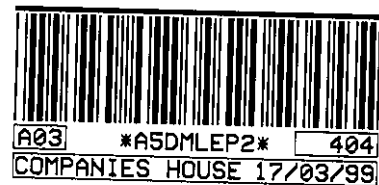


ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1998

FOR

B.S. LABELS LIMITED



*Please sign
People
2-6*

INDEX TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1998

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B.S. LABELS LIMITED

COMPANY INFORMATION
for the Year Ended 31 May 1998

DIRECTORS: Tony Michael Pickering
Michael Robert Pickering
Barbara Helen Pickering

SECRETARY: Barbara Helen Pickering

REGISTERED OFFICE: Units 1 and 2
Wood Street
Earl Shilton
Leicester
LE9 7NE

REGISTERED NUMBER: 1756520

AUDITORS: Lester & Co.
Chartered Accountants
Registered Auditors
25 Station Road
Hinckley
Leicestershire
LE10 1AP

B.S. LABELS LIMITED

REPORT OF THE DIRECTORS **for the Year Ended 31 May 1998**

The directors present their report with the financial statements of the company for the year ended 31 May 1998.

CHANGE OF NAME

The company passed a special resolution on 30 April 1998 changing its name from Barwell Studio Limited to B.S. Labels Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of printers and label manufacturers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

An interim dividend of £1,000 per share was paid on 30 January 1998. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 May 1998 will be £200,000.

DIRECTORS

The directors during the year under review were:

Tony Michael Pickering
Michael Robert Pickering
Barbara Helen Pickering

- appointed 1.8.97

The beneficial interests of the directors holding office on 31 May 1998 in the issued share capital of the company were as follows:

	31.5.98	1.6.97 or date of appointment if later
Ordinary £1 shares		
Tony Michael Pickering	199	199
Michael Robert Pickering	1	1
Barbara Helen Pickering	-	-

B.S. LABELS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 May 1998

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 of the company for that period. In preparing those financial statements, the directors are required to

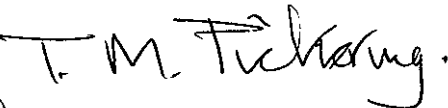
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 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.

AUDITORS

The auditors, Lester & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Tony Michael Pickering - DIRECTOR

Dated: 11 September 1998

B.S. LABELS LIMITED

REPORT OF THE AUDITORS TO

B.S. LABELS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages five to sixteen, together with the full financial statements of the company for the year ended 31 May 1998 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages five to sixteen are properly prepared in accordance with that provision.



Lester & Co.
Chartered Accountants
Registered Auditors
25 Station Road
Hinckley
Leicestershire
LE10 1AP

Dated: 15 September 1998

B.S. LABELS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****for the Year Ended 31 May 1998**

	Notes	31.5.98		31.5.97	
		£	£	£	£
GROSS PROFIT			1,025,465		861,895
Distribution costs		154,686		142,931	
Administrative expenses		606,528		554,604	
			761,214		697,535
OPERATING PROFIT	3		264,251		164,360
Interest receivable and similar income	4		18,960		17,359
			283,211		181,719
Interest payable and similar charges	5		12,694		11,353
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			270,517		170,366
Tax on profit on ordinary activities	6		54,179		28,785
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			216,338		141,581
Dividends	7		200,000		-
			16,338		141,581
Retained profit brought forward			962,660		821,079
RETAINED PROFIT CARRIED FORWARD			£978,998		£962,660

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

B.S. LABELS LIMITED**ABBREVIATED BALANCE SHEET****31 May 1998**

		31.5.98		31.5.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		819,152		898,149
CURRENT ASSETS:					
Stocks	9	336,502		477,274	
Debtors	10	578,459		752,428	
Investments	11	186,363		102	
Cash at bank and in hand		1,443		584	
		<u>1,102,767</u>		<u>1,230,388</u>	
CREDITORS: Amounts falling due within one year	12	580,218		745,784	
		<u></u>		<u></u>	
NET CURRENT ASSETS:			522,549		484,604
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,341,701		1,382,753
CREDITORS: Amounts falling due after more than one year	13		(321,352)		(381,352)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		(41,151)		(38,541)
			<u>£979,198</u>		<u>£962,860</u>
CAPITAL AND RESERVES:					
Called up share capital	17		200		200
Profit and loss account			978,998		962,660
			<u></u>		<u></u>
Shareholders' funds	19		£979,198		£962,860

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:

Tony Michael Pickering - DIRECTOR

Approved by the Board on 11 September 1998

The notes form part of these financial statements

B.S. LABELS LIMITED**CASH FLOW STATEMENT**
for the Year Ended 31 May 1998

	Notes	31.5.98		31.5.97	
		£	£	£	£
Net cash inflow from operating activities	1		669,571		110,876
Returns on investments and servicing of finance	2		5,384		4,932
Taxation			(81,045)		(16,136)
Capital expenditure and financial investment	2		(213,133)		(362,310)
Equity dividends paid			(200,000)		-
			<u>180,777</u>		<u>(262,638)</u>
Financing	2		(60,000)		265,000
Increase in cash in the period			<u>£120,777</u>		<u>£2,362</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			120,777		2,362
Cash outflow/(inflow) from increase/(decrease) in liquid resources			<u>186,261</u>		<u>(238)</u>
Change in net debt resulting from cash flows			<u>307,038</u>		<u>2,124</u>
Movement in net debt in the period			307,038		2,124
Net debt at 1 June 1997			<u>(119,232)</u>		<u>(121,356)</u>
Net funds/(debt) at 31 May 1998			<u>£187,806</u>		<u>£(119,232)</u>

The notes form part of these financial statements

B.S. LABELS LIMITED**NOTES TO THE CASH FLOW STATEMENT**
for the Year Ended 31 May 1998**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.5.98 £	31.5.97 £
Operating profit	264,251	164,360
Depreciation charges	117,026	126,085
Loss on sale of fixed assets	7,855	13,222
Decrease/(Increase) in stocks	140,772	(53,510)
Decrease/(Increase) in debtors	175,698	(120,092)
Decrease in creditors	(36,031)	(19,189)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>669,571</u>	<u>110,876</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.5.98 £	31.5.97 £
Returns on investments and servicing of finance		
Interest received	18,117	17,303
Interest paid	(12,733)	(12,371)
	<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance	<u>5,384</u>	<u>4,932</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(35,273)	(398,127)
Invested on bank deposit	(186,260)	-
Sale of tangible fixed assets	8,400	35,579
Withdrawn from bank deposit	-	238
	<hr/>	<hr/>
Net cash outflow for capital expenditure	<u>(213,133)</u>	<u>(362,310)</u>

The notes form part of these financial statements

B.S. LABELS LIMITED**NOTES TO THE CASH FLOW STATEMENT**
for the Year Ended 31 May 1998**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**
- continued

	31.5.98 £	31.5.97 £
Financing		
New loan taken out in year	-	300,000
Loan repayments in year	(60,000)	(35,000)
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(60,000)	265,000
	<hr/>	<hr/>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.6.97 £	Cash flow £	At 31.5.98 £
Net cash:			
Cash at bank and in hand	584	859	1,443
Bank overdraft	(119,918)	119,918	-
	<hr/>	<hr/>	<hr/>
	(119,334)	120,777	1,443
	<hr/>	<hr/>	<hr/>
Liquid resources:			
Current asset investments	102	186,261	186,363
	<hr/>	<hr/>	<hr/>
	102	186,261	186,363
	<hr/>	<hr/>	<hr/>
Total	(119,232)	307,038	187,806
	<hr/>	<hr/>	<hr/>

Analysed in Balance Sheet

Cash at bank and in hand	584	1,443
Current asset investments	102	186,363
Bank overdraft	(119,918)	-
	<hr/>	<hr/>
	(119,232)	187,806
	<hr/>	<hr/>

The notes form part of these financial statements

B.S. LABELS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS **for the Year Ended 31 May 1998**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and equipment	- 10% on reducing balance and 20% on cost
Fixtures and fittings	- 10% and 33% on reducing balance
Motor vehicles	- 20% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.5.98	31.5.97
	£	£
Wages and salaries	631,869	600,202
Social security costs	55,805	53,324
Other pension costs	45,496	45,376
	<hr/>	<hr/>
	733,170	698,902
	<hr/>	<hr/>

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

	31.5.98	31.5.97
Manufacturing	33	33
Office and administration	16	14
Sales	1	2
	<hr/>	<hr/>
	50	49
	<hr/>	<hr/>

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**3. OPERATING PROFIT**

The operating profit is stated after charging:

	31.5.98	31.5.97
	£	£
Vehicle leasing charges	14,297	-
Depreciation - owned assets	117,026	126,085
Loss on disposal of fixed assets	7,855	13,222
Auditors' remuneration	2,400	2,375
	<u> </u>	<u> </u>
Directors' emoluments	107,907	65,461
Directors' pension contributions to money purchase schemes	45,496	45,376
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	2
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.5.98	31.5.97
	£	£
Rents received	5,744	17,297
Bank interest	13,216	62
	<u> </u>	<u> </u>
	18,960	17,359
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.5.98	31.5.97
	£	£
Bank interest	-	3,960
Bank loan interest	12,694	7,393
	<u> </u>	<u> </u>
	12,694	11,353
	<u> </u>	<u> </u>

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**6. TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.5.98	31.5.97
	£	£
UK Corporation Tax	51,569	31,046
Corporation tax overprovision	-	(14)
Deferred taxation	2,610	(2,247)
	<u>54,179</u>	<u>28,785</u>

UK Corporation Tax has been charged at 21% (1997 - 23.83%).

7. DIVIDENDS

	31.5.98	31.5.97
	£	£
Equity shares:		
Paid during the year	<u>200,000</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Plant and equipment	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 June 1997	1,211,748	204,624	88,208	1,504,580
Additions	29,748	4,018	20,519	54,285
Disposals	(300)	(80,155)	(33,538)	(113,993)
At 31 May 1998	<u>1,241,196</u>	<u>128,487</u>	<u>75,189</u>	<u>1,444,872</u>
DEPRECIATION:				
At 1 June 1997	457,660	112,212	36,560	606,432
Charge for year	84,011	21,675	11,340	117,026
Eliminated on disposals	-	(79,655)	(18,083)	(97,738)
At 31 May 1998	<u>541,671</u>	<u>54,232</u>	<u>29,817</u>	<u>625,720</u>
NET BOOK VALUE:				
At 31 May 1998	<u>699,525</u>	<u>74,255</u>	<u>45,372</u>	<u>819,152</u>
At 31 May 1997	<u>754,088</u>	<u>92,413</u>	<u>51,648</u>	<u>898,149</u>

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**9. STOCKS**

	31.5.98	31.5.97
	£	£
Raw materials and sundry stock	336,502	477,274

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.5.98	31.5.97
	£	£
Trade debtors	540,452	723,088
Others	37,121	29,340
Taxation	886	-
	578,459	752,428

11. CURRENT ASSET INVESTMENTS

	31.5.98	31.5.97
	£	£
Rotastock Label Service Ltd	100	100
Midland Bank plc	186,263	2
	186,363	102

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.5.98	31.5.97
	£	£
Bank loans and overdrafts (see note 14)	60,000	179,918
Trade creditors	494,773	508,440
Directors' loan accounts	162	162
Other taxes & social security	16,785	16,641
Taxation	2,456	31,046
Other creditors	6,042	9,577
	580,218	745,784

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.5.98 £	31.5.97 £
Bank loans (see note 14)	145,000	205,000
Loan account: subsidiary	176,352	176,352
	<u>321,352</u>	<u>381,352</u>

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.5.98 £	31.5.97 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	119,918
Bank loans	60,000	60,000
	<u>60,000</u>	<u>179,918</u>

Amounts falling due between one and two years:

Bank loans	<u>60,000</u>	<u>60,000</u>
------------	---------------	---------------

Amounts falling due between two and five years:

Bank loans	<u>85,000</u>	<u>145,000</u>
------------	---------------	----------------

15. SECURED DEBTS

The following secured debts are included within creditors:

	31.5.98 £	31.5.97 £
Bank overdrafts	-	119,918
Bank loans	205,000	265,000
	<u>205,000</u>	<u>384,918</u>

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	31.5.98	31.5.97
	£	£
Deferred taxation	41,151	38,541
	<u> </u>	<u> </u>
	Deferred taxation	
	£	
Balance at 1 June 1997	38,541	
Accelerated capital allowances	2,610	
	<u> </u>	
Balance at 31 May 1998	41,151	
	<u> </u>	

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	31.5.98	31.5.97	31.5.98	31.5.97
	£	£	£	£
Accelerated capital allowances	41,151	38,541	41,203	38,444
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.5.98	31.5.97
			£	£
1,000	Ordinary	£1	1,000	1,000
			<u> </u>	<u> </u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.5.98	31.5.97
			£	£
200	Ordinary	£1	200	200
			<u> </u>	<u> </u>

18. TRANSACTIONS WITH DIRECTORS

During the year the company made pension contributions of £45,496 (1997 - £45,376) to a scheme in which the directors are beneficiaries.

Rent is payable to the pension scheme for the property occupied by the company. During the year £43,500 was charged to the Profit and Loss Account (1997 - £49,833).

B.S. LABELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
for the Year Ended 31 May 1998**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.5.98	31.5.97
	£	£
Profit for the financial year	216,338	141,581
Dividends	(200,000)	-
	<hr/>	<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS	16,338	141,581
Opening shareholders' funds	962,860	821,279
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	979,198	962,860
	<hr/>	<hr/>
Equity interests	979,198	962,860
	<hr/>	<hr/>

20. INVESTMENT IN SUBSIDIARY

In 1986 the Company acquired the business and assets of Rotastock Label Service Limited at net asset value. The consideration for this acquisition is shown as a "creditor due in more than one year" on the balance sheet. The entire share capital of the Company was acquired by the exchange of shares in Barwell Studio Limited on a one for one basis. The value of this holding reflects the assets of Rotastock Label Service Limited. Since 1986 Rotastock Label Service Limited has been dormant. It is not considered meaningful that consolidated financial statements be prepared.