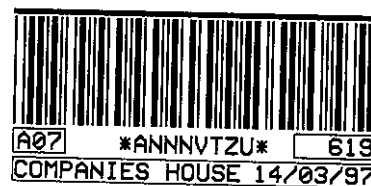


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Gillette Stationery Benelux B.V.

Annual report and accounts
30 November 1995



2 NF

KPMG Accountants

Identified as being a statement
to which our letter dated

25 NOV 1996


refers.
KPMG Accountants N V

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Director's report

The management herewith presents the Company's accounts for the financial year ended 30 November 1995.

Overview of activities

The principal activities of the Company consist of the holding of investments in Parker Pen subsidiaries. The Company is also involved in the marketing of Parker Pen and other Gillette Stationery products in the Netherlands.

Finance

Gross margin for the year amounted to NLG 12,418,000 compared to NLG 14,483,000 for 1993/1994.

Profits before tax amounted to NLG 139,000 compared to NLG 15,634,000 for 1993/1994.

Personnel

The number of employees increased from 47 in 1993/1994 to 58.

Investments

Details of the Company's subsidiaries are provided in note 6 to these accounts.

The following subsidiaries ceased to trade during the year:

- Parker Pen Espagnola SA - ceased trading on 30 November 1995;
- Parker Pen Argentina SAIC - ceased trading on 31 August 1995.

The following subsidiaries were liquidated during the year:

- Parker Pen Australia Pty - liquidated on 28 February 1995;
- Parker Pen Japan Ltd - liquidated on 18 October 1995.

The investment in Parker Pen Products (formerly Parker Pen (IP) Ltd) was sold to Parker Pen International and Gillette Industries Plc on 29 March 1995.

Dividends paid

The Company paid a dividend amounting to NLG 7,705,000

Auditors

A resolution to re-appoint KPMG Accountants N.V. as the Company's auditors will be proposed at a forthcoming general meeting.

Change of name

With effect from 1 December 1994 the Company's name was changed to Gillette Stationery Benelux B.V.

 Accountants

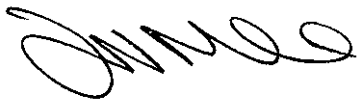
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Future outlook

The Directors expect for the financial year 1995/1996 sales and profit before taxes to stabilise.

Signed for the Board of Directors,



P.G.V. Mee

25 November 1996

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Balance sheet 30 November 1995

(before proposed appropriation of result with comparative figures for 1994)

	Notes	1995	1994
(in NLG'000)			
Fixed assets			
Tangible fixed assets	5	4,505	4,599
Financial fixed assets	6	15,685	29,822
		<u>20,190</u>	<u>34,421</u>
Current assets			
Inventories	7	3,701	3,314
Debtors	8	44,549	28,833
Prepayments and other current assets		489	502
Cash	9	252	441
		<u>48,991</u>	<u>33,090</u>
Current liabilities	10	13,019	6,407
Current assets less current liabilities		35,972	26,683
Total assets less current liabilities		<u>56,162</u>	<u>61,104</u>
Capital and reserves	11		
Issued and paid-up capital		9,397	9,397
Share-premium		10,060	10,060
Retained profits		41,647	29,995
Dividends paid		(7,705)	—
(Loss)/profit for the year		2,763	11,652
		<u>56,162</u>	<u>61,104</u>

Donald W. Hoedek

The attached notes form part of these annual accounts.

KPMG Accountants

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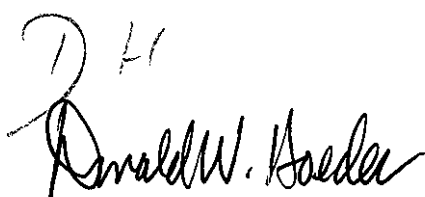
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Profit and loss account for the year ended 30 November 1995

(with comparative figures for 1994)

	Notes	1994/95	1993/94
(in NLG'000)			
Gross margin	12	12,418	14,483
Selling expenses		9,716	5,382
General and administrative expenses		4,764	3,230
Total expenses		14,480	8,612
Net operating profit/(loss)		(2,062)	5,871
Results on the sale of patents		—	8,820
Interest income	14	1,498	1,117
Interest expense		—	(80)
Exchange gains/(losses)		703	(94)
Net operating profit before taxation		139	15,634
Taxation on net operating profit	15	269	(5,428)
Result on investments in subsidiaries		2,355	1,446
Profit for the financial year after taxation	11	2,763	11,652



 Donald W. Baedeker

The attached notes form part of these annual accounts.

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Notes to the annual accounts 30 November 1995

1 Relationship with parent company and principal activity

The Company is a limited liability company incorporated in The Netherlands whose shares are held by Parker Pen International Limited (99.5%) and Gillette Industries Plc (0.5%).

The principal activities of the Company are the holding of investments in Parker Pen subsidiaries and the marketing of Parker, Waterman, Papermate and Liquid Paper stationery products.

2 Basis of presentation

The annual accounts have been prepared under the historical cost convention in accordance with accounting policies generally accepted in The Netherlands. All results are accounted for on an accrual basis.

The accounts of the Company and its subsidiaries have been included in the consolidated annual accounts of The Gillette Company, Boston, Massachusetts, U.S.A. In accordance with the provisions of Article 408 of the Netherlands Civil Code Book 2, Title 9, no consolidated accounts have been prepared. The consolidated annual accounts of The Gillette Company are filed with the Trade Register of the Chamber of Commerce in Breda.

3 Summary of significant accounting policies

a *Intangible fixed assets*

Intellectual property rights are written off when acquired.

b *Tangible fixed assets*

Tangible fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated on the basis of the estimated useful lives of the related assets, using the straight-line method, as follows:

Operational freehold land	Nil.
Operational freehold buildings	Over 40 years.
Plant and machinery	Between 4 and 10 years.
Technical and office equipment	Between 4 and 10 years.
Other fixed operating assets	Between 4 and 10 years.

c *Financial fixed assets*

The Company carries the investments in group companies at historical cost less provision for any diminution in value deemed to be of a permanent nature.

d *Securities and other investments*

Securities and other investments have been valued at the lower of cost and net realisable value/Directors' valuation.

e *Inventories*

Stocks and work in progress are valued on a 'first in, first out' basis at the lower of cost and net realisable value. Cost includes direct materials, labour and an appropriate proportion of manufacturing overheads incurred in bringing each product to its present location and condition.

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Adequate provisions are made for obsolete and slow moving inventories.

f Other assets and liabilities

Other assets and liabilities are stated at nominal value except where a different basis of valuation has been indicated in the annual accounts.

g Gross margin

Gross margin comprises total amounts charged to third parties in respect of goods delivered and services rendered during the financial year net of value added tax and discounts less cost of sales.

h Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Dutch guilders at exchange rates prevailing at the balance sheet date. Foreign currency transactions are converted at the exchange rates approximating those ruling at the time of the transactions. The resulting exchange gains or losses are recognised in the profit and loss account.

i Taxation

Taxation is calculated based upon the commercial results of the Company taking into account permanent and/or timing differences.

4 Change in accounting policy

As of the financial year 1994/1995 the Company accounts for its subsidiaries at cost. The 1993/1994 figures have been restated for comparative purposes.

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5 Tangible fixed assets


	Operational buildings & land	Machinery & equipment	Total
(in NLG'000)			
Cost:			
30 November 1994	5,068	2,038	7,106
Additions	19	408	427
Disposals	—	(113)	(113)
30 November 1995	5,087	2,333	7,420
Accumulated depreciation:			
30 November 1994	(1,374)	(1,133)	(2,507)
Disposals	—	11	11
Charge for the year	(136)	(283)	(419)
30 November 1995	(1,510)	(1,405)	(2,915)
Book value:			
30 November 1994	3,694	905	4,599
30 November 1995	3,577	928	4,505

6 Financial fixed assets

	Investments in group companies
(in NLG'000)	
Bookvalue	
30 November 1994	29,822
Additions	—
Disposals through sale or liquidation	(14,137)
30 November 1995	15,685

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In 1995 the investments in Parker Pen (Australia) Pty Limited and Parker Pen Japan Limited were liquidated. The cost-price of these investments amounted to NLG 4,617,000 and NLG 701,350 respectively. The liquidation of these investments resulted in losses of some NLG 4.5 mln and NLG 701,350 respectively.

Furthermore the investment in Parker Pen (IP) Limited was sold to Parker Pen International Limited and Gillette Industries Plc for an amount of some NLG 7.7 mln in exchange for loan notes. The cost-price of the investment in Parker Pen (IP) Limited amounted to some NLG 8.8 mln. The loan notes were settled by a dividend payment of NLG 7,705,000 to the parent companies (Parker Pen International Limited and Gillette Industries Plc). The sale of Parker Pen (IP) Limited thus resulted in a loss of some NLG 1.1 mln.

At 30 November 1995 the following investments are held by the Company:

Domicile	Company name	Share of capital held in %
Argentina	Parker Pen Argentina SAIC	100
Belgium	Parker Pen Belgium SA	100
Canada	Parker Pen Canada Limited	100
Canada	Parker Pen Holdings Ltd	100
Colombia	Industrias Parker de Colombia SA	100
France	Waterman SA	20
Hong Kong	Parker Pen Hong Kong Limited	100
Mexico	Parker Pen Mexicana SA de CV	100
Netherlands Antilles	Parker Pen International Finance N.V.	55
South Africa	Parker Pen (Proprietary) Limited	100
Spain	Parker Pen Espagnola SA	100
Uruguay	Urusen SA	100
Uruguay	Telfor SA	100

The equity value of the investments and subsidiaries of the Company as at 30 November 1995 amounted to approximately NLG 54.2 mln.

7 Inventories

Inventories comprise of finished goods.

8 Debtors

	1995	1994
(in NLG'000)		
Trade debtors	5,868	3,922
Amount due from parent companies	24,029	24,028
Amount due from subsidiary companies	50	820
Amount due from affiliated companies	14,602	63
	44,549	28,833

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All amounts are due and receivable within one year.

9 Cash

Cash balances (petty cash, bank and giro balances) are available on demand.

10 Current liabilities

	1995	1994
(in NLG'000)		
Accounts payable third parties	1,246	744
Payables to affiliated companies	11,812	2,682
Taxes and social security premiums payable	-836	1,371
Accrued liabilities and other current payables	797	1,610
	<u>13,019</u>	<u>6,407</u>

All amounts are due and payable within one year.

11 Capital and reserves

The Company's authorised share capital, comprising 40,000 (1994: 40,000) ordinary shares with a nominal value of NLG 1,000 each, amounts to NLG 40,000,000 (1994: NLG 40,000,000).

The issued and fully paid-up share capital consists of 9,397 (1994: 9,397) ordinary shares.

The movements in capital and reserves are the following:

	Balance 30 November 1994	Dividend paid	Profit for the year	Balance 30 November 1995
(in NLG'000)				
Issued and paid-up capital	9,397			9,397
Share premium	10,060			10,060
Retained profits	41,647	(7,705)		33,942
Profit for the year			2,763	2,763
	<u>61,104</u>	<u>(7,705)</u>	<u>2,763</u>	<u>56,162</u>

12 Net sales

Net sales showed an increase of 9.1% in comparison with the previous financial year.

13 Staff numbers and employment costs

The average number of persons employed by the Company during the financial year was 58 (1994: 47).

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The aggregate payroll costs of these persons for the financial year ended were as follows:

	1995	1994
(in NLG'000)		
Gross remuneration	4,201	3,947
Social security costs	181	159
Pension costs	340	354
	<u>4,722</u>	<u>4,460</u>

14 Interest income

	1995	1994
(in NLG'000)		
Interest income from third party deposits	11	29
Interest income from affiliated companies	300	1,064
Interest income from subsidiaries	4	—
Interest income from holding companies	1,183	24
	<u>1,498</u>	<u>1,117</u>

15 Taxation

The tax charge for the year amounted to NLG 269,000 (1994: NLG (5,428,000)). The tax charge includes the release of a tax provision amounting to NLG 345,000. The tax charge for the current year amounted to NLG (62,000).

The effective tax rate differs from the statutory tax rate due to income elements which are not subject to taxation such as investments grants and expenses which are not fully deductible for tax purposes.

16 Commitments and credit facilities

Lease agreements

The Company has lease commitments for company-cars. The commitments due within one year amount to NLG 359,000, the amounts due between two and five years amount to NLG 180,000.

Credit facilities

The Company has obtained a credit facility from ABN AMRO Bank N.V., Breda of NLG 150,000 as part of a facility granted to Gilfin B.V. by ABN AMRO Bank N.V., The Hague.

The Company is severally liable due to her part in the zero-balancing agreement, with Gilfin B.V. and (some of her) subsidiaries, at ABN AMRO Bank N.V.

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17 Directors

The following persons were directors of the Company during the year:

Name	Date of appointment
W. Harris	31 August 1994
C.J. Hutchison	31 August 1994
R.A. Izzo	31 August 1994
P.G.V. Mee	31 August 1994
P.J. Siddal	31 March 1992
J.T.N. Steeghs	13 April 1992
W.Ch.A. Woudenberg	23 January 1986

The following remuneration was paid by the Company in respect of the Directors during the year:

	1995	1994
(in NLG'000)		
Gross remuneration (including benefits)	410	386
Pension contributions	62	64
	<u>472</u>	<u>450</u>

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Supplementary data

Statutory provisions concerning appropriation of profits

Article 15 of the Company's Articles of Association:

1. The general meeting shall determine the allocation of the accrued profits.
2. Distributions of profits may be made only insofar as the net assets exceed the paid in and called up part of the capital plus the reserves which must be maintained by virtue of the law. Distributions of profits shall be made to the shareholders in proportion to the total nominal amount of their share-holdings.
3. The general meeting may subject to due observance of the provision of paragraph 2 resolve to pay an interim dividend and to make distributions at the expense of any reserve.

Proposed appropriation of result

No decision has yet been taken with regard to the appropriation of the result for the year. Consequently the accounts are presented before appropriation.

Auditors' report

We have audited the annual accounts of Gillette Stationery Benelux B.V., Breda, for the year ended November 30, 1995. These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts give a true and fair view of the financial position of the Company as of November 30, 1995 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

The Hague, 25 November 1996

KPMG Accountants N.V.

 Accountants

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KPMG Accountants N.V.

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Churchillplein 6
2517 JW The Hague
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2502 LT The Hague
The Netherlands

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Telex 33170 kpmgh nl
Telefax 31(70)3503191

Private & confidential

Gillette Stationery Benelux B.V.
Attn.: Mr J. Steeghs
Takkebijsters 1
4817 BL BREDA

The Hague, 25 November 1996

Subject: Gillette Stationery Benelux B.V.

Dear Mr Steeghs,

We herewith give you permission to include our Auditors' Report as stated below, in the Annual Report and Accounts 1995 of Gillette Stationery Benelux B.V. for the year ended 30 November 1995.

We would like to point out that our permission is only valid if the 1995 Annual Report is approved by the general meeting of shareholders.

"Auditors' Report

We have audited the annual accounts of Gillette Stationery Benelux B.V., Breda, for the year ended November 30, 1995. These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

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The Hague, 25 November 1996

KPMG Accountants N.V."

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PP/JF



We take pleasure in enclosing six copies of the Annual Report and Accounts of Gillette Stationery Benelux B.V. for the year ended 30 November 1995 including the signed Auditors' Report. We understand that you will take the appropriate steps to file a copy of these accounts, together with the 1995 annual accounts of The Gillette Company, with the Chamber of Commerce in Breda.

We would appreciate if you would arrange to return one copy of the accounts to us, duly signed by the Directors, for our files.

Yours sincerely,

KPMG Accountants N.V.

Ref.: P.A.G. Peters

Enclosures: 5+1