

DIRECTORS' REPORT AND ACCOUNTS

SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)
(Registered Number 3496155)

2 January 1999



SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)

DIRECTORS' REPORT FOR THE PERIOD ENDED 2 JANUARY 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the period ended 2 January 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company was incorporated as Pinco 1017 Limited on 21 January 1998. On 10 March 1998, the company changed its name to Spring Bank Management Services Limited.

The company has not traded in its own right, has not incurred any liabilities, and consequently has made neither profit nor loss. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

Pinsent Curtis Director Limited	(Appointed 21 January 1998, Resigned 12 February 1998)
MG Towers	(Appointed 12 February 1998, Resigned 3 July 1998)
D Mackinnon	(Appointed 12 February 1998)
SJ Brown	(Appointed 3 July 1998)
AGR wilson	(Appointed 4 August 1998)

The interests of SJ Brown and AGR Wilson in the shares of the ultimate parent company are shown in the accounts of that company. None of the other directors as at 2 January 1999 had any beneficial interest in the shares of The Spring Ram Corporation PLC.

SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)

DIRECTORS' REPORT FOR THE PERIOD ENDED 2 JANUARY 1999
(CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

Under The Spring Ram Corporation 1995 Employee Share Option Scheme and SAYE scheme, options to subscribe for ordinary shares of 10 pence each in the ultimate parent company have been granted to directors as set out below:

	<u>Date of appointment and end of period</u>	<u>Exercise price (pence)</u>	<u>Date from which Exercisable</u>	<u>Expiry date</u>
D Mackinnon	25,000+	13.5	9/4/2000	8/4/2007
	2,127*	11.0	1/7/2000	31/12/2000

* Options granted under the SAYE scheme.

+ Options granted under the 1995 Employee Share Option Scheme.

No options were granted, exercised or lapsed during the period. The market price of the shares at 2 January 1999 was 6.5 pence and the range during the period was 5.5 pence to 23.5 pence.

There are no other directors' interests which require disclosure under Section 234 of the Companies Act 1985.

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse, who were appointed by the directors on incorporation of the company, resigned as auditors and the directors appointed the new firm of PricewaterhouseCoopers to fill the casual vacancy arising. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board



4 June 1999

Registered Office

PO Box 572
Woodlands
21 Roydsdale Way
Euroway Trading Estate
Bradford
West Yorkshire
BD4 6YT

SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are required to prepare financial statements for each financial period which give a true and fair view of the company's state of affairs at the end of the period and of its profit or loss for the period then ended. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- 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 not appropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF SPRING BANK MANAGEMENT SERVICES LIMITED (formerly Pinco 1017 Limited)

We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policy set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established 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 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.

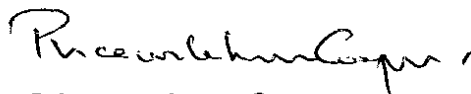
Basis of opinion

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 group'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 as at 2 January 1999 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

4 June 1999

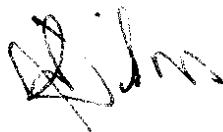
PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)

BALANCE SHEET - 2 JANUARY 1999

	<u>Notes</u>	£
CURRENT ASSETS		
Debtors - amounts owed by group undertakings		1
		<hr/>
NET ASSETS		<u>1</u>
CAPITAL AND RESERVES		
Called up share capital – equity		1
		<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>1</u>



AGR WILSON

DIRECTOR

APPROVED BY THE BOARD
ON 4 JUNE 1999

The accompanying notes are an integral part of this balance sheet.

SPRING BANK MANAGEMENT SERVICES LIMITED
(formerly Pinco 1017 Limited)

NOTES TO THE ACCOUNTS - 2 JANUARY 1999

1 ACCOUNTING POLICY

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

2 PROFIT AND LOSS ACCOUNT

The company has not traded in during the period, has not incurred any liabilities and, consequently, has made neither profit nor loss. The company has no employees. None of the directors received any emoluments in respect of their services to the company during the period.

3 CALLED UP SHARE CAPITAL

	<u>1998</u> £'000
Authorised	
1 'B' redeemable share of £1 each	1
500 'A' shares of £1 each	<u>500</u>
	<u>501</u>
Issued:	
1 'B' redeemable share of £1 each	<u>1</u>

The 'B' shareholder is entitled to attend and vote at any general meeting of the company and to appoint or remove all the Directors of the company. The 'A' shareholders have no right to attend or vote at any general meeting of the company until the sale of the final unit at Spring Bank Industrial Estate, Sowerby Bridge, West Yorkshire.

The rights attaching to the 'B' redeemable share shall cease on the sale of the final unit comprised in the development at which time the 'B' redeemable share shall be redeemable at par.

4 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of The Spring Ram Corporation PLC, a company registered in England and Wales.

The consolidated accounts of the group are available to the public and may be obtained from The Spring Ram Corporation PLC, PO Box 572, Woodlands, 21 Roydsdale Way, Euroway Trading Estate, Bradford, West Yorkshire, BD4 6YT.