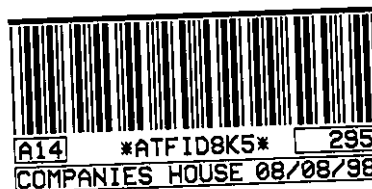


675273.

Smurfit Corrugated Limited

Report and Accounts

31 DECEMBER 1997



Smurfit Corrugated Limited

Company No: 675273

DIRECTORS

R I Buck

M J Clayton

SECRETARY

M J Clayton

AUDITORS

Ernst & Young

400 Capability Green

Luton

LU1 3LU

REGISTERED OFFICE

Mercer House

Thames Side

Windsor

Berkshire

SL4 1QN

Smurfit Corrugated Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1997.

RESULTS AND PRINCIPAL ACTIVITY

The company did not trade during the year nor during the previous year and recorded neither a profit nor loss. It is not envisaged that the company will operate again in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

R I Buck
M J Clayton
J G George (resigned 8 April 1997)
J E Price (resigned 8 April 1997)
J A Robertson (resigned 8 April 1997)
D W Shulver (resigned 8 April 1997)

No director had any interest in the shares of the company.

R I Buck resigned as Secretary and M J Clayton was appointed on 1 October 1997.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

30 JUN 1998

Smurfit Corrugated Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS
to the members of Smurfit Corrugated Limited**

We have audited the accounts on pages 6 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

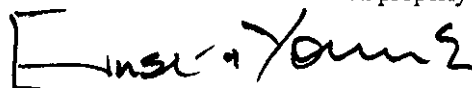
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Luton


30 JUN 1998

Smurfit Corrugated Limited

BALANCE SHEET

at 31 December 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
DEBTORS - due in more than one year	3	11,536,429	11,536,429
TOTAL ASSETS		<u>11,536,429</u>	<u>11,536,429</u>
CAPITAL AND RESERVES			
Called up share capital	4	250,000	250,000
Profit and loss account	5	11,286,429	11,286,429
	5	<u>11,536,429</u>	<u>11,536,429</u>



Director

30 JUN 1998

Smurfit Corrugated Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost and in accordance with applicable accounting standards.

2. PROFIT AND LOSS ACCOUNT

There is no profit and loss account presented since the company did not trade in either this period or the last period and made neither a profit nor a loss.

3. DEBTORS

	1997 £	1996 £
Due in more than one year: Owed by parent undertaking	11,536,429	11,536,429

The amount due from the parent undertaking is interest free and there is no set date for repayment.

4. CALLED UP SHARE CAPITAL

	£
1 January 1997 and 31 December 1997 Authorised, allotted, called up and fully paid: 250,000 ordinary shares of £1 each	250,000

5. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1996, 31 December 1996 and 31 December 1997	250,000	11,286,429	11,536,429

6. ULTIMATE PARENT UNDERTAKING

In the opinion of the directors the ultimate parent undertaking and controlling party is Jefferson Smurfit Group plc, a company incorporated in Ireland. Jefferson Smurfit Group is the parent undertaking of the largest and the smallest groups of companies for which group accounts are prepared and of which the company is a member. Copies of the accounts of Jefferson Smurfit Group plc may be obtained from Jefferson Smurfit Group plc, Beech Hill, Clonskeagh, Dublin 4, Ireland.

The immediate parent undertaking is Smurfit Corrugated UK Limited, a company registered in England, which does not prepare group accounts.