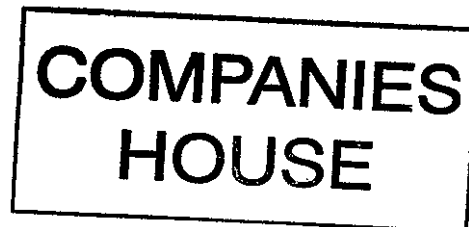


RIBBLE HOLDINGS LIMITED
ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998



ROYCE PEELING GREEN
CHARTERED ACCOUNTANTS
HILTON CHAMBERS
15 HILTON STREET
MANCHESTER
M1 1JL



COMPANIES
HOT

RIBBLE HOLDINGS LIMITED

COMPANY INFORMATION AND CONTENTS

Directors	D. Haynes M. O'Hara S. Rector
Secretary	S. Rector
Company Number	3095607
Registered Office	Greengate Street Oldham OL4 1DF
Auditors	Royce Peeling Green Hilton Chambers 15 Hilton Street Manchester M1 1JL

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RIBBLE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors submit their report together with the financial statements for the year ended 31st December 1998.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the loss for that year. In preparing those financial statements 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 financial statements.
- prepare the financial statements 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 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.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £3,574 and it has been transferred from reserves.

The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's sole activity is as a holding company. No significant changes are anticipated.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests, together with the interests of their families, in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1998	1997
	No.	No.
D. Haynes	333	333
M. O'Hara	333	333
S. Rector	333	333

None of the directors had a beneficial interest, direct or indirect, in any contract entered into by the company.

YEAR 2000

The directors are aware of the potential adverse impact of the millenium on the information technology systems within the Company and are committed to ensuring that this issue will not have an impact on the Company's operations. The directors instigated a review of the potential impact on the company and the results of this review have formed the basis of an action plan to ensure that millenium compliance is achieved.

The directors do not anticipate that the costs of compliance will be significant.

RIBBLE HOLDINGS LIMITED

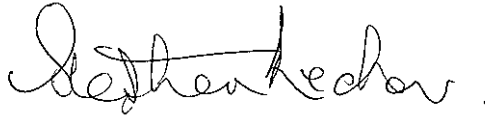
DIRECTORS' REPORT

AUDITORS

The Auditors, Messrs. Royce Peeling Green, Chartered Accountants, have expressed their willingness to continue in office, and a resolution regarding their appointment and remuneration will be submitted to the Annual General Meeting.

By Order of the Board:

S. RECTOR
SECRETARY

A handwritten signature in dark ink, appearing to read 'S. Rector', written over the printed name of the Secretary.

11TH MAY 1999

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RIBBLE HOLDINGS LIMITED**

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 consider 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 the 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 as at 31st December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**ROYCE PEELING GREEN
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR**

**HILTON CHAMBERS
15 HILTON STREET
MANCHESTER
M1 1JL**

12th May 1999

RIBBLE HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998**

	Notes	1998 £	1997 £
Administration expenses		(250)	(280)
Other operating income		-	13,000
Operating (loss)/profit	2	(250)	12,720
Interest payable	3	(3,324)	(12,229)
(Loss)/Profit on ordinary activities before Taxation		(3,574)	491
Tax on (loss)/profit on ordinary activities	5	-	(56)
(Loss)/Profit on ordinary activities after Taxation		(3,574)	435
Retained (loss)/profit transferred (from)/to reserves	11	(3,574)	435

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

The notes on pages 7 to 11 form part of these financial statements.

RIBBLE HOLDINGS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1998

	Notes	1998	1997
		£	£
Fixed Assets			
Investments	6	172,500	172,500
Current Assets			
Cash at bank and in hand		-	837
		-	837
Creditors:			
Amounts falling due within one year	9	(173,790)	(171,562)
Net Current (Liabilities)		(173,790)	(170,725)
Total Assets Less Current Liabilities		(1,290)	1,775
Capital and Reserves			
<i>Equity Interests</i>			
Share capital	10	1,508	999
Profit and loss account	11	(2,798)	776
TOTAL SHAREHOLDERS' FUNDS	12	(1,290)	1,775

These accounts were approved by the board on 11th May 1999.

D. Haynes

DIRECTOR

The notes on pages 7 to 11 form part of these financial statements.

RIBBLE HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	£	1998	£	£	1997	£
Cash Inflow from Operating Activities	13			80,418			107,819
Returns on Investments and Servicing of Finance	14			(3,745)			(12,464)
Taxation				(56)			(378)
Cash Inflow before use of liquid resources and financing				76,617			94,977
Financing	14			(77,454)			(95,007)
(Decrease) in cash in the year				(837)			(30)
Reconciliation of net cash flow to movement in net debt							
(Decrease) in cash in the year				(837)			(30)
Cash outflow from decrease in debt				77,963			95,007
Change in net debt resulting from cash flows				77,126			94,977
Movement in net debt in the period				77,126			94,977
Net debt at 1st January 1998				(77,126)			(172,103)
Net debt at 31st December 1998	15			-			(77,126)

RIBBLE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

1 PRINCIPAL ACCOUNTING POLICIES

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Consolidation

The directors have taken advantage of the exemptions from the requirement to prepare group accounts under s248 of the Companies Act 1985 on the grounds that the group is medium sized within the meaning of that Act.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging or crediting:

	1998	1997
	£	£
Amounts payable to the auditors in respect of audit services	250	250

3 INTEREST PAYABLE

	1998	1997
	£	£
Bank loans, overdrafts and other loans repayable within five years	3,324	12,229

4 DIRECTORS AND EMPLOYEES

No staff costs were incurred in the year.

The average monthly number of employees, including directors, during the year was as follows:

	1998 Number	1997 Number
Management	3	3

RIBBLE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

Remuneration in respect of directors, including amounts paid by subsidiary undertakings, was as follows:

	1998	1997
	£	£
Aggregate emoluments	190,818	178,712
Company pension contributions to money purchase schemes	29,940	22,800
	<u>220,758</u>	<u>201,512</u>

The directors were the only employees in the year.

5	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	1998	1997
		£	£
	<i>Based on the (loss)/profit for the year:</i>		
	U.K. Corporation tax at 21%	-	56

6 FIXED ASSETS INVESTMENTS

	Shares in Group Undertakings £
Cost	
At 1st January 1998	172,500
At 31st December 1998	<u>172,500</u>
Net Book Value	
At 31st December 1998	<u>172,500</u>
At 31st December 1997	<u>172,500</u>

7 PRINCIPAL FIXED ASSET INVESTMENTS

The company holds more than 10% of the share capital of the following:

Name	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business
<i>Principal subsidiary undertakings:</i>				
Ribble Packaging Limited	England	Ordinary	100%	Manufacturer and converter of corrugated board

RIBBLE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

	Profit/ (Loss) for year £	Aggregate Capital and Reserves at 31.12.98 £
Ribble Packaging Limited	162,113	614,536

The accounting reference date for the subsidiary undertaking is coterminous with that of the company.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1998	1997
	£	£
Bank loans and overdrafts	-	77,963
Amounts owed to group undertakings	173,540	92,872
Corporation tax	-	56
Accruals and deferred income	250	671
	<u>173,790</u>	<u>171,562</u>

10 SHARE CAPITAL

Authorised	Number	£
Ordinary shares of £1 each	3,000	3,000
Preferred ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, issued and fully paid	Number	£
Ordinary shares of £1 each	<u>999</u>	<u>999</u>
Preferred ordinary shares of £1 each		
Issues during the year	<u>509</u>	<u>509</u>
At 31st December 1998	<u>509</u>	<u>509</u>

The preferred ordinary shares confer on their holders the right to receive a non-cumulative participating preference dividend equal to 10% of the net profits of the company and its subsidiaries.

West Register Investments Limited (a wholly owned subsidiary of the Royal Bank of Scotland plc) held an option to subscribe for preferred ordinary shares at par. This option was exercised on 15th July 1998 when they subscribed for 509 £1 preferred ordinary shares at par.

RIBBLE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

11 RESERVES

	Profit and Loss Account £
At 1st January 1998	776
Loss for the year	(3,574)
At 31st December 1998	<u>(2,798)</u>

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
(Loss)/Profit for the financial year	(3,574)	435
New share capital subscribed	509	-
(Decrease)/Increase in shareholders' funds	(3,065)	435
Opening shareholders' funds	1,775	1,340
Closing shareholders' funds	<u>(1,290)</u>	<u>1,775</u>

13 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1998	1997
	£	£
Operating (loss)/profit	(250)	12,720
Increase in creditors	80,668	92,872
Net Cash Inflow from Operating Activities	<u>80,418</u>	<u>107,819</u>

14 GROSS CASH FLOWS

	1998	1997
	£	£
<i>Returns on investments and servicing of finance</i>		
Interest paid	(3,745)	(12,464)
<i>Net cash (outflow) for returns on investments and servicing of finance</i>	<u>(3,745)</u>	<u>(12,464)</u>
Financing		
Issue of Preferred ordinary shares of £1 each	509	-
<i>Debt due within one year:</i>		
Repayment of short term loans	(77,963)	(95,007)
<i>Net cash (outflow) for financing</i>	<u>(77,454)</u>	<u>(95,007)</u>

RIBBLE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

15 ANALYSIS OF NET DEBT

	At 1st January 1998	Cash Flow	At 31st December 1998
	£	£	£
Cash in hand and at bank	837	(837)	-
	837	(837)	-
Debt due within one year	(77,963)	77,963	-
Total	(77,126)	77,126	-