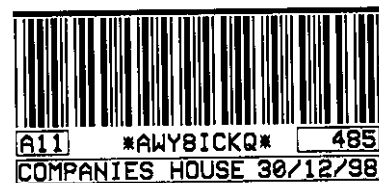


HARCROS DORMANTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 MARCH 1998

(Formerly Sabah Timber SEM (Holdings) Limited)



Registration Number : 37342

Registered Office : Aldwych House, 81 Aldwych, London, WC2B 4HQ

HARCROS DORMANTS LIMITED

DIRECTORS' REPORT FOR THE FIFTEEN MONTHS ENDED 31 MARCH 1998

The Directors submit their report and financial statements for the fifteen months ended 31 March 1998.

CHANGE OF NAME

The Company changed its name on 30 June 1997 from Sabah Timber SEM (Holdings) Limited to Harcros Dormants Limited.

CHANGE OF OWNERSHIP

On 1 December 1997 the ultimate parental ownership of the Company was acquired by Meyer International plc from Harrisons & Crosfield plc.

CHANGE IN ACCOUNTING REFERENCE DATE

The accounting reference date of the Company was changed from 31 December to 31 March, thus giving rise to a fifteen month accounting period ended 31 March 1998.

PRINCIPAL ACTIVITY

The main function of the Company is to act as a holding company for non-trading subsidiary undertakings. The Company did not trade during the financial period.

DEVELOPMENT OF THE BUSINESS

In the opinion of the Directors the state of affairs of the company is satisfactory.

There have been no material changes since the date of the balance sheet.

RESULTS AND DIVIDENDS

Net profit after taxation for the fifteen month period was £71 (1996 : £nil) which, after dividends paid of £239,873 (1996 : £nil) left £239,802 to be transferred from reserves (1996 : £nil).

DIRECTORS

The Directors of the Company throughout the financial period were :

D Stovold

D J Harnan

Resigned as Director effective 1st July, 1998

The Directors and their families held no beneficial interest in the respective share capitals of the Company and the ultimate parent undertaking, Meyer International plc, at any time during the financial period.

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 as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the Directors are required to :

- select suitable accounting policies and 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 ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and which 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.


HARCROS DORMANTS LIMITED

DIRECTORS' REPORT FOR THE FIFTEEN MONTHS ENDED 31 MARCH 1998 (CONTINUED)

AUDITORS

Pannell Kerr Forster were appointed as auditors of the Company during the period. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



D Stevold
Secretary

27 NOV 1998

HARCROS DORMANTS LIMITED

**REPORT OF THE AUDITORS, PANNELL KERR FORSTER
TO THE MEMBERS OF ROBERTS, ADLARD LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

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 statements and to report our opinion to you.

Basis of opinion

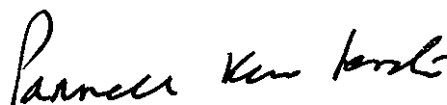
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31 March 1998 and of its profit for the fifteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster
Chartered Accountants
Registered Auditors
London



14 December 1998 -

HARCROS DORMANTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTH PERIOD ENDED 31 MARCH 1998

	<u>Note</u>	15 Months to 31 March <u>1998</u> £	Year to 31 December <u>1996</u> £
Income from fixed asset investments	3	71	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>71</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>71</u>	<u>-</u>
Dividends	4	(239,873)	-
RETAINED LOSS FOR THE FINANCIAL PERIOD		<u>(239,802)</u>	<u>-</u>
RETAINED PROFIT BROUGHT FORWARD	8	239,802	239,802
RETAINED PROFIT CARRIED FORWARD	8	<u>-</u>	<u>239,802</u>

Movements on reserves and in total shareholders' funds are shown in notes 8 and 9.

During the fifteen month period ended 31 March 1998 the Company had no recognised gains or losses other than the profit for the financial period.

The operations of the Company have been discontinued.

The notes on pages 6 to 8 form part of these financial statements.

HARCROS DORMANTS LIMITED

BALANCE SHEET AT 31 MARCH 1998

	<u>Note</u>	31 March <u>1998</u> £	31 December <u>1996</u> £
FIXED ASSETS			
Investments	11	18,168,276	-
CURRENT ASSETS			
Debtors - Amounts falling due after more than one year	5	-	339,509
Total assets		<u>18,168,276</u>	<u>339,509</u>
CREDITORS - Amounts falling due after more than one year	6	(18,068,569)	-
		<u>99,707</u>	<u>339,509</u>
CAPITAL AND RESERVES			
Called up share capital	7	99,707	99,707
Profit and loss account	8	-	239,802
Shareholders' funds	9	<u>99,707</u>	<u>339,509</u>

The notes on pages 6 to 8 form part of these financial statements.


D Stovold
Director

Approved by the Board of Directors on **27 NOV 1998**

HARCROS DORMANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998

1. ACCOUNTING POLICIES

(1) Accounting convention

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

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary undertaking of Meyer International plc, a company incorporated in England.

(2) Related Party Transactions

As the Company is a wholly owned subsidiary undertaking of Meyer International plc advantage has been taken of the exemption afforded by FRS8 not to disclose any related party transactions with members of the Meyer International plc group or with the associates and joint ventures of Meyer International plc.

(3) Cash Flow Statement

Meyer International plc has presented in its consolidated financial statements a group cash flow statement drawn up under the provisions of Financial Reporting Standard 1 (Revised 1996) : Cash Flow Statements, (FRS1). Accordingly the Company has taken advantage of the exemption available under FRS 1 to dispense with presenting its own cash flow statement.

2. EMPLOYEES', DIRECTORS' AND AUDITORS' REMUNERATION

The Company does not have any employees other than its Directors (1996 : Nil)

None of the Directors received any remuneration in respect of their services to the Company (1996 : £Nil)

Auditors' remuneration was borne by another group undertaking for 1998 and 1996

3. INCOME FROM FIXED ASSET INVESTMENTS

	15 Months to 31 March <u>1998</u> £	Year to 31 December <u>1996</u> £
Dividend from subsidiary undertaking	<u>71</u>	<u>-</u>

4. DIVIDENDS

	15 Months to 31 March <u>1998</u> £	Year to 31 December <u>1996</u> £
Paid	<u>239,873</u>	<u>-</u>

5. DEBTORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March <u>1998</u> £	31 December <u>1996</u> £
Amount due from group undertaking	<u>-</u>	<u>339,509</u>

6. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March <u>1998</u> £	31 December <u>1996</u> £
Amount due to group undertaking	<u>18,068,569</u>	<u>-</u>

HARCROS DORMANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

7. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	31 March 1998	31 December 1996	31 March 1998	31 December 1996
	£	£	£	£
Ordinary shares of £1 each	100,000	100,000	99,707	99,707

8. RESERVES

	<u>Profit & loss account</u> £
At 31 December 1996	239,802
Retained loss for the financial period	(239,802)
At 31 March 1998	-

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	15 Months to 31 March 1998 £	Year to 31 December 1996 £
Profit for the financial period	71	-
Dividends	(239,873)	-
Net deduction from shareholders' funds	(239,802)	-
Opening shareholders' funds	339,509	339,509
Closing shareholders' funds	99,707	339,509

10. PARENT AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of the Company is H&C Timber and Building Supplies Limited

The Company's ultimate holding and controlling company is Meyer International plc, a company incorporated in England and Wales. Copies of the Meyer International plc group report and accounts can be obtained from the Registrar of Companies or, subject to availability, from the Company Secretary, Meyer International plc, Aldwych House, 81 Aldwych, London, WC2B 4HQ.

11. INVESTMENTS

<u>Cost</u>	<u>Shares in group undertakings</u> £
At 31 December 1996	-
Transfer from group undertakings	18,168,276
At 31 March 1998	18,168,276

The investments in the whole of the issued share capitals of 169 non-trading subsidiary undertakings were transferred from other group undertakings.

In the opinion of the Directors the aggregate value of the Company's investments in its group undertakings is not less than the amount shown in the balance sheet.

The Company is the registered holder of the whole of the equities of the following subsidiary undertakings, all of which are incorporated in England and Wales except those indicated by an asterisk *, which are incorporated in Scotland.

HARCROS DORMANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

11. INVESTMENTS (CONTINUED)

Afro Mouldings Limited	Henry Williamson & Company Limited
Afro Timber & Plywood (Export Sales) Limited	Hertford Timber Company Limited
Alcon Heating & Plumbing Supplies Limited	Hollingworth and Company Limited
Alfred Green & Company (Skipton) Limited	Hooper & Adlard Limited
Ashbee Sons & Company Limited	Hooper & Ashby Limited
Ashworth Kirk (Manchester) Limited	H. Atkinson & Sons Limited
Ashworth Kirk (Timber) Limited	H. Baker & Co (Portslade) Limited
A.S.Lines (Sawmills) Limited	H. Goddard Limited
* Baker Yuile Limited	H. Lancaster and Company Limited
Baring Industries (Ascot) Limited	H. Mousell & J. Chadborn and Company Limited
BBM Timber Limited	H.E Holland Limited
Berkshire Builders' Merchants Limited	H.W. Daniels Limited
Beves Manufacturing Limited	Ipswich Cargo Services Limited
Beves Trussed Rafter Limited	I.D. Wiltshire Limited
Beves & Co (Merchants) Limited	James Chew & Company Limited
Beves & Company Limited	James Watt & F.H. Heaton Limited
Billian Plywood Limited	James W. Southern & Sons Limited
Billian Timber Limited	Jarret Pyrah & Armitage Limited
Billian (Andover) Limited	John Kay Group Limited
* Billian (Bo'ness) Limited	John Kay & Sons (Bury) Limited
Billian (Fencing) Limited	John Moon & Farnham Timber Co. Limited
Billian (Gregor) Limited	John Wright & Sons (Redditch) Limited
Billian (Northern) Limited	* Johnstons & Paton Limited
Billian (Price Walker) Limited	Joseph Downham Limited
Billian (Sompting) Limited	Joseph Musgrave and Company Limited
Billian (South East) Limited	J. Bramall & Sons limited
Billian (Western) Limited	J.H. Reynolds & Son Limited
Billian (Widnes) Limited	J.S. Elliott & Sons Limited
Billion Barking Limited	J.W. Jackson Limited
Billion Bath Limited	Kibblewhite & Barron (Northern) Limited
Birchley & Hagon Limited	* Lawson,Turnbull & Company Limited
Brewster & Company (Woking) Limited	Lillywhite (Dunstable) Limited
British Clay Products Limited	* Modern Building Supplies Limited
Byford Bros. Limited	* Modern Building Supplies (Paisley) Limited
Byford Bros. (Motors) Limited	Northern Clay Products Limited
Charles Black & Sons Limited	Palmer Hall Timber Company Limited
Clare & Ridgeway Limited	Pattinson and Company Limited
Clarks Timber Limited	Pinn & Wheeler Limited
Crossley Builders' Merchants Limited	Plantation Timber & Building Supplies Limited
Crossley Ferguson Limited	Price Walker and Company Limited
Crossley Limited	Price Walker Croxford & Company Limited
Crossley Merchanting Limited	Richard Cliffe & Sons (Castleford) Limited
Crossley Plumbline Limited	* Robert Melville & Company Limited
Crossley & Sons Limited	Roberts, Adlard Limited
* Currie & Wilson (Builders' Merchants) Limited	Roberts, Adlard (Builders' Merchants) Limited
* Dalmarnock Timber & Plywood Company Limited	Roberts, Adlard (Roofing) Limited
David Kilburn Limited	Robinson David & Company Limited
Diamatic (Steel Fabrications) Limited	* Robinson Dunn & Company Limited
Dockland Construction Limited	R.H. Dawes Limited
Dockland Diving Engineers Limited	* Sabah Timber & Builders' Merchants Limited
Dri-Bond Roofing Company Limited	Sabah Timber (Midlands & Wales) Limited
Duckworth & Hine Limited	Sabah Timber (North East) Limited
Dunwoodie and Company Limited	* Sabah Timber (Scotland) Limited
Edward Boase & Son Limited	Salisbury Timber Company Limited
* Elliott Paisley Limited	South Wharf Limited
E. Leach & Company Limited	Southern Motor and Engineering Co (Manchester) Limited
Ferguson Foster Limited	Southerns Evans (Northampton) Limited
Ferguson & Co (Kendal) Limited	Southerns-Evans Limited
Ford & Pickford Limited	Southerns-Evans (Cardiff) Limited
Frank Davis (Timber) Limited	Southerns-Evans (Humber) Limited
F.J. Webster Limited	Stanley B. Caldwell Limited
F.P. Steward & Company Limited	Stanley B. Caldwell (Birkenhead) Limited
F.R. Saunders (Timber) Limited	S.M. Barr Limited
Gate & Galey Limited	The Avon Timber Company Limited
George Holt (Builders' Merchants) Limited	The Brodog Timber Company Limited
Granville Five Limited	The Builders' Supply Co (Southport) Limited
Granville Four Limited	The Concrete Unit Company Limited
Granville One Limited	The Sabah Timber Company Limited
* Granville Six Limited	Thomas Ames & Son Limited
Granville Three Limited	Tillplan Limited
Granville Two Limited	T. & J. White Limited
Gregor Brothers Limited	T.L. Kirkbride (Timber) Limited
Gregor Brothers (Aberdare) Limited	Victor Palmer Limited
Gridley Miskin & Company Limited	Warwick Brothers Limited
Grimsby Timber Company Limited	Watson & Co (Wallboards) Limited
G.H. Williams & Co (Timber) Limited	Williams Davies & Company (Llanelli) Limited
G.T. & F. Clark Limited	William Evans & Company (Scotland) Limited
Handa Properties Limited	William Evans & Company (Widnes) Limited
Harcros Plumbline	William Evans (Kent) Limited
Harcros Timber & Building Supplies (Eastern) Limited	Wintringham Group Limited
Harcros Timber & Building Supplies (North West) Limited	Wm. T. Storer Limited
* Harcros Timber & Building Supplies (Scotland) Limited	* Wood & Cairns Limited
Harcros Timber & Building Supplies (South East) Limited	W.C. Ware & Sons Limited
Harcros Timber & Building Supplies (Western) Limited	W.G. Andrews (Ilford) Limited
	W.P. Winter & Sons Limited

* Incorporated in Scotland