

22 May 2000

SOUND PERFORMANCE DESPITE WEAK EURO

- Sales up 10% to £87.0m (£79.4m)
- Pre-tax profit, before goodwill and exceptional costs of £1.2m (£1.6m), up 3% to £6.7m (£6.5m)
- Pre-tax profit up 12% to £5.5m (£4.9m)
- Adjusted eps of 12.8p (13.7p)
- Interim dividend increased 10% to 6.55p (5.96p)
- Core business acquisitions of Chromagem and Van Leer's UK metallised paper operation.
- Excellent financial performance from joint venture in China
- Balance sheet remains strong with minimal gearing

Commenting on the results, API's Chief Executive Michael Smith said:

"While the trend in general trading conditions improves and we successfully integrate businesses, the weakness of the euro continues to impact our performance. We currently expect the Group's result for the year to be once again heavily geared towards the second half – supported by the strong positions we are developing in our markets, the improved productivity of acquisitions under API management and the introduction of new products."

INTERIM STATEMENT
Results for the half-year ended 1 April 2000

General trading conditions in the first half of the year have shown an improving trend, reflected by a 10% improvement in sales to £87.0m (£79.4m). However, this benefit has been substantially counteracted by the weak euro which, when compared with the same period last year, has directly reduced operating profit by £1.3m and is estimated to have indirectly reduced revenues by an additional £1.0m due to pricing pressure from European competitors. The Group increased pre-tax profit by 3% before goodwill and exceptional costs to £6.7m (£6.5m). Pre-tax profit was up 12% to £5.5m (£4.9m) after deducting £1.2m (£1.6m) for goodwill and exceptional costs. The exceptional costs represent the continuing integration of API's hot stamping foil business with that of Astor, acquired in 1998. This integration is expected to be completed on schedule in the first six months of the next financial year. Operating profit rose 4% to £6.9m (£6.6m) before goodwill and exceptional costs.

Adjusted earnings per share (before goodwill and exceptional costs) were 12.8p (13.7p) and FRS3 earnings per share were 10.3p (10.2p). The interim dividend has been increased by 10% to 6.55p (5.96p) and will be paid on 3 July 2000 to shareholders on the register at the close of business on 9 June 2000.

Demand generally has shown a modest improvement. Overseas sales of £44.7m (£37.1m) were up by 20% including a full half year contribution from Shen Yong and by 9% on a like for like basis. Sales in the UK were flat, reflecting competitive pressures from European manufacturers.

API has continued to use its strong balance sheet and cashflow to make complementary acquisitions. On 14 March the Group acquired Chromagem, a US based hologram designer and originator, for £1.7m in cash. Chromagem brings to the Group acknowledged expertise in holographic design that will both strengthen the sales offering to major customers and provide a focal point for the development of API's expertise in decorative and security holography. In turn, Chromagem will benefit significantly from the Group's customer base, production capabilities and investment plans.

On 4 April the South Wales based metallised paper operation of Van Leer was acquired for approximately £1m in cash. In addition, a further £4m will be invested over the next twelve months for working capital and the necessary capital expenditure to improve quality and productivity. The acquisition complements the Group's current activities in metallised paper and provides the Group with a leading position in this market segment in Europe. The Van Leer plant made a loss during the 12 months prior to acquisition but, with annualised sales of approximately £20m, the additional volume will allow rationalisation and cost reduction opportunities between the Group's existing Cheshire site and the newly acquired South Wales site. This acquisition makes the Group the largest manufacturer of metallised paper in Europe and provides the necessary mass to move the business forward.

API's balance sheet remains strong with net debt at the period end of £3.6m (3 October 1999: £4.0m net funds). The main outflows during the period were dividends of £2.9m, the acquisition of Chromagem £1.7m, and net capital expenditure of £4.9m. Shareholders' funds increased to £109.7m (3 October 1999: £107.1m).

Foils, Laminates and Metallised Paper

Operating profit rose 24% to £5.2m (£4.2m) on sales up 13% to £62.2m (£55.3m), reflecting in part the inclusion of a full half-year contribution from the Chinese joint venture Shen Yong which manufactures and supplies hot stamping foils mainly into the Chinese market. The performance of the different elements of the Division experienced contrasting fortunes. The Foils activities supplying the label and carton-printing customers enjoyed an upturn in demand and, including the results from China, produced a 55% improvement in operating profit. By contrast, the Laminating activities experienced a 40% decline in operating profit; this arose from, firstly, the one off effect of a fall in tobacco packaging sales as the logistics chain reduced stock levels - mainly as a result of the threat of changes in duty legislation - and secondly, a reduction in demand from a software producer.

The performance of the Foils business is creditable given that for six weeks during the period production at the Kansas facility was shut down due to a failure of the solvent emissions incineration plant. Disruption to customers and cost to the business was minimised as API's other Foils operations fulfilled the shortfall caused by the lack of supplies from Kansas. Loss of profits, including the increased cost of supplying from the other operations, is covered by insurance.

The performance of the security related businesses is encouraging. Sales of security holographics increased by over 30% compared to the same period last year, aided by the addition of new wide web embossing equipment. This capability also supported growth in non-security diffraction sales through the core foils and laminates business and progress in both of these areas is anticipated to continue in the second half year. The development of additional technologies to drive the future growth of the security business is on plan, with roll out scheduled for next year.

Converted Products

Operating profit fell 30% to £1.7m (£2.4m) on sales up 3% to £24.8m (£24.2m.)

Learoyd did not achieve the planned level of high added value security bag sales, although the business case for the product remains valid and contract discussions continue with a number of major potential customers. Morris Plastics had a difficult half year, suffering from the disruption of moving the business to new premises. However, the move has allowed capacity to be increased, resulting in new contracts being secured. The Group's release coatings business has had to contend with excess industry capacity and the

GROUP PROFIT & LOSS ACCOUNT

for the six months ended 1 April 2000

	6 months to 1 April 2000			6 months to	12 months to
	Continuing operations	Exceptional items	Total	3 April 1999	3 October 1999
	£'000	£'000	£'000	£'000	£'000
Turnover	87,008	-	87,008	79,423	176,700
Cost of sales	(64,347)	-	(64,347)	(58,954)	(128,341)
<i>Including goodwill amortisation</i>	<i>(503)</i>	-	<i>(503)</i>	<i>(443)</i>	<i>(948)</i>
Gross profit	22,661	-	22,661	20,469	48,359
Distribution costs	(3,480)	-	(3,480)	(3,462)	(6,536)
Administrative expenses	(12,816)	(659)	(13,475)	(12,031)	(25,999)
Operating profit	6,365	(659)	5,706	4,976	15,824
Profit on disposal of land and buildings			-	-	405
Profit on ordinary activities before interest and tax			5,706	4,976	16,229
Net interest expense			(200)	(118)	(323)
Profit on ordinary activities before tax			5,506	4,858	15,906
Taxation			(1,520)	(1,361)	(4,453)
Profit on ordinary activities after tax			3,986	3,497	11,453
Profit attributable to minority equity interests			(553)	(72)	(492)
Profit for the period			3,433	3,425	10,961
Preference dividends			-	(9)	(9)
Profit attributable to ordinary shareholders			3,433	3,416	10,952
Ordinary dividends			(2,186)	(1,996)	(4,886)
Balance transferred to reserves			1,247	1,420	6,066
Dividends per ordinary 25p share			6.55p	5.96p	14.60p
Earnings per ordinary 25p share					
Basic			10.3p	10.2p	32.8p
Diluted			10.3p	10.2p	32.6p
Adjusted profit before tax £'000 (Profit before exceptional items, goodwill and tax)			6,668	6,478	18,315

**Adjusted earnings per ordinary 25p share
(before exceptional items and goodwill)**

Basic	12.8p	13.7p	37.9p
Diluted	12.8p	13.7p	37.8p

GROUP BALANCE SHEET
at 1 April 2000

	1 April 2000 £'000	3 April 1999 £'000	3 October 1999 £'000
Fixed assets			
Intangible assets	19,876	18,569	18,093
Tangible assets	60,171	57,577	58,083
Investments	2,416	1,864	1,823
	82,463	78,010	77,999
Current assets			
Stocks	23,686	19,999	19,584
Debtors	46,740	44,572	51,518
Cash at bank and in hand	6,155	7,374	12,002
	76,581	71,945	83,104
Creditors - Amounts falling due within one year			
Creditors	(37,185)	(28,863)	(41,185)
Current taxation	(2,645)	(4,453)	(2,847)
Dividends	(2,186)	(1,996)	(2,890)
	(42,016)	(35,312)	(46,922)
Net current assets	34,565	36,633	36,182
Total assets less current liabilities	117,028	114,643	114,181
Creditors - Amounts falling due after more than one year	(344)	(4,519)	(409)
Provisions for liabilities and charges	(651)	(694)	(814)
	116,033	109,430	112,958
Minority interests	(6,344)	(5,619)	(5,813)
Total net assets	109,689	103,811	107,145
Share capital and reserves			
Called up share capital	8,463	8,463	8,463
Share premium account	50,563	50,563	50,563
Revaluation reserve	2,189	2,189	2,616
Capital redemption reserve	549	549	549
Profit and loss account	47,925	42,047	44,954
Equity shareholders' funds	109,689	103,811	107,145

GROUP CASHFLOW STATEMENT
for the six months ended 1 April 2000

	6 months to 1 April 2000 £'000	6 months to 3 April 1999 £'000	6 months to 3 October 1999 £'000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	5,706	4,976	15,824
Depreciation and amortisation less government grants	3,869	3,256	7,117
(Profit) on replacement of tangible fixed assets	(15)	(7)	(35)
(Increase) in stocks	(3,827)	(270)	(68)
Decrease in debtors	4,204	10,598	3,503
(Decrease) in creditors	(6,865)	(10,272)	(4,075)
(Decrease)/Increase in provisions	(163)	102	222
Net cash inflow from operating activities	2,909	8,383	22,488
Cash flow statement			
Net cash inflow from operating activities	2,909	8,383	22,488
Returns on investments and servicing of finance	(404)	(127)	(332)
Taxation	(1,470)	(828)	(4,896)
Capital expenditure and financial investment	(4,188)	(3,834)	(9,127)
Acquisitions and disposals	(1,852)	(3,507)	(4,808)
Equity dividends paid	(2,890)	(2,656)	(4,652)
Net cash outflow before financing	(7,895)	(2,569)	(1,327)
Financing	(5)	(720)	(5,027)
Increase in net debt in the period	(7,900)	(3,289)	(6,354)
Exchange movement	278	178	(62)
Balance sheet movement in net debt	(7,622)	(3,111)	(6,416)

OTHER STATEMENTS

	6 months to 1 April 2000 £'000	6 months to 3 April 1999 £'000	12 months to 3 October 1999 £'000
Statement of total recognised gains and losses			
Profit attributable to members of the parent company	3,433	3,425	10,961
Currency translation differences on foreign currency net investments	1,297	1,599	287
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Total gains and losses recognised since last annual report and accounts	4,730	5,024	11,248
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Reconciliation of movements in shareholders' funds			
Profit attributable to members of the parent company	3,433	3,425	10,961
Cancellation of preference shares	-	(549)	(549)
Dividends	(2,186)	(2,005)	(4,895)
Currency translation differences on foreign currency net investments	1,297	1,599	287
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Net addition to shareholders' funds	2,544	2,470	5,804
Opening shareholders' funds	107,145	101,341	101,341
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Closing shareholders' funds	109,689	103,811	107,145

SEGMENTAL ANALYSIS

	6 months to 1 April 2000 £'000	6 months to 3 April 1999 £'000	12 months to 3 October 1999 £'000
Analysis of turnover by destination			
United Kingdom	42,351	42,335	89,083
France	4,707	3,914	8,427
Germany	3,339	3,623	7,119
Scandinavia	3,230	3,997	7,865
Other European countries	8,732	6,930	16,621
Americas	15,773	14,199	34,714
Rest of World	8,876	4,425	12,871
	87,008	79,423	176,700
Analysis of turnover by origin			
United Kingdom	64,335	63,352	133,384
Continental Europe	761	763	2,281
Americas	16,284	14,237	35,858
Rest of World	5,628	1,071	5,177
	87,008	79,423	176,700
Analysis of profit before interest and tax by origin			
United Kingdom	4,059	5,108	13,019
Continental Europe	126	135	73
Americas	1,432	1,207	4,429
Rest of World	1,251	146	1,117
	6,868	6,596	18,638
Exceptional items and goodwill	(1,162)	(1,620)	(2,409)
	5,706	4,976	16,229
£748,000 of the exceptional items and goodwill arise in the United Kingdom (April 1999 £1,323,000: October 1999 £1,699,000), £366,000 arise in the Americas (April 1999 £292,000: October 1999 £655,000) and £48,000 arise in the Rest of the World (April 1999 £5,000: October 1999 £55,000).			
Analysis of turnover by activity			
Foils & laminates	62,185	55,252	126,597
Converted products and variable information	24,823	24,171	50,103
	87,008	79,423	176,700
Analysis of profit before interest and tax by activity			
Foils & laminates	5,159	4,157	14,034
Converted products and variable information	1,709	2,439	4,604
	6,868	6,596	18,638
Exceptional items and goodwill	(1,162)	(1,620)	(2,409)
	5,706	4,976	16,229
£1,069,000 of the exceptional items and goodwill relate to the foils and laminates division (April 1999: £1,589,000, October 1999 £2,169,000) and £93,000 relate to the converted products and variable information division (April 1999 £31,000: October 1999: £240,000).			

NOTES

BASIS OF PREPARATION

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 3 October 1999. The taxation charge is based on the estimated effective rate of taxation for the full year (28%). Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

DIVIDENDS

The interim dividend will be paid on 3 July 2000 to shareholders on the register on 9 June 2000.

PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 3 October 1999. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

INTERIM STATEMENT

The interim statement is being mailed to shareholders on 31 May and will be available at the company's registered office, Silk House, Park Green, Macclesfield, Cheshire, SK11 7NU.