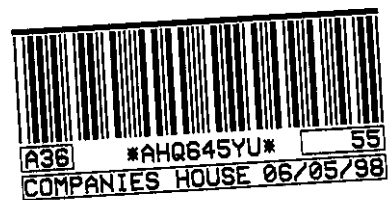


Bonar Pack Centre Limited

Directors' report and financial statements

29 November 1997

Registered number 3302720



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 29 November 1997.

Principal activities

The principal activity of the company is the packaging of razor products for Gillette UK Limited.

Business review

The company was incorporated on 15 January 1997 under the name of Harbourcove Limited, and by a special resolution passed on 24 February 1997 changed its name to Bonar Pack Centre Limited.

The first five months of activity involved the set up of the facility and recruitment of personnel. Production at the Hemel Hempstead site began in August 1997. By the end of the financial year thirteen machines were installed and budgeted targets were exceeded by 5%.

Future developments

For the 1998 financial year a further programme of installation of machines is planned.

Proposed dividend

The directors do not recommend the payment of a dividend.

Policy on the payment of creditors

The company has not adopted any formal code or standards on supplier payment practice. The company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on an individual basis prior to trading. The number of days billings from suppliers outstanding at the end of the financial year was 35 days.

Directors and directors' interests

The directors who held office during the year were as follows:

PJ Charlton	(appointed 15 January 1997, resigned 24 February 1997)
ME Richards	(appointed 15 January 1997, resigned 24 February 1997)
JB Marx	(appointed 24 February 1997)
BJ Davidson	(appointed 24 February 1997)

The directors are not subject to retirement by rotation.

The interests of JB Marx in the ordinary shares of Low & Bonar PLC, the company's ultimate parent company, are disclosed in the directors' report of that company.

Directors' report (continued)

The other director who held office at the end of the financial year had the following interests:-

	At 29 November 1997	At date of appointment	Share option movements in the period	
	Share option	Share option	Granted	Cancelled
BJ Davidson	1857†	1638*	1857	1638

*Granted on 7 August 1996 under the Low & Bonar PLC Savings Related Share Option Scheme, normally exercisable between 1 October 2001 and 31 March 2002 at 421 pence per share.

† Granted on 5 August 1997 under the Low & Bonar PLC Savings Related Share Option Scheme, normally exercisable between 1 October 2000 and 31 March 2001 at 210 pence per share.

None of the directors who held office at the end of the financial year had any interest in the share capital of the company.

Political and charitable contributions

The company made no political contributions during the period. The company made no donations to UK Charities during the period.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



RJC Peebles
Secretary

High Holborn Road
Ripley
Derbyshire
DE5 3NT

23 March 1998

Statement of 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 profit or loss 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, and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of Bonar Pack Centre Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 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 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 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 29 November 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 March 1998

Profit and loss account
for the year ended 29 November 1997

	<i>Note</i>	1997 £
Turnover		
Cost of sales	1	447,301 (458,175)
Gross loss		(10,874)
Administrative expenses (including exceptional start-up costs of £851,727)		(884,727)
Other operating income		4,335
Operating loss		(891,266)
Other interest receivable and similar income	5	2,019
Loss on ordinary activities before taxation	2	(889,247)
Tax on loss on ordinary activities	6	12,345
Loss on ordinary activities after taxation		(876,902)
Retained loss for the financial year	13	(876,902)

A statement of movements on reserves is given in note 13.

Turnover and results reported above all relate to continuing activities.

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit for the period reported above.

Notes on historical cost profits and losses

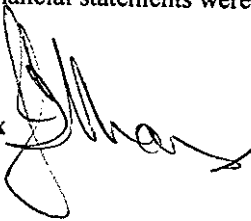
There is no material difference between the results reported above and the results on an unmodified historical cost basis.

Balance sheet
at 29 November 1997

	<i>Note</i>	1997	
		£	£
Fixed assets			
Intangible assets	7		422,222
Tangible assets	8		513,842
			<hr/>
Current assets			936,064
Stocks	9	252,446	
Debtors	10	570,467	
Cash at bank and in hand		34,530	
		<hr/>	
Creditors: amounts falling due within one year	11	857,443 (2,670,309)	
		<hr/>	
Net current liabilities			(1,812,866)
Net liabilities			<hr/>
			(876,802)
			<hr/>
Capital and reserves			
Called up share capital	12		100
Profit and loss account	13		(876,902)
			<hr/>
Equity shareholders' funds			(876,802)
			<hr/>

These financial statements were approved by the board of directors on 23 March 1998 and were signed on its behalf by:

JB Marx
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis as confirmation has been received from the ultimate parent company that it will continue to support the company.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Low & Bonar PLC, and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery 4 to 10 years

Start-up costs

The company capitalises certain start-up costs associated with establishing the business which are recoverable under the terms of the contract which governs its operations. These costs are to be amortised in equal annual instalments over the remaining 5 year life of the contract.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company operates a defined contribution pension scheme to new employees of Low and Bonar PLC. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

The company operates a pension scheme providing benefits based on final pensionable pay to existing employees of Low and Bonar. The assets of the scheme are held separately from those of the company[, being invested with insurance companies]. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. All turnover is from one class of business in the UK, the company's only market.

2 Loss on ordinary activities

	1997 £
Loss on ordinary activities before taxation is stated	
<i>after charging</i>	
Auditors' remuneration	
Audit	9,750
Fees payable to the auditor and its associates for non-audit services	-
Depreciation and other amounts written off tangible fixed assets:	39,783
Hire of plant and machinery - rentals payable under operating leases	14,868
Hire of other assets - operating leases	8,730
<i>and after crediting</i>	
reimbursement of certain fixed plant expenses	(512,070)
	<hr/> <hr/>

3 Remuneration of directors

	1997 £
As executives	
Remuneration	35,292
Pension contributions	2,383
	<hr/> <hr/>
	37,675

The emoluments, including pension contributions of £2,383, of the highest paid director were £37,675.

Retirement benefits are accruing for directors under the Low and Bonar group defined benefits pension scheme, details of which are disclosed in the group accounts.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period analysed by category, was as follows:

	1997
Directors	2
Management and administration operatives	8

The aggregate payroll costs of these persons were as follows:

	1997 £
Wages and salaries	239,352
Social security costs	23,309
Other pension costs	18,499
	<hr/> 281,160 <hr/>

5 Other interest receivable and similar income

	1997 £
Receivable from group undertakings	2,019
	<hr/>

Notes (continued)

6 Taxation

	1997 £
UK corporation tax at 33 % on the loss for the period on ordinary activities	(12,345)
Deferred taxation	-
	<hr style="width: 100%; border: none; border-top: 1px solid black; margin-bottom: 5px;"/> (12,345) <hr style="width: 100%; border: none; border-top: 3px double black; margin-top: 5px;"/>

7 Intangible fixed assets

	Capitalised start-up costs £
<i>Cost</i>	
Additions	422,222
At 29 November 1997	<hr style="width: 100%; border: none; border-top: 1px solid black; margin-bottom: 5px;"/> 422,222 <hr style="width: 100%; border: none; border-top: 3px double black; margin-top: 5px;"/>
<i>Amortisation</i>	
Charged in period	-
At 29 November 1997	<hr style="width: 100%; border: none; border-top: 1px solid black; margin-bottom: 5px;"/> - <hr style="width: 100%; border: none; border-top: 3px double black; margin-top: 5px;"/>
<i>Net book value</i>	
At 29 November 1997	<hr style="width: 100%; border: none; border-top: 1px solid black; margin-bottom: 5px;"/> 422,222 <hr style="width: 100%; border: none; border-top: 3px double black; margin-top: 5px;"/>

Notes (continued)

8 Tangible fixed assets

	Equipment and fittings £
<i>Cost</i>	
Additions	
Disposals	559,929 (6,304)
At 29 November 1997	<u>553,625</u>
<i>Depreciation</i>	
Charge for period	
On disposals	39,783 -
At 29 November 1997	<u>39,783</u>
<i>Net book value</i>	
At 29 November 1997	<u><u>513,842</u></u>

9 Stocks

	1997 £
Raw materials and consumables	
Finished goods	215,661 36,785
	<u>252,446</u>

10 Debtors

	1997 £
Trade debtors	
Amounts owed by group undertakings	
Other debtors	326,699 7,406
Prepayments and accrued income	236,905 (543)
	<u>570,467</u>

Notes (continued)

11 Creditors: amounts falling due within one year

	1997 £
Trade creditors	
Amounts owed to group undertakings	589,712
Taxation and social security	1,691,891
Other creditors	14,087
Accruals and deferred income	1,353
	373,266
	<hr/>
	2,670,309
	<hr/> <hr/>

12 Called up share capital

	1997 £
<i>Authorised</i>	
100 Ordinary shares of £1 each	100
	<hr/>
<i>Allotted, called up and fully paid</i>	
100 Ordinary shares of £1 each	100
	<hr/> <hr/>

13 Profit and loss account

	£
At incorporation	-
Retained loss for the period	(876,902)
	<hr/>
At 29 November 1997	(876,902)
	<hr/> <hr/>

14 Contingent liabilities

The company has guaranteed the overdrafts of other group companies; the amount outstanding at the year end was £Nil.

Notes (continued)

15 Commitments

- (a) Capital commitments at the end of the financial period for which no provision has been made are as follows:

	1997 £
Amounts contracted	111,368

- (b) Annual commitments under non-cancellable operating leases are as follows:

	1997 Other £
Operating leases which expire:	
In the second to fifth years inclusive	32,267
Over five years	2,058
	<hr/> 34,325 <hr/>

16 Pensions

The company is a member of two group pension schemes operated by Low & Bonar PLC, the holding company. One of the schemes is of the defined benefit type, with assets held in separate trustee - administered funds. Independent valuation of the scheme is carried out by a qualified actuary, the latest being on 5 April 1997 which showed a surplus of £3,873,000. Further information regarding the scheme is set out in the financial statements of the parent company. The pension cost for the period for this scheme was £5,823.

The company also operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £12,676. Contributions amounting to £1,007 were payable to the fund at 29 November 1997 and are included in creditors.

17 Related party disclosures

The company is controlled by Low & Bonar PLC, its ultimate controlling parent company. Disclosure of related party transactions with group companies is not required since 100% of the voting rights of the company are controlled within the group.

18 Ultimate parent company

The largest group in which the results of the company are consolidated is that headed by Low & Bonar PLC, incorporated in Great Britain. The consolidated accounts of this company are available to the public and may be obtained from Bonar House, Faraday Street, Dundee, DD1 9JA.

The financial statements of Low & Bonar PLC are the only consolidated financial statements to incorporate Bonar Pack Centre Limited.