

2457584

ALEXANDER DREW & SONS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST DECEMBER 1998



A member of the LAMONT HOLDINGS GROUP of companies

ALEXANDER DREW & SONS LIMITED

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ALEXANDER DREW & SONS LIMITED

DIRECTORS

R.A. Milliken
N. McKeown
K.B. White

SECRETARY

M.G. Lamont

REGISTERED
OFFICE

Stotts Mill, Bridgefold Road,
Rochdale, Lancs.OL11 5BZ

Registered in England
No. 2457584

REGISTERED
AUDITORS

PricewaterhouseCoopers
Fanum House,
108 Great Victoria Street,
Belfast, BT2 7AX

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the audited Accounts for the year ended 31st December 1998.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for that period. In preparing the financial statements appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements have been prepared on the going concern basis and in accordance with applicable Accounting Standards.

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.

PRINCIPAL ACTIVITIES

The Company traded as an investment company throughout the year ended 31st December 1998. It also acted as an agent for Lamont Textiles Limited from 1st January 1998 to 3rd October 1998.

BUSINESS REVIEW

The Directors consider the performance of the company during the year and its position at the end of the year to be satisfactory. They do not envisage any material departure from present activities in the foreseeable future.

RESULTS

The profit for the financial year amounted to £1,248,320. An interim dividend of £1,248,250 was paid during the year. No further dividend is recommended.

DIRECTORS

The composition of the Board of Directors at the date of this report is given on page 3.

Mr. D. Yorke, Mr. R. Johnston, Mr. B. Raper and Mr. D. Robinson resigned as Directors of the Company on 30th June 1998, 30th September 1998, 28th October 1998 and 4th January 1999 respectively.

ALEXANDER DREW & SONS LIMITED
REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS

Mr. R.A. Milliken and Mr. N. McKeown are directors of Lamont Holdings PLC and their interests in the share capital of that company are disclosed in its Report of the Directors.


The interests of the other Directors and their families in the ordinary share capital of Lamont Holdings PLC are shown below:

| | | <u>31.12.98</u> | <u>31.12.97</u> |
|-------------|-----------------|-----------------|-----------------|
| K.B. White | - Share Options | 36,648 | 36,648 |
| D. Robinson | - Share Options | 35,000 | 35,000 |

AUDITORS

The Company's Auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers as Auditors.

BY ORDER OF THE BOARD



M. G. LAMONT
SECRETARY

Stotts Mill,
Bridgefold Road,
Rochdale, OL11 5BZ

10th March, 1999

ALEXANDER DREW & SONS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF ALEXANDER DREW & SONS LIMITED

We have audited the financial statements on pages 7 to 11 which have been prepared under the historic cost convention.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 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 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 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 audit 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 at 31st December 1998 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

Belfast
10th March, 1999

ALEXANDER DREW & SONS LIMITED

STATEMENT OF ACCOUNTING POLICIES

The financial accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The accounts of the Company have been prepared on the historical cost basis of accounting.

ALEXANDER DREW & SONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1998

| | Note | <u>1998</u> £ | <u>1997</u> £ |
|--|------|------------------------------|-------------------------------|
| INTEREST RECEIVABLE | | <u>1,248,320</u> | <u>1,059,301</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,248,320 | 1,059,301 |
| Taxation | 1 | <u> -</u> | <u> -</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 1,248,320 | 1,059,301 |
| DIVIDENDS PAYABLE | 2 | <u>1,248,250</u> | <u>190,000</u> |
| RETAINED PROFIT FOR THE YEAR | 7 | <u> 70</u> ===== | <u> 869,301</u> ===== |

The Company has no recognised gains and losses other than those included in the results above and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

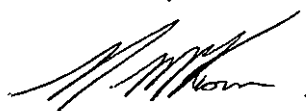
ALEXANDER DREW & SONS LIMITED

BALANCE SHEET

For the year ended 31st December 1998

| | Note | <u>1998</u> £ | <u>1997</u> £ |
|---|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Investments | 3 | 548 | 548 |
| CURRENT ASSETS | | | |
| Debtors | 4 | 15,223,606 | 14,911,500 |
| Cash at bank | | 4,780 | 5,301 |
| | | <u>15,228,386</u> | <u>14,916,801</u> |
| CURRENT LIABILITIES | | | |
| Creditors : amounts falling due within one year | 5 | 359,563 | 48,048 |
| NET CURRENT ASSETS | | <u>14,868,823</u> | <u>14,868,753</u> |
| NET ASSETS EMPLOYED | | <u>14,869,371</u> | <u>14,869,301</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital - equity | 6 | 14,000,000 | 14,000,000 |
| Profit and loss account | 7 | 869,371 | 869,301 |
| SHAREHOLDERS' FUNDS | 8 | <u>14,869,371</u> | <u>14,869,301</u> |

The accounts on pages 7 to 11 were approved by the Board of Directors on 10th March 1999 and signed on its behalf by:



N. McKEOWN
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS

Year ended 31st December 1998

1. TAXATION

There is no charge for corporation tax as the Company receives group relief for which no payment is made.

2. DIVIDENDS

| | <u>1998</u> £ | <u>1997</u> £ |
|-----------------------------------|--------------------|------------------|
| Ordinary dividends - interim paid | 1,248,250 ===== | 190,000 ===== |

3. INVESTMENTS

| | <u>1998</u> £ | <u>1997</u> £ |
|----------------|------------------|------------------|
| Treasury Stock | 548 === | 548 === |

4. DEBTORS

| | <u>1998</u> £ | <u>1997</u> £ |
|---------------------------------|----------------------------|----------------------------|
| Amounts owed by group companies | 14,864,000 | 14,864,000 |
| Other debtors | 359,563 | 47,500 |
| Prepayments | 43 | - |
| | <u>15,223,606</u> ===== | <u>14,911,500</u> ===== |

5. CREDITORS

| | <u>1998</u> £ | <u>1997</u> £ |
|---------------------------------|-------------------------|------------------------|
| Amounts owed to group companies | 359,563 | 47,500 |
| Other creditors | - | 548 |
| | <u>359,563</u> ===== | <u>48,048</u> ===== |

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

Year ended 31st December 1998

6. SHARE CAPITAL

| | <u>1998</u> £ | <u>1997</u> £ |
|---|---------------------|---------------------|
| Authorised, allotted, called up and fully paid: | | |
| 14,000,000 Ordinary shares of £1 each | 14,000,000 ===== | 14,000,000 ===== |

7. PROFIT AND LOSS ACCOUNT

| | £ |
|------------------------------|------------------|
| At 1st January 1998 | 869,301 |
| Retained profit for the year | 70 |
| At 31st December 1998 | 869,371 ===== |

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1998</u> £ | <u>1997</u> £ |
|-------------------------------|---------------------|---------------------|
| Opening shareholders' funds | 14,869,301 | 14,000,000 |
| Profit for the financial year | 1,248,320 | 1,059,301 |
| Dividends | (1,248,250) | (190,000) |
| Closing shareholders' funds | 14,869,371 ===== | 14,869,301 ===== |

9. CONTINGENT LIABILITIES

The Company is joined in joint and several guarantees in relation to bank borrowing facilities granted to its Holding company and fellow subsidiary companies.

10. HOLDING COMPANY

The Company is a wholly owned subsidiary of Lamont Holdings PLC, a company incorporated in Scotland.
