

ALEXANDER DREW & SONS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1997

(Registered in England No. 2457584)



A member of the LAMONT HOLDINGS GROUP of companies

ALEXANDER DREW & SONS LIMITED

CONTENTS

| | Page |
|----------------------------------|---------|
| Board of Directors | 3 |
| Report of the Directors | 4 - 5 |
| Report of the Auditors | 6 |
| Statement of Accounting Policies | 7 |
| Profit and Loss Account | 8 |
| Balance Sheet | 9 |
| Notes to the Accounts | 10 - 11 |

ALEXANDER DREW & SONS LIMITED

DIRECTORS

R.A. Milliken
N. McKeown
D. Yorke
R. Johnston
B. Raper
D. Robinson
K.B. White

SECRETARY

M.G. Lamont

REGISTERED
OFFICE

Stotts Mill, Bridgefold Road,
Rochdale, Lancs.OL11 5BZ
Registered in England
No. 2457584

REGISTERED
AUDITORS

Coopers & Lybrand
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 1997.

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 commenced trading as an investment company on 1st January 1997. It also continues to act as an agent for Lamont Textiles Limited.

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 £1,059,301. A dividend of £190,000 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. B. Raper and Mr. N. McKeown were appointed as Directors of the Company on 2nd June 1997 and 26th September 1997 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.

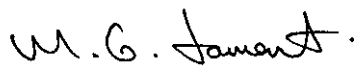
The interests of the other Directors and their families in the ordinary share capital of Lamont Holdings PLC are shown below:

| | | <u>31.12.97</u> | <u>31.12.96</u> |
|-------------|-----------------|-----------------|-----------------------|
| D. Yorke | - Share Options | 40,000 | 30,000 |
| R. Johnston | - Share Options | 41,586 | 30,000 |
| D. Robinson | - Share Options | 35,000 | 30,000 |
| K.B. White | - Share Options | 36,648 | 31,648 |
| | | | <u>On Appointment</u> |
| B. Raper | - Share Options | 5,000 | - |

AUDITORS

A resolution to reappoint Coopers & Lybrand as Auditors to the Company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



M.G. LAMONT
SECRETARY

Stotts Mill,
Bridgefold Road,
Rochdale, OL11 5BZ

30th March, 1998

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.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors

Belfast
30th March, 1998

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 1997

| | Note | <u>1997</u> £ | <u>1996</u> £ |
|--------------------------------------------------|------|------------------|------------------|
| INTEREST RECEIVABLE` | | <u>1,059,301</u> | <u>-</u> |
| PROFIT ON ORDINARY ACTIVITIES Before taxation | | 1,059,301 | - |
| Taxation | 1 | <u>-</u> | <u>-</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 1,059,301 | - |
| DIVIDENDS PAYABLE | 2 | <u>190,000</u> | <u>-</u> |
| RETAINED PROFIT FOR THE YEAR | 7 | <u>869,301</u> | <u>-</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 1997

| | Note | <u>1997</u> £ | <u>1996</u> £ |
|----------------------------------------------------|------|----------------------------|----------------------------|
| FIXED ASSETS | | | |
| Investments | 3 | 548 | - |
| | | <u> </u> | <u> </u> |
| CURRENT ASSETS | | | |
| Debtors | 4 | 14,911,500 | 14,000,000 |
| Cash at bank | | 5,301 | - |
| | | <u> </u> | <u> </u> |
| | | 14,916,801 | 14,000,000 |
| CURRENT LIABILITIES | | | |
| Creditors : amounts falling due within one year | 5 | 48,048 | - |
| | | <u> </u> | <u> </u> |
| NET CURRENT ASSETS | | <u>14,868,753</u> | <u>14,000,000</u> |
| NET ASSETS | | <u>14,869,301</u> ===== | <u>14,000,000</u> ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital - equity | 6 | 14,000,000 | 14,000,000 |
| Profit and loss account | 7 | 869,301 | - |
| | | <u> </u> | <u> </u> |
| SHAREHOLDER'S FUNDS | 8 | <u>14,869,301</u> ===== | <u>14,000,000</u> ===== |

The accounts on pages 7 to 11 were approved by the Board of Directors on 30th March 1998 and signed on its behalf by:



R.A. MILLIKEN
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS

Year ended 31st December 1997

1. TAXATION

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

2. DIVIDENDS

| | <u>1997</u> £ | <u>1996</u> £ |
|-----------------------------------|------------------|------------------|
| Ordinary dividends - interim paid | 190,000 ===== | - ===== |

3. INVESTMENTS

| | <u>1997</u> £ | <u>1996</u> £ |
|-----------------------|------------------|------------------|
| Additions | 548 ---- | - ---- |
| At 31st December 1997 | 548 === | - === |

4. DEBTORS

| | <u>1997</u> £ | <u>1996</u> £ |
|---------------------------------|---------------------|---------------------|
| Amounts owed by group companies | 14,864,000 | 14,000,000 |
| Other debtors | 47,500 | - |
| | 14,911,500 ===== | 14,000,000 ===== |

5. CREDITORS

| | <u>1997</u> £ | <u>1996</u> £ |
|-------------------------|------------------|------------------|
| Corporation tax payable | 47,500 | - |
| Other creditors | 548 | - |
| | 48,048 ===== | - ===== |

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

Year ended 31st December 1997

6. SHARE CAPITAL

| | <u>1997</u> £ | <u>1996</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 1997 | - |
| Retained profit for the year | 869,301 |
| At 31st December 1997 | 869,301 ===== |

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1997</u> £ | <u>1996</u> £ |
|-------------------------------|---------------------|---------------------|
| Opening shareholders' funds | 14,000,000 | 14,000,000 |
| Profit for the financial year | 1,059,301 | - |
| Dividends | (190,000) | - |
| At 31st December 1997 | 14,869,301 ===== | 14,000,000 ===== |

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.
