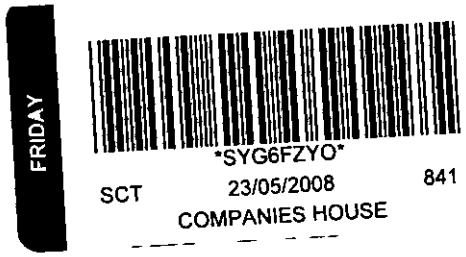
Gilmour and Dean Limited

Directors' report and financial statements
Registered number SC24552
30 November 2007



Directors and advisers

Directors

AJ Stewart (Chairman)
AS Cairns
AG Rees
BJ Whitehorn

Secretary and registered office

AP Barr
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 2007

Principal activity

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

Business review

The Financial Year to November 2007 proved to be one of frustration with the Scotch Whisky market being particularly buoyant when at the outset of the year major customers had identified areas of reduced demand resulting in the company reducing its available capacity This inevitably brought its pressures and attendant costs

Phasing of business throughout the year also proved to be different from previous financial periods The business however experienced a significant increase in demand for its products with volume growth of 8 4% but continued to see significant pressures on prices resulting in Turnover declining by 3% on the previous year

During the year we installed new printing and finishing equipment The printing press was required to improve reliability and service on older equipment and this has been referred to in previous reviews The Press represents the latest in printing technology essential to meet the exacting productivity, service and quality requirements of our customers

As already indicated considerable downward pressures on price exists in the market which has become truly globally competitive The business therefore requires year on year to create the ability to produce additional volume Consequently we continue to focus on efficiency gains, unit cost reduction, technical innovation and continued investment in state of the art technology

Key areas of strategic development continue in the areas of Sales and Manufacturing with continued emphasis on building ever closer customer relationships through ongoing technical innovation and support Ongoing investment and process improvements continue in the Manufacturing environment

Looking forward our strategic plan involves expansion of capacity through further investment and process improvement creating improved service levels and the ability to attract business from other print sectors Our core market of Scotch Whisky labelling will continue to grow in the foreseeable future and growth in this market will be critical to the company's ongoing development

2008 will therefore inevitably offer new challenges to the business as it continues to grow in its core market of Scotch Whisky whilst at the same time identifying other areas of print into which to diversify

For a company of our size we continue to be very proud of our business accreditations – ISO 9001 2000 (Quality Management System), ISO 14001 (Environmental Standard) and Investors In People The company continues to place considerable emphasis on all aspects of regulatory compliance, protecting the environment, training and development and providing a safe place of work for all employees Business continuity also continues to be an area of focus important to the company and its major customers in today's demanding business environment
Modern effective business controls are therefore in place within the business giving customers and shareholders alike the assurances and confidence they require

Similarly the company recognises the importance of key financial performance indicators and constantly monitors various ratios Amongst these are

Measure	**2007**	2006
Turnover/employee	**£74 4k**	£67 9k
Stock turnover	**5 6**	7 3
Average trade debt ratio	**54 days**	39 days
Current ratio	**1 28**	1 49
Return on capital	**0 2%**	(8 0%)

Directors' report *(continued)*

Business review (continued)

Despite the Company recording a loss noted in the financial statements, the Group overall managed to produce a profit for the 6th consecutive year – a commendable result in a market that continues to be very tough and challenging

It is a credit to all the employees and Directors and thanks are due to them for all their considerable efforts and achievements, and to our customers and suppliers for their continued support

Directors

The directors who held office during the year were as follows

AJ Stewart	(Chairman)
IN McKinlay	(retired 28 November 2007)
AS Cairns	
AG Rees	
BJ Whitehorn	

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

AP Barr
Secretary

24 Clydeholm Road
Clydeside Industrial Estate
Glasgow G14 0AU

24 April 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 company and to prevent and detect fraud and other irregularities

KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditors' report to the members of Gilmour and Dean Limited

We have audited the financial statements of Gilmour and Dean Limited for the year ended 30 November 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider 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 International Standards on Auditing (UK and Ireland) 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 judgments 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

Independent auditors' report to the members of Gilmour and Dean Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 April 2008

Profit and loss account

for the year ended 30 November 2007

	Note	2007 £	2006 £
Turnover	2	**6,977,264**	7,195,876
Cost of sales		**(5,349,951)**	(5,444,936)
Gross profit		**1,627,313**	1,750,940
Administrative expenses		**(1,887,122)**	(1,831,959)
Operating (loss)/profit		**(259,809)**	81,019
Profit on disposal of fixed assets		**354,794**	5,585
Interest	5	**(107,059)**	(31,168)
Profit/(loss) on ordinary activities before taxation	3	**(12,074)**	(106,602)
Tax (charge)/credit on (profit)/loss on ordinary activities	6	**(38,872)**	15,017
Loss on ordinary activities after taxation		**(50,946)**	(91,585)

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

Balance sheet
at 30 November 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	7		**1,363,640**		372,792
Current assets					
Stocks	8	**1,258,511**		985,125	
Debtors	9	**1,479,855**		1,767,232	
Cash at bank and in hand		**7,708**		153,936	
		2,746,074		2,906,293	
Creditors amounts falling due within one year	10	**(2,178,251)**		(1,953,611)	
Net current assets			**567,823**		952,682
Total assets less current liabilities			**1,931,463**		1,325,474
Creditors amounts falling due after more than one year	11		**(640,863)**		
Provision for liabilities and charges	12		**(16,072)**		
			1,274,528		1,325,474
Capital and reserves					
Called up share capital	13		**100,000**		100,000
Profit and loss account	15		**1,174,528**		1,225,474
Shareholders' funds equity interests	14		**1,274,528**		1,325,474

These financial statements were approved by the board of directors on 24 April 2008 and were signed on its behalf by

AS Cairns
Director

AGRees/BJ Whitehorn
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

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

Notes *(continued)*

2 Turnover

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

3 Profit/(loss) on ordinary activities before taxation

	2007 £	2006 £
Profit/(loss) on ordinary activities is stated after charging/(crediting)		
Depreciation	**271,492**	271,707
Auditors' remuneration audit services	**7,195**	6,995
Operating lease rentals motor vehicles	**50,694**	55,609
Profit on sale of fixed assets	**(354,794)**	(5,585)

4 Employees and directors

	2007 £	2006 £
Staff costs		
Wages and salaries	**2,630,175**	2,677,660
Social security costs	**263,720**	267,364
Other pension costs	**97,904**	81,410
	2,991,799	3,026,434
Average number of employees split		
Direct factory staff	**62**	70
Other administrative staff	**32**	36
	94	106

Remuneration of directors

	2007 £	2006 £
Emoluments	**280,387**	262,803
Other benefits	**20,934**	20,370
	301,321	283,173
Company contribution to pension scheme	**38,899**	17,162
	340,220	300,335

The emoluments of the highest paid director during the year amounted to £90,157 *(2006 £77,018)* and company pension contributions of £27,200 *(2006 £5,746)* were made to a pension scheme on his behalf

In addition to the foregoing the group paid a management fee of £24,000 *(2006 £24,000),* in respect of the services of Alan Stewart and Hazliebrae Partnership LLB respectively

Notes *(continued)*

5 Interest

	2007 £	2006 £
Interest payable		
Bank overdraft and other loans wholly repayable within five years	**52,360**	21,439
Interest on finance leases and similar HP agreements	**54,761**	9,762
Interest receivable		
Bank interest	**(62)**	(33)
	107,059	31,168

6 Taxation

	2007 £	2006 £
Corporation tax – current year		5,765
– prior year	**573**	3,591
	573	9,356
Deferred taxation – current year	**(39,445)**	(23,621)
– prior year		(752)
	(39,445)	(24,373)
	(38,872)	(15,017)

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 on ordinary activities before tax	**(12,074)**	(106,602)
Loss on ordinary activities multiplied by the corporation tax rate of 19% (2006 19%)	**2,294**	(20,254)
Effects of		
Capital allowances (over)/under depreciation	**(39,445)**	23,621
Expenses potentially not allowable for tax	**10,797**	2,035
Adjustment in respect of prior periods	**573**	3,591
Other	**(3,227)**	363
Group relief surrendered for no consideration	**29,581**	
Corporation tax charge	**573**	9,356

Notes *(continued)*

7 Tangible assets

	Plant and equipment £	Other equipment £	Vehicles £	Capital work in progress £	Total £
Cost or valuation					
At beginning of year	3,770,530	330,265	50,600	11,250	4,162,645
Additions	1,288,030	38,116			1,326,146
Disposals	(1,407,119)				(1,407,119)
Transfers		11,250		(11,250)	
At end of year	3,651,441	379,631	50,600		4,081,672
Depreciation					
At beginning of year	3,486,836	279,411	23,606		3,789,853
Disposals	(1,343,313)				(1,343,313)
Charge for year	232,063	29,713	9,716		271,492
At end of year	2,375,586	309,124	33,322		2,718,032
Net book value					
At 30 November 2007	**1,275,855**	**70,507**	**17,278**		**1,363,640**
At 30 November 2006	283,694	50,854	26,994	11,250	372,792

Included in the net book value of vehicles is £Nil *(2006 £nil)* relating to assets held under finance leases and similar hire purchase agreements The depreciation charge for the year on these assets was £Nil *(2006 £nil)*

Included within the net book value of plant and machinery is £1,132,927*(2006 £33,788)* relating to assets held under finance leases and similar hire purchase agreements The depreciation charge for the year on these assets was £114,269 *(2006 £57,923)*

8 Stocks

	2007 £	2006 £
Raw materials	**212,101**	133,580
Work in progress	**202,776**	363,142
Finished goods	**843,634**	488,403
	1,258,511	985,125

Notes *(continued)*

9 Debtors

	2007 £	2006 £
Trade debtors	**1,019,944**	1,209,193
Other debtors	**12,155**	12,433
Prepayments and accrued income	**47,304**	71,637
Amounts owed by parent undertaking	**400,452**	450,596
Deferred tax asset (note 12)		23,373
	1,479,855	1,767,232

10 Creditors amounts due within one year

	2007 £	2006 £
Bank overdraft	**948,682**	541,033
Trade creditors	**717,986**	838,802
Finance leases and similar hire purchase contracts	**126,072**	70,116
Social security and other taxation	**209,822**	296,449
Other creditors	**1,603**	31,766
Accruals	**174,086**	169,680
Corporation tax		5,765
	2,178,251	1,953,611

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 1 5% over the bank's base rate

11 Creditors. amounts due after more than one year

	2007 £	2006 £
Finance leases and similar hire purchase contracts	**640,863**	

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

	2007 £	2006 £
Within one year	**126,072**	70,116
In the second to fifth years	**640,863**	
	766,935	70,116

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

Notes *(continued)*

12 Deferred tax

Deferred taxation asset/(provision) at 22% *(2006 19%)* is as follows

	£
Balance at 30 November 2006 – asset	23,373
Charge in the year	(39,445)
Balance at 30 November 2007 provision	**(16,072)**

The main components of deferred tax at 22% *(2006 19%)* are

	2007 £	2006 £
Capital allowances different from depreciation	**(106,498)**	(18,415)
Losses carried forward	**85,571**	
Other timing differences	**4,855**	(4,958)
	(16,072)	(23,373)

13 Called up share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	**100,000**	100,000

14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	**(50,946)**	(91,585)
Opening shareholders' funds	**1,325,474**	1,417,059
Closing shareholders' funds	**1,274,528**	1,325,474

Notes *(continued)*

15 Reserves

	Called up share capital £	Profit and loss account £	Total £
Opening balance	100,000	1,225,474	1,325,474
Retained profit for financial year		(50,946)	(50,946)
Closing balance	**100,000**	**1,174,528**	**1,274,528**

16 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 £42,371 *(2006 £50,300)* There were no contributions payable *(2006 £Nil)* to the fund at the year end

17 Commitments

Annual commitments under non cancellable operating leases are as follows

	2007 £	2006 £
Other operating leases which expire		
Within one year	9,382	11,310
In the second to fifth years inclusive	26,079	35,378
	35,461	46,688

Capital commitments at the end of the financial year for which no provision has been made, are as follows

	Year ended 30 November 2007 £	Year ended 30 November 2006 £
Contracted for		1,236,500

Notes *(continued)*

18 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

19 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

20 Contingencies

Letters of guarantee exist between Gilmour & Dean Limited and its holding company Unicorn Graphics Limited in respect of bank and other borrowings of £369,199 *(2006 £471,278)*