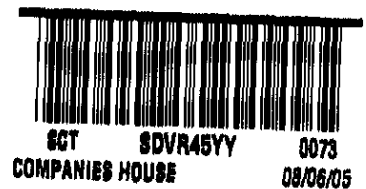


Gilmour and Dean Limited

Directors' report and financial statements

Registered number SC24552

30 November 2004



Directors and advisers

Directors

K Macdonald (Chairman)
RC Anderson
AS Cairns
WB Marnoch
IN McKinlay
AG Rees
BJ Whitehorn

Secretary and registered office

IN McKinlay
24 Clydeholm Road
Clydeside Industrial Estate
Glasgow
G14 0AU

Auditors

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Bankers

Bank of Scotland
Glasgow Chief Office
Gordon Street
Glasgow
G1 3RS

Company number

SC24552

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Directors' report

The directors present their annual report and audited financial statements for the year ended 30 November 2004.

Principal activity

The principal activity of the company is the printing of high quality labels.

Business review

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

An interim dividend of £Nil (2003: £6,708) was paid during the year. The directors propose a final dividend of £nil (2003: £85,644).

Directors and directors' interests

The directors who held office during the year and their interests in the ordinary share capital of the company were as follows:

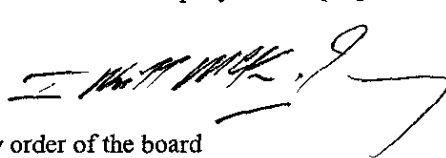
	Ordinary shares of £1 each at beginning and end of year
K Macdonald (Chairman)	2
RC Anderson	-
AS Cairns	-
WB Marnoch	-
IN McKinlay	-
AG Rees	-
BJ Whitehorn	-

The interests of the directors of the company at the end of the year who are also directors of the holding company are shown in the accounts of the holding company, Unicorn Graphics Limited. The interests of other directors in the shares of the holding company are as follows:

	Ordinary shares of £1 each at beginning and end of year
RC Anderson	15,000
AG Rees	5,438
BJ Whitehorn	21,520

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.


By order of the board
IN McKinlay
Secretary

24 Clydeholm Road
Clydeside Industrial Estate
Glasgow G14 0AU

17 March 2005

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 group and of the profit or loss 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

191 West George Street
Glasgow
G2 4QS
United Kingdom

Report of the independent auditor's to the members of Gilmour and Dean Limited

We have audited the financial statements on pages 4 to 14.

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 auditor's 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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 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 as at 30 November 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

29 March 2005

Profit and loss account
for the year ended 30 November 2004

	<i>Note</i>	2004 £	2003 £
Turnover	2	6,322,946	7,040,162
Cost of sales		(4,295,370)	(4,525,617)
Gross profit		2,027,576	2,514,545
Administrative expenses		(1,988,044)	(2,168,168)
Other operating income		7,028	11,206
Operating profit		46,560	357,583
Interest	5	(58,588)	(71,383)
Profit on ordinary activities before taxation	3	(12,028)	286,200
Tax on profit on ordinary activities	6	(11,612)	(89,341)
Profit on ordinary activities after taxation		(23,640)	196,859
Dividends paid and proposed	7	-	(92,352)
Transfer to reserves for the year		(23,640)	104,507

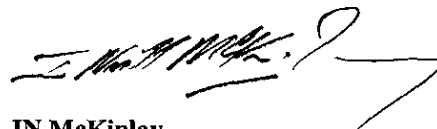
There were no recognised gains or losses other than those disclosed above.

Balance sheet
at 30 November 2004

	Note	£	2004	£	£	2003	£
Fixed assets							
Tangible assets	8		810,409			1,202,170	
Current assets							
Stocks	9	664,326		747,393			
Debtors	10	1,551,463		1,882,450			
Cash at bank and in hand		65,691		86,409			
		2,281,480		2,716,252			
Creditors: amounts falling due within one year	11	(1,359,503)		(1,921,065)			
Net current assets			921,977			795,187	
Total assets less current liabilities			1,732,386			1,997,357	
Creditors: amounts falling due after more than one year	12		(220,833)			(416,164)	
Provisions for liabilities and charges	13		(32,000)			(78,000)	
			1,479,553			1,503,193	
Capital and reserves							
Called up share capital	14	100,000		100,000			
Profit and loss account	16	1,379,553		1,403,193			
Shareholders' funds: equity interests	15		1,479,553			1,503,193	

These financial statements were approved by the board of directors on 17 March 2005 and were signed on its behalf by:


K Macdonald
Director


IN McKinlay
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

Turnover

Turnover represents amounts invoiced to customers, including group companies, excluding value added tax.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less aggregate depreciation. The Company has adopted a policy of revaluation of its land and buildings. Valuations are performed in accordance with Financial Reporting Standard 15: Tangible Fixed Assets.

Depreciation is provided by the company at rates appropriate to write off the cost of individual assets from the time they become operational by equal annual instalments over their estimated useful lives which are principally as follows:

Long leasehold property	-	40 years
Plant, equipment and motor vehicles	-	4 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost which includes an appropriate proportion of attributable overheads. The cost of raw materials and consumables is determined on the 'first in, first out' basis.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases and similar hire purchase contracts

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors.

Notes (continued)

Accounting policies (continued)

Leases and similar hire purchase contracts (continued)

Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Hire purchase contracts are dealt with in a similar manner as finance leases.

Pension costs

The cost of providing pension benefits is charged to the profit and loss account on the basis of contributions due during the period.

2 Turnover

Turnover arises on sales to the United Kingdom and the European Union.

3 Profit on ordinary activities before taxation

	2004 £	2003 £
<i>Profit on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	423,908	431,193
Auditors' remuneration: audit services	6,830	6,660
Operating lease rentals - motor vehicles	50,870	45,989
Profit on sale of fixed assets	(2,382)	(2,382)
Redundancy costs	-	68,110

Notes *(continued)*

4 Employees and directors

	2004 £	2003 £
Staff costs:		
Wages and salaries	2,475,554	2,642,286
Social security costs	250,054	260,016
Other pension costs	83,945	88,474
	<u>2,809,553</u>	<u>2,990,776</u>
Average number of employees split:		
Direct factory staff	66	74
Other administrative staff	40	41
	<u>106</u>	<u>115</u>

Remuneration of directors

	2004 £	2003 £
Emoluments	372,119	405,044
Other benefits	35,552	33,795
	<u>407,671</u>	<u>438,839</u>
Company contribution to pension scheme	22,261	23,141
	<u>429,932</u>	<u>461,980</u>

The emoluments of the highest paid director during the year amounted to £92,223 (2003: £93,863) and company pension contributions of £5,759 (2003: £5,589) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £15,368 (2003: £14,872), in respect of the services of WB Marnoch, to WBM Associates.

Notes (continued)

5 Interest

	2004 £	2003 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	17,538	20,106
Bank loans wholly repayable within ten years	-	1,267
Interest on finance leases and similar HP agreements	41,050	47,907
Group interest on long term loans	-	1,610
Other interest	-	594
<i>Interest receivable</i>		
Bank interest	-	(101)
	<u>58,588</u>	<u>71,383</u>

6 Taxation

	2004 £	2003 £
Corporation tax – current year	57,612	133,552
Corporation tax – prior period	-	13,789
	<u>57,612</u>	<u>147,341</u>
Deferred taxation – adjustments in respect of prior year	-	-
Deferred taxation – current year	(46,000)	(58,000)
	<u>11,612</u>	<u>89,341</u>

The corporation tax assessed for the period is different from the rate of corporation tax applicable to the company.
The differences are explained below:

	£	£
(Loss)/profit on ordinary activities before tax	(12,028)	286,200
(Loss)/profit on ordinary activities multiplied by the corporation tax rate of 19% (2003: 19%)	(2,285)	54,378
Effects of:		
Marginal rate of tax on small company relief	12,223	44,105
Capital allowances shortfall over depreciation	47,182	34,175
Movement in general provisions	-	(1,559)
Expenses potentially not allowable for tax	2,092	2,273
Under provision in previous period	-	13,789
Other	(1,600)	180
Corporation tax charge	<u>57,612</u>	<u>147,341</u>

Notes (continued)

7 Dividends

	2004 £	2003 £
Interim paid	-	6,708
Final proposed	-	85,644
Total dividend	-	92,352

8 Tangible assets

	Plant and equipment £	Other equipment £	Vehicles £	Total £
Cost or valuation				
At beginning of year	3,736,171	305,641	110,249	4,152,061
Additions	13,913	20,652	-	34,565
Disposals	(37,481)	(1,729)	(18,707)	(57,917)
At end of year	3,712,603	324,564	91,542	4,128,709
Depreciation				
At beginning of year	2,686,717	204,046	59,128	2,949,891
Disposals	(35,244)	(1,548)	(18,707)	(55,499)
Charge for year	348,177	50,043	25,688	423,908
At end of year	2,999,650	252,541	66,109	3,318,300
Net book value				
At 30 November 2004	712,953	72,023	25,433	810,409
At 30 November 2003	1,049,454	101,595	51,121	1,202,170

Included in the net book value of vehicles is £7,077 (2003: £27,212) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £5,661 (2003: £11,864).

Included within the net book value of plant and machinery is £509,902 (2003: £776,554) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £266,642 (2003: £256,838).

Included within the net book value of other equipment is £nil (2003: £12,629) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £nil (2003: £8,419).

Notes *(continued)*

9 Stocks

	2004 £	2003 £
Raw materials	98,331	121,000
Work in progress	106,601	145,776
Finished goods	459,394	480,617
	<u>664,326</u>	<u>747,393</u>

10 Debtors

	2004 £	2003 £
Trade debtors	1,022,593	1,344,658
Other debtors	2,075	7,638
Prepayments and accrued income	88,908	92,069
Amounts owed by parent undertaking	437,887	438,085
	<u>1,551,463</u>	<u>1,882,450</u>

11 Creditors: amounts due within one year

	2004 £	2003 £
Amount owed to parent company	-	2,502
Bank overdraft	133,543	186,687
Invoice discounting	-	499
Trade creditors	517,799	734,797
Finance leases and similar hire purchase contracts	195,548	248,579
Social security and other taxation	286,639	300,061
Other creditors	6,158	7,394
Accruals	162,204	221,350
Corporation tax	57,612	133,552
Dividend proposed	-	85,644
	<u>1,359,503</u>	<u>1,921,065</u>

The bank loan, invoice discounting facility and overdraft is secured by a Standard Security over the land and buildings at 24 Clydeholm Road, Glasgow and a Bond and Floating Charge over the assets of the company and its parent undertaking. Interest is charged on the loan at 2% over the bank's base rate.

Notes *(continued)*

12 Creditors: amounts due after more than one year

	2004 £	2003 £
Finance leases and similar hire purchase contracts	220,833	416,164

The maturity of net obligations under finance leases and similar hire purchase contracts is as follows:

	2004 £	2003 £
Within one year	195,548	248,579
In the second to fifth years	220,833	416,164
	<u>416,381</u>	<u>664,743</u>

Amounts due under finance leases and similar hire purchase contracts are secured on certain vehicles and plant and equipment.

13 Provisions for liabilities and charges

Deferred tax

Deferred taxation at 19% (2003: 19%) is as follows:

	£
Balance at 30 November 2003	78,000
Movement in year	(46,000)
Balance at 30 November 2004	<u>32,000</u>

The main components of deferred tax at 19% (2003: 19%) are:

	2004 £	2003 £
Accelerated capital allowances	36,000	82,000
Other	(4,000)	(4,000)
	<u>32,000</u>	<u>78,000</u>

Notes *(continued)*

14 Called up share capital

	2004 £	2003 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
(Loss)/profit for the financial year	(23,640)	196,859
Dividends	-	(92,352)
Revaluation of land and buildings	-	-
Net (decrease)/increase in shareholders' funds	(23,640)	104,507
Opening shareholders' funds	1,503,193	1,398,686
Closing shareholders' funds	1,479,553	1,503,193

16 Reserves

	Called up share capital £	Profit and loss account £	Total £
Opening balance	100,000	1,403,193	1,503,193
Retained profit for financial year	-	(23,640)	(23,640)
Closing balance	100,000	1,379,553	1,479,553

17 Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £54,824 (2003: £88,474). There were no contributions payable (2003: £Nil) to the fund at the year end.

Notes (continued)

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004 £	2003 £
Other operating leases which expire:		
Within one year	6,568	7,466
In the second to fifth years inclusive	39,189	38,500
	<u>45,757</u>	<u>45,966</u>

19 Ultimate parent company

The ultimate parent undertaking at the balance sheet date was Unicorn Graphics Limited, a company registered in Scotland. Copies of group accounts can be obtained by writing to:

The Secretary
 Unicorn Graphics Limited
 24 Clydeholm Road
 Clydeside Industrial Estate
 Glasgow
 G14 0AU

20 Cash flow statement

The company is exempt under Financial Reporting Standard (FRS 1) from preparing a cash flow statement as it is a wholly owned subsidiary of a company which prepares a cashflow.

21 Contingencies

Letters of guarantee exist between Gilmour & Dean Limited and its holding company Unicorn Graphics Limited in respect of bank and other borrowings of £675,607 (2003: £769,445).