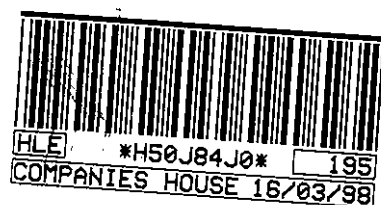


DIRECTORS' REPORT AND ACCOUNTS

MACNOLL LIMITED

(Registered Number 3268645)

28 June 1997



MACNOLL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 28 JUNE 1997

The directors present their report and accounts for the period ended 28 June 1997.

BUSINESS REVIEW

The company was incorporated on 24 October 1996 and was brought into the Greeting Store Group of companies on 13 November 1996.

The company has been dormant since incorporation.

DIRECTORS

The members of the board during the year were:

DPA Gravells	(appointed 13 November 1996)
SA Greenwood	(appointed 13 November 1996)
RC Blomfield	(appointed 13 November 1996)
PL Taylor	(appointed 13 November 1996)

None of the directors had an interest in the shares of the company, or interest in the shares of any of the other subsidiary undertakings within the group, at any time in the year. DPA Gravells, SA Greenwood and RC Blomfield are directors of GSG Holdings Limited and their interests in the shares of the ultimate parent company are disclosed in the financial statements of that company.

DIRECTORS' STATEMENT OF RESPONSIBILITY

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 profit or loss of the Company for that period. 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 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.

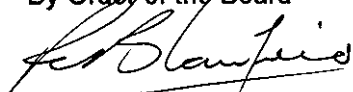
MACNOLL LIMITED

**DIRECTORS' REPORT FOR THE PERIOD ENDED 28 JUNE 1997
(CONTINUED)**

AUDITORS

A resolution to re-appoint Price Waterhouse will be submitted to the annual general meeting of the company.

By Order of the Board



RC Blomfield
Secretary

12 March 1998

Registered Office

Carr Lane
Low Moor
Bradford
BD12 0GS

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF MACNOLL LIMITED

We have audited the financial statements on pages 4 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, 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 financial 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 28 June 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

12 March 1998

MACNOLL LIMITED

BALANCE SHEET - 28 JUNE 1997

	<u>Notes</u>	<u>1997</u> £
CURRENT ASSETS		
Investments	3	<u>2</u>
NET ASSETS		<u>2</u>
CAPITAL AND RESERVES		
Called up share capital	4	<u>2</u>



RC Blomfield

DIRECTOR

APPROVED BY THE BOARD
ON 12 MARCH 1998

MACNOLL LIMITED

NOTES TO THE ACCOUNTS - 28 JUNE 1997

1 ACCOUNTING POLICIES

(1) Basis of accounting

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

(2) Profit and loss account

The Company has not traded at any time during the period to 28 June 1997 and has made neither a profit nor a loss.

2 DIRECTORS

None of the directors received any emoluments during the period in respect of their services to the Company.

3 FIXED ASSET INVESTMENT

Shares in group company

Cost at 24 October 1996	-
Additions	<u>2</u>
Cost at 28 June 1997	<u>2</u>

4 CALLED UP SHARE CAPITAL

	<u>1997</u>
Ordinary shares of £1 each:	
Allotted, issued and fully paid	<u>£2</u>
Authorised	<u>£100</u>

5 ULTIMATE PARENT COMPANY

GSG Holdings Limited, which is registered in England and prepares group accounts, is regarded by the directors as being the company's ultimate parent company and a copy of its accounts may be obtained from its secretary, at the registered office of that company.