

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999
FOR
SPEED PRINT TECHNOLOGY LIMITED



SPEED PRINT TECHNOLOGY LIMITED
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SPEED PRINT TECHNOLOGY LIMITED

COMPANY INFORMATION

DIRECTORS:

P Kellard
R D S Gaston

SECRETARY:

N A May

REGISTERED OFFICE:

Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

REGISTERED NUMBER:

03462781

AUDITORS:

Smith & Williamson
Chartered Accountants
Registered Auditors
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the company for the year ended 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review continued to be that of the design and manufacture of special purpose machines.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

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

The company has invested heavily in product engineering and increased worldwide marketing activity in order to establish its presence in the electronics marketplace.

The directors are disappointed with the result for the year but are confident that the company now has the correct base to move into profitability by 2001. In the meantime, the parent company will continue to support Speed Print Technology Limited.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend for the year ended 31 December 1999 (1998: £nil).

The retained loss transferred to reserves will be £679,930 (1998: £537,703).

RESEARCH AND DEVELOPMENT ACTIVITIES

The company is committed to research and development activities in order to continue to expand and develop its product range and market share. None of this expenditure is capitalised and £179,498 (1998: £363,369) of costs attributable to research and development have been written off in the year.

DIRECTORS AND THEIR INTERESTS

The directors of the company in office during the year were P Kellard and R D S Gaston.

Neither director held any beneficial interest in the issued share capital of the company at 31 December 1999 or at 31 December 1998.

P Kellard's beneficial interest in the issued share capital of the holding company, Blakell Europlacer Limited, is shown in that company's financial statements.

REPORT OF THE DIRECTORS

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 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.

AUDITORS

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

ON BEHALF OF THE BOARD:

P Kellard
Director



Dated 24/10/00

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
SPEED PRINT TECHNOLOGY LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

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

Smith & Williamson

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

Dated: 24 October 2000

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 1999

	Notes	Year ended 31 December 1999 £	Period ended 31 December 1998 £
TURNOVER	2	915,451	2,093,710
Cost of sales		(789,621)	(1,517,248)
GROSS PROFIT		125,830	576,462
Administrative expenses		(788,383)	(1,172,275)
Other operating income		-	65,000
OPERATING LOSS	4	(662,553)	(530,813)
Interest payable and similar charges	5	(17,377)	(6,890)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(679,930)	(537,703)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR		(679,930)	(537,703)
RETAINED LOSS BROUGHT FORWARD		(537,703)	-
RETAINED LOSS CARRIED FORWARD		(1,217,633)	(537,703)
		=====	=====

CONTINUING OPERATIONS

All of the company's activities are classed as continuing. There were no acquisitions or discontinued operations during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than the loss for the current year and previous period.

BALANCE SHEET
As at 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS:			
Tangible assets	7	16,532	18,737
CURRENT ASSETS:			
Stocks	8	733,631	194,014
Debtors	9	374,029	298,249
Cash at bank and in hand		23	296
		-----	-----
		1,107,683	492,559
CREDITORS: Amounts falling due within one year	10	(2,340,848)	(1,047,999)
		-----	-----
NET CURRENT LIABILITIES		(1,233,165)	(555,440)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,216,633)	(536,703)
		=====	=====
CAPITAL AND RESERVES:			
Called up share capital	14	1,000	1,000
Profit and loss account		(1,217,633)	(537,703)
		-----	-----
SHAREHOLDERS' FUNDS	15	(1,216,633)	(536,703)
		=====	=====

ON BEHALF OF THE BOARD:

P Kellard 
Director

Approved by the Board on ... 24/10/00

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

1. ACCOUNTING POLICIES**Accounting convention**

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

The company has, at 31 December 1999, net current liabilities of £1,233,165 and net liabilities of £1,216,633. The company is reliant on the support of its holding company, Blakell Europlacer Limited. The extent of the holding company's support is disclosed in the notes to the financial statements. Blakell Europlacer Limited has confirmed that this support will be continued and that the company will not seek repayment of the balance outstanding in preference to other creditors of Speed Print Technology Limited. The financial statements have therefore been prepared on the going concern basis.

Cash flow statement

The company has taken advantage of the exemption conferred in Financial Reporting Standard No 1 (revised) and accordingly has not prepared a cash flow statement. A consolidated cash flow statement is included in the financial statements of Blakell Europlacer Limited, the holding company.

Turnover

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

Tangible fixed assets

Depreciation is provided at the following rates in order to write off the cost of each asset, less its residual value, over the expected useful economic life of the asset:

Plant and machinery	-	15% on reducing balance
Office equipment	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production and is calculated on an average basis.

Research and development expenditure

Costs incurred in research and development activities are charged to the profit and loss account in the period in which they are incurred.

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.

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leases

Payments made under operating lease agreements recharged to the company are charged to the profit and loss account in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

2. **TURNOVER**

The turnover and loss before taxation are attributable to the principal activity of the company as stated on page 2.

3. **STAFF COSTS AND NUMBERS**

	1999 £	1998 £
Wages and salaries	264,818	458,305
Social security costs	26,411	46,794
Other pension costs	2,488	8,277
	-----	-----
	293,717	513,376
	=====	=====

The average monthly number of employees of the company (including directors) during the year was as follows:

	1999 No.	1998 No.
Directors	2	3
Management and administration	13	16
	--	--
	15	19
	==	==

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	1999 £	1998 £
Depreciation - owned assets	3,381	3,582
Exchange rate differences	(17)	-
Operating lease costs - land and buildings	15,650	33,630
Operating lease costs - other	8,052	10,617
Hire of plant and machinery	20	-
Auditors' remuneration	3,500	4,000
Auditors' non-audit remuneration	2,058	-
Previous auditors' remuneration	-	4,781
	=====	=====
Directors' emoluments (including estimated monetary value of benefits in kind)	-	159,640
Company contributions paid to money purchase pension schemes	-	8,277
	=====	=====

There are no directors to whom retirement benefits are accruing under money purchase pension schemes (1998: 3).

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
On bank loans and overdrafts	17,094	6,222
Other interest	293	668
Exchange rate differences	(17)	-
Discounts allowed	7	-
	-----	-----
	17,377	6,890
	=====	=====

6. TAXATION

There is no tax charge on the loss on ordinary activities for the current year or previous period.

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Office equipment	Motor vehicles	Total
	-----	-----	-----	-----
	£	£	£	£
COST:				
As at 1 January 1999	5,000	12,064	5,255	22,319
Additions	1,176	-	-	1,176
	-----	-----	-----	-----
As at 31 December 1999	6,176	12,064	5,255	23,495
	-----	-----	-----	-----
DEPRECIATION:				
As at 1 January 1999	750	1,518	1,314	3,582
Charge for the year	814	1,582	985	3,381
	-----	-----	-----	-----
As at 31 December 1999	1,564	3,100	2,299	6,963
	-----	-----	-----	-----
NET BOOK VALUE:				
As at 31 December 1999	4,612	8,964	2,956	16,532
	=====	=====	=====	=====
As at 31 December 1998	4,250	10,546	3,941	18,737
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

8. STOCKS

	1999	1998
	£	£
Raw materials and consumables	329,828	61,714
Work-in-progress	45,630	70,300
Finished goods and goods for re-sale	358,173	62,000
	-----	-----
	733,631	194,014
	=====	=====

9. DEBTORS

	1999	1998
	£	£
Trade debtors	184,194	288,247
Amounts owed by group undertakings:		
- Blakell North America Inc.	110,854	-
- Sovereign Technology SARL	15,210	-
Other debtors	60,211	-
Prepayments and accrued income	3,560	10,002
	-----	-----
	374,029	298,249
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Bank loans and overdrafts (note 11)	246,117	233,037
Trade creditors	449,737	386,143
Amounts owed to group undertakings:		
- Blakell Europlacer Limited	1,564,341	359,323
Other taxes and social security	9,181	35,104
Other creditors	5,023	-
Accruals and deferred income	66,449	34,392
	-----	-----
	2,340,848	1,047,999
	=====	=====

11. BANK LOANS AND OVERDRAFTS

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

	1999	1998
	£	£
Amounts falling due within one year or on demand:		
- Bank overdraft	246,117	233,037
	=====	=====

The bank overdraft is secured by an unlimited debenture dated 8 March 1999.

The company is subject to a group overdraft facility which is secured by a floating charge over the assets of the UK group companies. At 31 December 1999, bank borrowings of the UK group companies were £1,304,217.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

12. PROVISIONS FOR LIABILITIES AND CHARGES**Deferred taxation**

Deferred taxation unprovided (at 30%) in the financial statements is as follows:

	1999 £	Unprovided 1998 £
Accelerated capital allowances	(8,314)	804
Losses	(107,016)	(107,016)
	-----	-----
	(115,330)	(106,212)
	=====	=====

13. PENSION COSTS

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 cost charge represents contributions payable by the company to the fund and amounted to £2,488 (1998: £8,277). There were no outstanding contributions payable to the fund at the year end.

14. SHARE CAPITAL**Authorised:**

Number:	Class:	Nominal value:	1999 £	1998 £
10,000	Ordinary shares	£1	10,000	10,000
			=====	=====

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	1999 £	1998 £
1,000	Ordinary shares	£1	1,000	1,000
			=====	=====

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Loss for the financial year/period	(679,930)	(537,703)
Issue of shares	-	1,000
	-----	-----
Net reduction in shareholders' funds	(679,930)	(536,703)
Opening shareholders' funds	(536,703)	-
	-----	-----
Closing shareholders' funds	(1,216,633)	(536,703)
	=====	=====

All in respect of equity interests.

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1999, other than the group overdraft facility (see note 11). There were no contingent liabilities at 31 December 1998.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

17. OPERATING LEASES

The company is committed to making the following payments within the forthcoming accounting year for operating leases which expire as follows:

	Land and buildings	Other
	----- £	----- £
Within two to five years	15,600	15,068
	=====	=====

18. OTHER FINANCIAL COMMITMENTS

There were no other financial commitments at 31 December 1999 or at 31 December 1998.

19. RELATED PARTY TRANSACTIONS

Exemption has been taken from disclosing related party transactions in respect of group companies on the grounds that details of the subsidiary company are included in publicly available consolidated financial statements of Blakell Europlacer Limited, the holding company.

20. ULTIMATE PARENT COMPANY

The ultimate parent company, and controlling party, is Blakell Europlacer Limited, a company incorporated in England & Wales. Copies of the consolidated financial statements can be obtained from the registered office of that company:

The Company Secretary
Blakell Europlacer Limited
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG