u>308,750</u>

15 RESERVES

	Profit and loss account £
At 1 January 2004	1,065,992
Retained profit for the year	<u>280,115</u>
At 31 December 2004	<u>1,346,107</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year and net increase in shareholders' funds	280,115	161,249
Shareholders' funds at 1 January 2004	<u>1,374,742</u>	<u>1,213,493</u>
Shareholders' funds at 31 December 2004	<u>1,654,857</u>	<u>1,374,742</u>

17 CAPITAL COMMITMENTS

The company had capital commitments of £18,892 at 31 December 2004 (2003: £nil).

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

18 CONTINGENT LIABILITIES

Guarantees and performance bonds given by banks to the third parties on behalf of the company amount to £10,000 (2003: £10,000).

19 RETIREMENT BENEFITS

The group contributed to the personal pension schemes of certain employees.

20 LEASING COMMITMENTS

Operating lease payments amounting to £162,119 (2003: £149,845) are due within one year. The leases to which these amounts relate expire as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	7,834	-	-
Between one and five years	-	27,285	-	22,845
In five years or more	127,000	-	127,000	-
	<u>127,000</u>	<u>35,119</u>	<u>127,000</u>	<u>22,845</u>

21 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of Random Factor Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with Random Factor Limited on the grounds that accounts are publicly available from Companies House.

22 CONTROLLING RELATED PARTY

The ultimate parent undertaking of this company is Random Factor Limited.

Random Factor Limited is the company's controlling related party by virtue of its 100% ownership of the company. The ultimate controlling related parties are the board of directors of Random Factor Limited by virtue of their directorships of and majority shareholdings in the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Random Factor Limited. Copies of group accounts can be obtained from Companies House.

LATTICE LABELS LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2004

	2004 £	2004 £	2003 £	2003 £
Turnover		6,744,915		6,557,990
Cost of sales				
Opening stocks	219,105		358,796	
Purchases	3,972,751		3,838,726	
Closing stocks	(153,163)		(219,105)	
		(4,038,693)		(3,978,417)
Gross profit		2,706,222		2,579,573
Selling and distribution costs				
Carriage and transport	241,521		244,929	
Motor	55,206		40,532	
Travelling	3,207		9,115	
Telephone and fax	8,960		12,916	
Advertising	296		2,756	
Bad debts	1,749		127,660	
Commissions	501		738	
		(311,440)		(438,646)
Administrative expenses				
Directors' remuneration	253,950		223,145	
Rent and rates	166,073		165,102	
Insurance	13,687		13,505	
Light and heat	27,309		30,246	
Printing, postage and stationery	16,663		17,195	
Salaries and National Insurance and pensions	1,067,249		1,042,905	
Audit and accountancy	8,263		11,681	
General expenses	33,537		30,663	
Repairs and maintenance	95,912		99,519	
Dies and stereos	96,141		97,193	
Bank charges	3,188		2,759	
Depreciation	198,873		207,720	
Amortisation of negative goodwill	(4,785)		(4,785)	
Legal and professional	16,744		15,067	
Waste disposal	14,785		16,946	
Recruitment/training	787		2,174	
Profit on disposal of fixed assets	4,578		(110)	
Write off of investments	-		-	
		(2,012,954)		(1,970,925)
Operating profit		381,825		170,002

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS