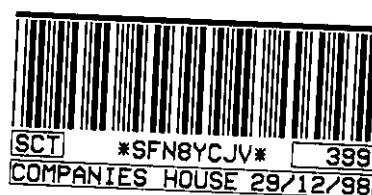


Speirs & Jeffrey Client Nominees Limited

Directors' report and financial statements

8 May 1998

Registered number 162589



Directors' report and financial statements

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Directors' report

The directors have pleasure in submitting their report to the members, together with audited financial statements, for the 52 weeks ended 8 May 1998.

Activities

The company, which acts only as a nominee, did not otherwise trade during the period.

Directors

The directors during the year were:

A.A.W. Waddell (Chairman)
J.R. Gibb
P.C.M. Roger
J.R. McCulloch
G.H.W. Waddell
W.G. Dickie

The directors retiring by rotation are J.R. McCulloch and P.C.M. Roger who, being eligible, offer themselves for re-election. J.R. Gibb resigned as a director on 8 May 1998, consequent on his retirement.

The interests of the directors in the shares of the holding company, Speirs & Jeffrey Limited, are shown in the financial statements of that company.

By order of the board



P.C.M. Roger
Director

36 Renfield Street
Glasgow

4 August 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;
- 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 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

24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Report of the auditors to the members of Speirs & Jeffrey Client Nominees Limited

We have audited the financial statements on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 8 May 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

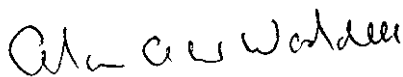
KPMG Audit Plc
Chartered Accountants
Registered Auditor

4 August 1998

Balance sheet

	<i>Note</i>	8 May 1998	9 May 1997
		£	£
Current assets			
Due from Speirs & Jeffrey Limited		2	2
		—	—
Net assets		2	2
		==	==
Capital and reserves			
Called up share capital	3	2	2
		—	—
		2	2
		==	==

These financial statements were approved by the board of directors on 4 August 1998 and were signed on its behalf by:



A.A.W. Waddell
Director



P.C.M. Roger
Director

Notes

(forming part of the financial statements)

1 Accounting policy

The financial statements have been prepared under the historical cost convention and in accordance with S226 of, and Schedule 4 to, the Companies Act 1985, and in accordance with applicable accounting standards.

2 Directors and employee costs

There are no employees other than directors.

No remuneration was paid during the year to any of the directors.

3 Share capital

	1998 £	1997 £
<i>Authorised</i> 1,000 ordinary shares of £1 each	1,000	1,000
	=====	=====
<i>Allotted, called up and fully paid</i> 2 ordinary shares of £1 each	2	2
	=====	=====

4 Profit and loss account

During the period the company did not trade and received no income and incurred no expenditure. Consequently, during the period the company made neither a profit nor a loss.

5 Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

6 Ultimate holding company

The ultimate holding company is Speirs & Jeffrey Limited, which is registered in Scotland.