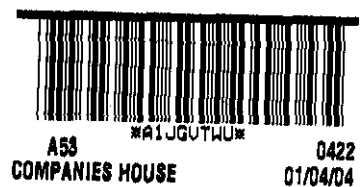


MARNIC PLC
COMPANY NO. 994213

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2003

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MARNIC PLC

DIRECTORS REPORT

The directors present their report and the financial statements for the year ended 31st December 2003.

Directors responsibilities

Company law requires 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, 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 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.

Review of the business

The principal activity of the company continues to be that of distributors of industrial tapes and packaging supplies.

Results and dividends

The results for the year are set out on page 4. The directors do not recommend payment of a final dividend.

Directors

The directors and their interests in the share capital of the company were as follows:

	<u>Shares of £1 each</u>			
	<u>31.12.03</u>		<u>31.12.02</u>	
	<u>Ordinary</u>	<u>Non Voting</u>	<u>Ordinary</u>	<u>Non Voting</u>
R. Ascott Esq.	95	50,000	95	50,000
M. Young Esq.	5	-	5	-
J. Vane Esq.	-	-	-	-

Policy on payment to suppliers

All payments to suppliers are made on the basis of mutually agreed terms and conditions. Trade creditors at the year end represent an average of 35 days (2002 – 35 days) of the total amount invoiced by suppliers in the year.

Auditors

The auditors, Cranfields, chartered accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board of directors on 24th March 2004 and signed on it's behalf.



J. Fenner
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARNIC PLC.

We have audited the financial statements of Marnic Plc for the year ended 31st December 2003 on pages 3 to 10. These financial statements have been prepared under the historical cost basis of accounting and the accounting policies set out on page 6.

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 that 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 that we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.


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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CRANFIELDS

**Chartered Accountants
& Registered Auditors**

3 Church Road
Croydon CRO 1SG

24th March 2003

MARNIC PLC

BALANCE SHEET AT 31ST DECEMBER 2003

	<u>Note</u>	£	<u>2003</u> £	£	<u>2002</u> £
<u>FIXED ASSETS</u>					
Tangible assets	3		817,647		816,683
<u>CURRENT ASSETS</u>					
Stocks		587,097		556,497	
Investments	4	148		148	
Debtors	5	968,539		838,261	
Cash at bank and in hand		<u>421,298</u>		<u>347,010</u>	
		1,977,082		1,741,916	
<u>CREDITORS</u>					
Amounts falling due within one year	6	<u>508,679</u>		<u>489,233</u>	
<u>Net current assets</u>			<u>1,468,403</u>		<u>1,252,683</u>
<u>Total assets less current liabilities</u>			2,286,050		2,069,366
<u>PROVISION FOR LIABILITIES AND CHARGES</u>					
Deferred taxation	7		<u>10,988</u>		<u>10,204</u>
			2,275,062		2,059,162
			=====		=====
<u>CAPITAL AND RESERVES</u>					
Called up share capital	8		50,100		50,100
Profit and loss account			<u>2,224,962</u>		<u>2,009,062</u>
			2,275,062		2,059,162
			=====		=====

The financial statements were approved by the board of directors on 24th March 2004 and signed on its behalf by:


R. Ascott
Director

The notes on pages 6 to 10 form part of these financial statements

MARNIC PLC

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST DECEMBER 2003**

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
Turnover		4,050,254	3,811,056
Cost of sales		<u>2,556,206</u>	<u>2,420,148</u>
<u>Gross profit</u>		1,494,048	1,390,908
Administrative expenses		<u>1,095,775</u>	<u>1,001,443</u>
<u>Operating profit</u>	9	398,273	389,465
Investment income	10	<u>11,316</u>	<u>15,087</u>
<u>Profit on ordinary activities before taxation</u>		409,589	404,552
<u>Taxation</u>	13	<u>93,689</u>	<u>92,704</u>
<u>Profit on ordinary activities after taxation</u>		315,900	311,848
<u>Dividend</u>			
Interim on non-voting shares		<u>100,000</u>	<u>90,000</u>
		215,900	221,848
Balance brought forward		<u>2,009,062</u>	<u>1,787,214</u>
<u>Balance carried forward</u>		2,224,962	2,009,062
		=====	=====

None of the company's activities were acquired or discontinued during the year and there were no recognised gains or losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

MARNIC PLC.

CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST DECEMBER 2003

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
Cash flow from operating activities	14	<u>288,442</u>	<u>177,729</u>
<u>Returns on investments and servicing of finance</u>			
Dividends received		28	28
Bank interest received		<u>11,288</u>	<u>15,059</u>
		11,316	15,087
		—	—
<u>Taxation</u>		<u>(88,825)</u>	<u>(109,761)</u>
<u>Capital expenditure and financial investment</u>			
Cost of fixed assets		(36,645)	(780,349)
Sale of fixed assets		-	37,000
Sale of investments		-	3,600
		<u>(36,645)</u>	<u>(739,749)</u>
		—	—
<u>Dividend paid to shareholders</u>		<u>(100,000)</u>	<u>(90,000)</u>
<u>Increase/decrease in cash</u>	15	74,288 =====	(746,694) =====

The notes on pages 6 to 10 form part of these financial statements.

MARNIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the company in the preparation of its financial statements.

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting to 31st December in each year.

b) Tangible fixed assets

Motor vehicles and plant and equipment are stated at cost less a charge for depreciation which is calculated to write off their cost over their estimated useful lives. The annual rates used for the purpose which are calculated on the reducing balance basis, are stated below. Freehold property is stated at cost and no depreciation is provided as the company's policy is to maintain its property in good condition and any depreciation involved would not be material.

Motor vehicles - 25%

Plant and equipment - 15%

c) Stocks

Goods for resale are stated at the lower of cost and net realisable value.

d) Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of fixed assets for taxation and accounting purposes. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and is measured having regard to the tax rates applicable to each year.

e) Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the scheme.

2. RELATED PARTIES

Throughout the year the company was under the control of R. Ascott Esq., a major shareholder and a director of the company. R. Ascott Esq., owns the freehold office premises occupied by the company. The rent charged to the company was £60,000 (2002 - £60,000) which is considered to be not more than the market value.

MARNIC PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2003**

3. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £	<u>Plant and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>				
At 1st January 2003	657,856	223,847	78,739	960,442
Additions	-	30,050	6,595	36,645
Disposals	-	(8,351)	-	(8,351)
At 31st December 2003	<u>657,856</u>	<u>245,546</u>	<u>85,334</u>	<u>988,736</u>
<u>Depreciation</u>				
At 1st January 2003	-	118,325	25,434	143,759
Charge for the year	-	19,317	14,553	33,870
Disposals	-	(6,540)	-	(6,540)
At 31st December 2003	-	<u>131,102</u>	<u>39,987</u>	<u>171,089</u>
<u>Book value</u>				
At 31st December 2003	657,856	114,444	45,347	817,647
	=====	=====	=====	=====
At 31st December 2002	657,856	105,522	53,305	816,683
	=====	=====	=====	=====

4. INVESTMENTS

	<u>2003</u> £	<u>2002</u> £
<u>At cost</u>		
Listed	148	148
	=====	=====

The market value of listed investments, all of which are traded on recognised stock exchanges, was £327 (2002 - £326).

5. DEBTORS

Trade debtors	919,029	797,791
Other debtors	-	1,368
Prepayments and accrued income	<u>49,510</u>	<u>39,102</u>
	<u>968,539</u>	<u>838,261</u>
	=====	=====

MARNIC PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2003**

	<u>2003</u>	<u>2002</u>
	£	£
6. <u>CREDITORS</u>		
Amounts falling due within one year:		
Trade creditors	280,439	269,914
Taxation and social security	214,540	183,932
Directors loan account	4,990	25,953
Accruals and deferred income	<u>8,710</u>	<u>9,434</u>
	508,679	489,233
	=====	=====
7. <u>DEFERRED TAXATION</u>		
At 1 st January 2003	10,204	6,951
Charge for the year	<u>784</u>	<u>3,253</u>
At 31 st December 2003	10,988	10,204
	=====	=====
The provision for deferred taxation is made up of accelerated capital allowances.		
8. <u>SHARE CAPITAL</u>		
<u>Authorised</u>		
50,000 shares of £1 each	50,000	50,000
50,000 non-voting shares of £1 each	<u>50,000</u>	<u>50,000</u>
	100,000	100,000
	=====	=====
<u>Issued and fully paid</u>		
100 shares of £1 each	100	100
50,000 non-voting shares of £1 each	<u>50,000</u>	<u>50,000</u>
	50,100	50,100
	=====	=====
9. <u>OPERATING PROFIT</u>		
Is stated after charging:		
Depreciation	33,870	33,434
(Profit)/loss on sale of fixed assets	1,811	(2,157)
Auditors remuneration	6,500	6,500
	=====	=====
10. <u>INVESTMENT INCOME</u>		
Dividends received	28	28
Bank interest received	<u>11,288</u>	<u>15,059</u>
	11,316	15,087
	=====	=====

MARNIC PLC.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2003**

	<u>2003</u>	<u>2002</u>
	£	£
11. <u>DIRECTORS EMOLUMENTS</u>		
The remuneration of the directors was:		
Salaries	161,203	115,580
Pension scheme contributions	10,440	10,440
Benefits	<u>15,352</u>	<u>14,467</u>
	186,995	140,487
	=====	=====

During the year retirement benefits were accruing to 2 directors (2002 - 2) in respect of money purchase schemes.

12. <u>STAFF NUMBERS AND COST</u>		
The average monthly number of persons employed by the company (including directors) during the year was -		
Management, administration and sales	21	19
	=====	=====
The aggregate payroll costs were -	£	£
Wages and salaries	603,676	512,099
Social security costs	68,999	51,183
Pension scheme contributions	<u>10,440</u>	<u>10,440</u>
	683,115	573,722
	=====	=====

13. <u>TAXATION</u>		
United Kingdom corporation tax	92,902	89,448
Tax on franked investment income	3	3
Deferred taxation	<u>784</u>	<u>3,253</u>
	93,689	92,704
	=====	=====

The tax assessed is lower than the standard rate of UK taxation applicable to the company of 30% (2002 – 30%). The differences are explained below:

Profit on ordinary activities before taxation	<u>409,589</u>	<u>404,552</u>
Profit on ordinary activities multiplied by the standard rate of 30%	122,877	121,366
Expenditure not deductible for tax purposes	802	1,219
Capital allowances in excess of depreciation	(785)	(3,478)
Dividends received	(8)	(8)
Marginal relief	<u>(29,984)</u>	<u>(29,651)</u>
Current tax charge for the year	92,902	89,448
	=====	=====

MARNIC PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2003

	<u>2003</u>	<u>2002</u>
	£	£
14. <u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Operating profit is reconciled to net cash flow from operating activities as follows:		
Operating profit	398,273	389,465
Non cash items -		
Depreciation	33,870	33,434
Profit/loss on sale of fixed assets	1,811	(2,157)
Changes in working capital -		
Stocks	(30,600)	(115,749)
Debtors	(130,278)	(124,701)
Creditors	<u>15,366</u>	<u>(2,563)</u>
Net cash inflow from operating activities	288,442	177,729
	=====	=====
15. <u>RECONCILIATION OF NET CASH FLOW</u>		
At 1st January 2003		
Cash at bank and in hand	347,010	1,093,704
Cash flow	<u>74,288</u>	<u>(746,694)</u>
At 31st December 2003	421,298	347,010
	=====	=====