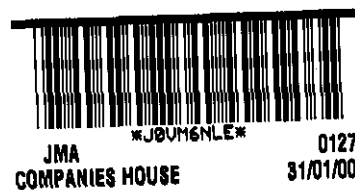


SCAPA TAPES UK LTD

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

31 MARCH 1999

COMPANY NUMBER: 3261510



SCAPA TAPES UK LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS

K Butler (Appointed 12 October 1998)
I Cooper
A C Wallwork
J P Irwin (Appointed 1 April 1999)
M C Jackson (Appointed 30 March 1999)

SECRETARY

M C Jackson

REGISTERED OFFICE

Humphrys Road
Woodside Industrial Estate
Dunstable
Beds
LU5 4TP

AUDITORS

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley St
Manchester
M2 3PW

BANKERS

Midland Bank plc
60 Church Street
Blackburn
Lancashire
BB1 5AS

SOLICITORS

Forbes Wheeler
Third Floor
Crown House
151 High Road
Loughton
Essex
IG10 4LG

SCAPA TAPES UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

FINANCIAL STATEMENTS

The directors present their report and audited financial statements for the year ended 31 March 1999.

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the company as at the end of the accounting period 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; 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 ensuring that proper accounting records are kept 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 taking reasonable steps to safeguard the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the manufacture of adhesive foams, sealants and specialist tapes.

The directors are content with the progress of the company during the period however, whilst further benefits are expected to accrue from a strategic review of the business which is currently underway, concerns remain with regard to currency factors and Far East markets.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounted to £1,803,036 (fifteen month period ended 31 March 1998 – loss of £24,387).

The directors recommend that no dividend be paid.

SCAPA TAPES UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

POST BALANCE SHEET EVENT - ACQUISITION

On 1 April 1999 the company acquired the business and net assets of Scapa Tapes plc, a fellow subsidiary of Scapa Group plc.

RESEARCH & DEVELOPMENT

Investment in research and development is a prime consideration of the company and is focused on areas of potential growth where commercial relevance and future profitability are considered vital. The company's continuing success depends ultimately on its ability to develop and improve both the manufacture and performance of existing products and to invent new ones for both existing and new business. The company spent £200,167 on research and development during the year (fifteen month period to 31 March 1998 - £238,754).

FUTURE DEVELOPMENTS

The directors intend to continue the management policies of innovation and development.

DIRECTORS

The directors during the year and to the date of this report were as follows:

K Butler (appointed 12 October 1998)
I Cooper
A C Wallwork
J P Irwin (appointed 1 April 1999)
M C Jackson (appointed 30 March 1999)

DIRECTORS' INTERESTS IN SHARES

The directors who held office at 31 March 1999, had the following interests in the shares of the ultimate parent company on their appointment as directors of the company and at the end of the financial period:

	£1 ordinary shares fully paid		Options to acquire £1 ordinary shares	
	31 March 1999	31 March 1998	31 March 1999	31 March 1998
I Cooper	2,987	-	37,287	42,078
A C Wallwork	-	-	33,571	15,000
K Butler	9,550	9,550	58,087	47,906
J P Irwin	-	-	19,311	11,740

Details of the Long Term Incentive Plan and the Executives Share Option Plan are provided in the accounts of the ultimate parent company, Scapa Group plc.

SCAPA TAPES UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Initial and Performance Awards of shares under the Scapa Group plc Long Term Incentive Plan which have been confirmed to date to the director listed below, are as follows:

Director	Initial 1995/96	Initial 1996/7	Performance 1997/8	TOTAL	Value at 31 March 99
I Cooper	Nil	4,444	Nil	4,444	5,177

These shares remain under the control of the Remuneration Committee and cannot be released without its prior consent.

During the year the following share options were granted or exercised:

	Executive		SAYE	
	Granted	Exercised	Granted	Exercised
A C Wallwork	10,000	-	8,571	-
K Butler	10,000	-	1,714	-
J P Irwin	5,000	-	2,571	-

At no time in the year have there been any contracts or arrangements of significance entered into by the company in which a director has a significant interest.

SCAPA TAPES UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

PAYMENT OF CREDITORS

The company sets its terms of payment in accordance with its conditions of order. All suppliers fulfilling these conditions of order will be paid in accordance with the terms of payment agreed. Other suppliers will be paid in accordance with contractual terms as agreed from time to time in the absence of a formal order. The average days' supplier payment at the year end was 39 days (31 March 1998 – 35 days).

EMPLOYEES AND EMPLOYMENT POLICIES

Information concerning employees and their remuneration is given in Note 17.

It is company policy to ensure that employees are aware of their individual roles and responsibilities and are informed about the trading performance and progress of the company.

The company recognises the essential contribution made by its employees and by encouraging progressive involvement and full use of individual skills promotes the fulfilment of their potential in improving their own and corporate performance.

Complementing these arrangements designed for specific purposes are the established institutions such as team briefings and permanent consultative committees. Prominent amongst the latter are the health and safety committees, monitoring work-place procedures and practices, providing safety awareness, and contributing to effective responses to the growing body of health and safety legislation.

It is company policy that the disabled continue to receive consideration for employment equal to that given to the able-bodied, taking account of their particular abilities and job requirements. Every possible effort is made to maintain continuity of employment for existing employees who become disabled.

YEAR 2000

The company's year 2000 programme to assess and address the impact on the company's business is continuing. The programme began in 1997 and many of the systems are already year 2000 compliant. On the outstanding projects, appropriate resources have been allocated and regular reports on progress are made to the directors. Costs associated with adopting corrective measures are estimated not to be material.

Given the complexity of the problem, it is not possible for any organisation to be absolutely confident of full year 2000 compliance. Any significant non-compliance on the part of the company or its suppliers could potentially have a material adverse impact on the company's operations and financial position.

No external review of the company's year 2000 compliance has been carried out, but the directors believe that an acceptable state of readiness will be achieved with all material tasks completed in time.

SCAPA TAPES UK LTD

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999
(CONTINUED)**

AUDITORS

Following the merger of Price Waterhouse with Coopers & Lybrand on 1 July 1998, a resolution to re-appoint the successor firm, PricewaterhouseCoopers, who were appointed by the Board during the period as auditors, will be submitted to the Annual General Meeting.

This report was approved by the Board on 18 June 1999.

A handwritten signature in black ink, appearing to be 'K Butler', written over a horizontal line.

K BUTLER
Director

REPORT OF THE AUDITORS TO THE MEMBERS OF SCAPA TAPES UK LTD

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 1 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 affairs of the company as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
Manchester

18 June 1999

SCAPA TAPES UK LTD**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999**

	Year ended 31 March 1999 £	Fifteen month period ended 31 March 1998 £
TURNOVER (Note 2)	<u>24,549,566</u>	<u>34,614,646</u>
OPERATING PROFIT (Note 3)	1,636,536	1,302,032
Profit on disposal of business (Note 6)	<u>156,115</u>	<u>-</u>
	1,792,651	1,302,032
Net interest receivable/(payable) (Note 4)	<u>337,722</u>	<u>(444,002)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,130,373	858,030
Taxation (Note 5)	<u>(327,337)</u>	<u>(882,417)</u>
RETAINED PROFIT/(LOSS) FOR THE PERIOD (Note 13)	<u>1,803,036</u>	<u>(24,387)</u>

There were no recognised gains or losses other than those shown in the above profit and loss account. There is no material difference between the reported and historical cost profits of the company.

The notes on pages 9 to 19 form part of these financial statements.

SCAPA TAPES UK LTD

**BALANCE SHEET
AS AT 31 MARCH 1999**

	31 March 1999	31 March 1998
	£	£
FIXED ASSETS		
Tangible assets (Note 7)	5,603,166	4,561,894
CURRENT ASSETS		
Stocks (Note 9)	1,840,020	2,104,576
Debtors (Note 10)	6,313,388	6,579,649
Cash at bank and in hand	2,859,087	2,297,868
	<u>11,012,495</u>	<u>10,982,093</u>
CREDITORS: amounts falling due within one year (Note 11)	<u>(4,315,548)</u>	<u>(16,992,910)</u>
NET CURRENT ASSETS/ (LIABILITIES)	<u>6,696,947</u>	<u>(6,010,817)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>12,300,113</u>	<u>(1,448,923)</u>
CAPITAL AND RESERVES		
Called up share capital (Note 12)	2	1
Share premium account (Note 13)	11,945,999	-
Profit and loss account (Note 13)	354,112	(1,448,924)
EQUITY SHAREHOLDERS' FUNDS (Note 13)	<u>12,300,113</u>	<u>(1,448,923)</u>

APPROVED BY THE BOARD ON
18 June 1999



K Butler
DIRECTOR

The notes on pages 9 to 19 form part of these financial statements.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Goodwill

Amounts paid for businesses in excess of the fair value of net assets acquired are capitalised and amortised over the useful economic life. Prior to 1 April 1998, such amounts were taken to reserves in the year of acquisition.

Research and development

Expenditure incurred on the development of new products and the cost of normal research work is charged against the profits of the year in which such expenditure or cost is incurred. Plant and equipment acquired for this purpose is included within fixed assets and written off over its expected useful life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings and long leasehold land and buildings	- over 40 years
Plant, fixtures and vehicles	- over 5 to 15 years

Leased assets

Items of plant, fixtures and vehicles subject to finance leases are shown as fixed assets and depreciated as indicated above. The corresponding liability for the capital element is recorded as a loan and the interest element, which is calculated on the basis of the amount of the loan outstanding, is charged against profits over the primary lease period. The rental costs of all other leased assets are charged against profits as incurred.

Stocks

Stocks have been valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost includes the cost of materials together with labour and appropriate overheads.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that the directors consider that a liability to taxation is likely to crystallise.

Foreign currencies

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 translated into sterling at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

The employees of the company are eligible to be members of a retirement benefit scheme operated by the company in the United Kingdom. The funds of the scheme are administered by trustees and are completely separate from the funds of the company.

The company operates a defined benefit scheme. Contributions are paid in accordance with the recommendations of independent actuaries and are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme.

Cash flow statement

The financial statements do not include a cash flow statement as the company is a wholly owned subsidiary of Scapa Group plc, a company registered in England and Wales. A consolidated cash flow statement is included within the consolidated financial statements of that company.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 TURNOVER

Segmental information	Year ended 31 March		Period ended 31 March	
	1999		1998	
	£	£	£	£
<u>External</u>				
Home	15,075,592		21,609,203	
Export	<u>4,638,150</u>		<u>6,094,533</u>	
TOTAL EXTERNAL		19,713,742		27,703,736
<u>Intra-group</u>				
Home	46,140		86,070	
Export	<u>4,789,684</u>		<u>6,824,840</u>	
TOTAL INTRA-GROUP		4,835,824		6,910,910
		<u>24,549,566</u>		<u>34,614,646</u>

The amounts shown as turnover represent the amounts receivable for goods and services provided in the UK and overseas, net of trade discounts, value added tax and other related taxes.

An analysis of operating profit and net assets and further analysis of turnover between geographical markets is not provided as, in the opinion of the directors, such disclosure would seriously prejudice the company's interests.

No analysis is provided of turnover, operating profit or net assets between the different classes of business, because in the opinion of the directors, such disclosure would seriously prejudice the company's interests.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 OPERATING PROFIT

	<u>31 March 1999</u>	<u>31 March 1998</u>
	£	£
Turnover (Note 2)	24,549,566	34,614,646
Change in stocks of finished goods and work in progress	<u>39,513</u>	<u>(1,009,026)</u>
	24,589,079	33,605,620
	<hr/>	<hr/>
Raw materials and consumables	(11,552,630)	(16,531,289)
Other external charges	<u>(162,554)</u>	<u>(91,144)</u>
	(11,715,184)	(16,622,433)
Depreciation:		
owned fixed assets (Note 7)	(910,723)	(1,092,650)
assets under finance leases (Note 7)	-	(100,767)
Operating lease rentals:		
plant and machinery	(246,451)	(349,960)
land and buildings	(377,500)	(471,875)
Director and employee costs (Notes 16, 17)	(5,846,605)	(6,967,604)
Auditors' remuneration	(20,000)	(28,150)
Other operating charges	(3,616,013)	(4,919,335)
Other operating charges – exceptional costs	<u>(220,067)</u>	<u>(1,750,814)</u>
	<u>(22,952,543)</u>	<u>(32,303,588)</u>
Operating profit	<hr/> 1,636,536 <hr/>	<hr/> 1,302,032 <hr/>

Included within Director and employee costs is £317,256 relating to salaries of staff employed on projects associated with the restructuring of the company's operations and £61,578 of redundancy costs.

Other operating charges – exceptional costs relate to other restructuring costs, including plant moves, travel, legal and professional costs. Prior year costs of £1,750,814 arose from the application of Scapa Group Plc accounting policies following the acquisition of Sellotape Industrial Limited on 9 July 1997 from Sellotape International BV.

Research and development expenditure, which is charged in the profit and loss account as incurred, amounted to £200,167 (1998 - £238,754).

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 NET INTEREST RECEIVABLE/(PAYABLE)

	<u>1999</u>	<u>1998</u>
	£	£
Interest receivable/(payable)– from/(to) group undertakings	62,933	(496,000)
Interest receivable – external	<u>274,789</u>	<u>51,998</u>
	337,722	(444,002)
	<u> </u>	<u> </u>

5 TAXATION

	<u>1999</u>	<u>1998</u>
	£	£
UK corporation tax at 31.0% (1998 – 31.5%)		
UK current year taxation	664,160	882,417
Adjustment in respect of prior years	<u>(336,823)</u>	<u> </u>
	327,337	882,417
	<u> </u>	<u> </u>

Deferred taxation liability

Deferred taxation has not been provided as timing differences are not expected to reverse in the foreseeable future. The full potential deferred tax liability at the Corporation Tax rate of 30% is as follows;

	<u>1999</u>	<u>1998</u>
	£	£
Capital allowances in excess of depreciation	346,309	331,986
Short term timing differences	(172,877)	(166,160)
Losses	<u> </u>	<u>(130,433)</u>
	173,432	35,393
	<u> </u>	<u> </u>

6 DISPOSAL OF BUSINESS

During the year company disposed of its Filler manufacturing business. The net proceeds of the sale were £289,830 and the company disposed of stocks and tangible fixed assets with net book values of £29,537 and £3,489 respectively. In addition other costs associated with the disposal totalling £100,689 were incurred.

The directors consider that the contribution to turnover and operating profit from the Filler Manufacturing business is not material to the results for the year.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 TANGIBLE FIXED ASSETS

	Freehold land and <u>buildings</u> £	Short leasehold land and <u>buildings</u> £	Plant, fixtures and <u>vehicles</u> £	Leased <u>assets</u> £	<u>Total</u> £
Cost					
31 March 1998	1,920,707	220,024	3,610,574	100,767	5,852,072
Additions	-	-	1,957,873	-	1,957,873
Disposals	-	-	(112,063)	-	(112,063)
31 March 1999	1,920,707	220,024	5,456,384	100,767	7,697,882
Depreciation					
31 March 1998	178,171	52,440	958,800	100,767	1,290,178
Charge for the period	55,960	41,952	812,811	-	910,723
Disposals	-	-	(106,185)	-	(106,185)
31 March 1999	234,131	94,392	1,665,426	100,767	2,094,716
Net book value					
31 March 1999	1,686,576	125,632	3,790,958	-	5,603,166
31 March 1998	1,742,536	167,584	2,651,774	-	4,561,894

Capital Commitments

At 31 March 1999 the company was committed to capital expenditure of £771,161 (1998 - £212,588).

8 SUBSEQUENT EVENT

On 1 April 1999, the company acquired the trade and net assets of Scapa Tapes plc, a fellow subsidiary of Scapa Group plc.

The purchase price of £12,679,963 was equivalent to the book value and fair value of the net assets and was settled by means of an interest free loan payable on demand from Scapa Tapes plc.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 SUBSEQUENT EVENT (CONTINUED)

The following table sets out the book values and fair values of the identifiable assets and liabilities acquired.

	£
Fixed Assets	
Tangible assets	9,445,439
Current Assets	
Stock	4,226,409
Debtors	12,185,902
Cash	5,145,050
	<hr/>
Total Assets	31,002,800
Creditors	<u>(18,322,837)</u>
Net Assets	12,679,963
	<hr/> <hr/>

9 STOCKS

	<u>1999</u> £	<u>1998</u> £
Raw materials and consumables	429,382	733,451
Work in progress	311,871	356,417
Finished goods	<u>1,098,767</u>	<u>1,014,708</u>
	1,840,020	2,104,576
	<hr/> <hr/>	<hr/> <hr/>

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	3,946,905	4,567,612
Amounts due from Group undertakings	2,012,836	1,697,504
Other debtors	199,530	66,399
Prepayments and accrued income	<u>154,117</u>	<u>248,134</u>
	<u>6,313,388</u>	<u>6,579,649</u>

CREDITORS: Amounts falling due within one year

	<u>1999</u>	<u>1998</u>
	£	£
Bank overdrafts	16,736	23,485
Trade creditors	2,568,255	2,687,412
Amounts owed to Group undertakings	134,171	12,316,438
Corporation tax	664,160	882,417
Other taxes and social security costs	130,256	437,844
Other creditors	546,255	535,815
Accruals and deferred income	<u>255,715</u>	<u>109,499</u>
	<u>4,315,548</u>	<u>16,992,910</u>

SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Equity				
Ordinary shares of £1 each	100	100	2	1
	<u>100</u>	<u>100</u>	<u>2</u>	<u>1</u>

On 31 March 1999 the Company issued one share to its immediate parent company, Lindsay and Williams Limited, in return for the settlement of an inter-company loan due to the ultimate parent company of £11,946,000. The difference between the nominal value of the shares issued and the consideration has been credited to the share premium account.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 RESERVES

	<u>Share premium</u>	<u>Profit and loss account</u>
	£	£
31 March 1998	-	(1,448,924)
On shares issued in year (Note 12)	11,945,999	-
Profit for the year	<u>-</u>	<u>1,803,036</u>
31 March 1999	<u>11,945,999</u>	<u>354,112</u>

14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
	£	£
Retained profit/(loss) for the financial year	1,803,036	(24,387)
Write off of goodwill on acquisition	-	(1,424,537)
Issue of shares (including share premium) (Note 12)	<u>11,946,000</u>	<u>-</u>
	13,749,036	(1,448,924)
Opening equity shareholders' (deficit)/funds	<u>(1,448,923)</u>	<u>1</u>
Closing equity shareholders' funds/(deficit)	<u>12,300,113</u>	<u>(1,448,923)</u>

15 FINANCIAL COMMITMENTS

Operating leases

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	<u>Land & buildings</u>		<u>Plant, fixtures & vehicles</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Expiry date:				
Within one year	-	-	44,512	39,379
Between one and five years	<u>377,500</u>	<u>377,500</u>	<u>177,709</u>	<u>163,158</u>
	<u>377,500</u>	<u>377,500</u>	<u>222,221</u>	<u>202,537</u>

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 DIRECTORS

The Directors received no emoluments in respect of their services to the company in the year.

17 EMPLOYEES

(a) Number of employees

The average weekly number of persons, including directors, employed by the company during the year was:

	<u>1999</u>	<u>1998</u>
	No	No
Weekly paid	104	97
Monthly paid	<u>127</u>	<u>138</u>
	231	235
	<u> </u>	<u> </u>

(b) Employment costs

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	5,180,223	6,117,680
Social security costs	394,894	524,214
Other pension costs (Note 18)	<u>271,488</u>	<u>325,710</u>
	5,846,605	6,967,604
	<u> </u>	<u> </u>

18 PENSION SCHEMES

The employees are eligible to be members of a defined benefit pension scheme. The assets of the scheme are held independently of the company in a separate trust fund.

The pension charge for the year was £271,488 (1998 - £325,710).

An actuarial valuation was conducted as at 5 April 1997 and used the project unit credit method. The principal assumptions were that (a) salaries would increase by 7% per annum and (b) the return on the schemes' investments would be 9% per annum and (c) the RPI would increase by 5% per annum. The total market value of the assets of the scheme was £15,575,160. The actuarial value of the assets of the scheme exceeded the present value of the liabilities by 127%. On this basis, the current employers' contribution rate of 6.8% of pensionable earnings has been continued.

SCAPA TAPES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 ULTIMATE PARENT COMPANY

The ultimate parent company is Scapa Group plc, which is the only company that includes the results of the company in its consolidated financial statements. Copies of the group financial statements may be obtained from:

Scapa Group plc
Oakfield House
93 Preston New Road
Blackburn
Lancashire
BB2 6AY

20 RELATED PARTY TRANSACTIONS

The immediate controlling party is Scapa Group plc. In accordance with the exemptions available under Financial Reporting Standard Number 8 "Related party transactions" the company has not disclosed transactions with other companies within the group, as the consolidated financial statements of Scapa Group plc, in which the company is included, are available at the address shown above.

21 CONTINGENT LIABILITY

The company participates in a cross guarantee arrangement with the ultimate holding company and certain fellow subsidiary undertakings in respect of a group financing facility. As at 31 March 1999, the group financing facility amounted to £30,067,962 (1998 - £31,493,349).