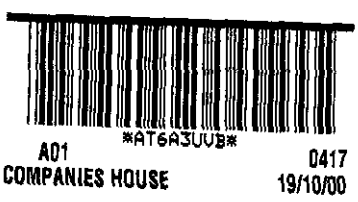


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**ALEXANDER DREW & SONS LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1999**



A member of the LAMONT HOLDINGS GROUP of companies

ALEXANDER DREW & SONS LIMITED

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ALEXANDER DREW & SONS LIMITED

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DIRECTORS

R.A. Milliken  
M.G. Lamont

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

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The Directors present their Report and the audited Accounts for the year ended 31st December 1999.

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.

GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the group and the Company have adequate resources to continue in operational existence for the foreseeable future. For the reasons set out in the Statement of Accounting Policies on page 8 they continue to adopt the going concern basis in preparing the company's financial statements.

PRINCIPAL ACTIVITIES

The Company traded as an investment company throughout the year ended 31st December 1999.

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 £958,329. An interim dividend of £958,250 was paid during the year. No further dividend is recommended.

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS (continued)

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DIRECTORS

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

On 31st January 2000 Mr. M.G. Lamont was appointed as a Director of the Company and Mr. N. McKeown resigned as a Director of the Company.

Mr. D. Robinson and Mr. K.B. White resigned as Directors of the Company on 4th January 1999 and 13th March 1999 respectively.

DIRECTORS' INTERESTS

Mr. R.A. Milliken is a director of Lamont Holdings PLC and his interests in the share capital of that company are disclosed in its Report of the Directors.

The interests of the other Director and his family in the ordinary share capital of Lamont Holdings PLC are shown below:

		<u>On appointment</u>
M.G. Lamont	- Beneficial	23,325
	- Share Options	26,586

BY ORDER OF THE BOARD



M. G. LAMONT  
SECRETARY

Stotts Mill,  
Bridgefold Road,  
Rochdale, OL11 5BZ

30th June, 2000

TO THE MEMBERS OF ALEXANDER DREW & SONS LIMITED

We have audited the financial statements on pages 8 to 13.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom Companies Act. 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.

**Going Concern**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the adequacy of the bank funding facilities of the company's parent group. The financial statements have been prepared on a going concern basis and the validity of this is dependent on the completion of a proposed agreement for the refinancing of a part of the parent group's current funding facilities, and its ability to meet its trading and cash flow projections, and achieve the required reduction in its bank funding requirements through the restructuring of its activities. The financial statements do not include any adjustments that would result from the parent group's failure to meet its projections or to meet the required reduction in its funding requirement. Details of the circumstances relating to this fundamental uncertainty are described on page 8. Our opinion is not qualified in this respect.

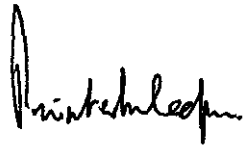
ALEXANDER DREW & SONS LIMITED

REPORT OF THE AUDITORS (continued)

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1999 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  
30th June, 2000

## ALEXANDER DREW & SONS LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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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.

#### BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, which assumes that the Company's parent group will continue in operational existence for the foreseeable future. This assumption is subject to the uncertainties discussed below.

The directors of the Company's ultimate parent company have prepared financial projections of the anticipated trading results and cashflows of the group for the period of 12 months from the date of approval of these financial statements. The group's bankers have indicated their intention to provide funding facilities on an on-demand basis conditional on the completion in the immediate future of a proposed agreement for the refinancing of a part of its current facilities. These on-demand facilities will be reviewed against the group's financial position and progress against targets to be agreed for the timescale of the reduction of the facilities through the proposed restructuring. The directors anticipate that the group will be able to remain within its anticipated facilities, and that adequate funding will be agreed for the coming year. However, against the background of a difficult trading environment, by their nature the group's projections are subject to uncertainty in relation to the assumptions made as to its expected levels of revenue and cashflows. In addition, the agreement of funding facilities going forward will be dependent upon the successful restructuring of the group to the anticipated timescale.

The Company's financial statements have been prepared on a going concern basis which assumes that the parent group will continue in operational existence for the foreseeable future, and the validity of this assumption depends on the group being able to meet its trading and cash flow projections and to successfully restructure its activities to effect the required reduction in its bank funding requirements.

If the group were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the Company's assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the matters referred to above they believe that it is appropriate for the financial statements to be prepared on a going concern basis.



ALEXANDER DREW & SONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1999

	Note	1999 £	1998 £
INTEREST RECEIVABLE		958,383	1,248,320
Operating expenses		54	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		958,329	1,248,320
Taxation	1	-	-
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		958,329	1,248,320
DIVIDENDS PAYABLE	2	958,250	1,248,250
		-----	-----
RETAINED PROFIT FOR THE YEAR	7	79	70
		=====	=====

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 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	3	500	548
<b>CURRENT ASSETS</b>			
Debtors	4	15,223,566	15,223,606
Cash at bank		4,947	4,780
		15,228,513	15,228,386
<b>CURRENT LIABILITIES</b>			
Creditors : amounts falling due within one year	5	359,563	359,563
<b>NET CURRENT ASSETS</b>			
		14,868,950	14,868,823
<b>NET ASSETS EMPLOYED</b>			
		14,869,450	14,869,371
<b>CAPITAL AND RESERVES</b>			
Called up share capital - equity	6	14,000,000	14,000,000
Profit and loss account	7	869,450	869,371
<b>SHAREHOLDERS' FUNDS</b>			
	8	14,869,450	14,869,371

The accounts on pages 8 to 13 were approved by the Board of Directors on 30th June 2000 and signed on its behalf by:



R.A. MILLIKEN  
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS

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Year ended 31st December 1999

1. TAXATION

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

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2. DIVIDENDS

	<u>1999</u> £	<u>1998</u> £
Ordinary dividends - interim paid	958,250 =====	1,248,250 =====

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3. INVESTMENTS

	Treasury Stock £
COST	
At 1st January 1999 and 31st December 1999	548 ----
PROVISION	
Charge for the year	48 ----
At 31st December 1999	48 ----
NET BOOK VALUE	
At 31st December 1999	500 ===
At 31st December 1998	548 ===

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ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

Year ended 31st December 1999

4. DEBTORS

	<u>1999</u> £	<u>1998</u> £
Amounts owed by group companies	14,864,000	14,864,000
Other debtors	359,563	359,563
Prepayments	3	43
	<u>15,223,566</u> =====	<u>15,223,606</u> =====

5. CREDITORS

	<u>1999</u> £	<u>1998</u> £
Amounts owed to group companies	<u>359,563</u> =====	<u>359,563</u> =====

6. SHARE CAPITAL

	<u>1999</u> £	<u>1998</u> £
Authorised, allotted, called up and fully paid:		
14,000,000 Ordinary shares of £1 each	<u>14,000,000</u> =====	<u>14,000,000</u> =====

7. PROFIT AND LOSS ACCOUNT

	£
At 1st January 1999	869,371
Retained profit for the year	79
	<u>869,450</u> =====
At 31st December 1999	<u>869,450</u> =====

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

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Year ended 31st December 1999

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1999</u> £	<u>1998</u> £
Opening shareholders' funds	14,869,371	14,869,301
Profit for the financial year	958,329	1,248,320
Dividends	(958,250)	(1,248,250)
	-----	-----
Closing shareholders' funds	14,869,450 =====	14,869,371 =====

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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.

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10. HOLDING COMPANY

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

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