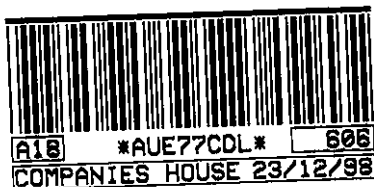


SLACK BROTHERS LIMITED

STATEMENT OF ACCOUNTS

for the year ended

31 MARCH 1998



Company Registration Number: 306739

SLACK BROTHERS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the accounts of the company for the year ended 31 March 1998.

Business Review

The company has not traded during the current and preceding financial year and received no income and incurred no expenditure. Consequently during those years the company made neither a profit nor a loss.

Directors

The following were directors of the company during the year; the interests in the ordinary shares of Readicut International plc of the directors are shown below:

	<u>31 March 1998</u>		<u>1 April 1997</u> <u>(or date of</u> <u>appointment if later)</u>	
	<u>Holdings</u>	<u>Options</u>	<u>Holdings</u>	<u>Options</u>
D G Ellis	11,629	63,609	149	48,400
G Hunt	3,594	43,197	-	23,566

During the year Mr G Hunt was granted options to subscribe for 14,845 ordinary shares at 31p under the Savings Related Share Scheme.

During the year Mr D G Ellis and Mr G hunt were granted options to subscribe for 15,209 and 4,786 ordinary shares respectively under the Readicut International plc Invested Bonus Share Plan.

Half of the options acquired under the Invested Bonus Share Plan are exercisable at nil cost upon each of the third and fifth anniversaries of having been granted. The directors concerned must remain within the employ of the Group in order to exercise the options.

Directors' responsibilities in respect of the preparation of accounts

The directors are required by company law to prepare accounts 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 the financial year.

In preparing the accounts, 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 accounts;
- ❖ prepare the accounts 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 accounting records which disclose with reasonable accuracy the financial position of the company. The directors also have a 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.

On behalf of the board,



G Hunt
Director
29 May 1998

SLACK BROTHERS LIMITED

AUDITORS REPORT

TO THE MEMBERS OF SLACK BROTHERS LIMITED

We have audited the accounts on pages 4 to 6 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

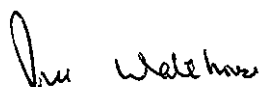
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors
Manchester

29 May 1998

SLACK BROTHERS LIMITED

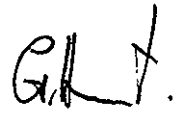
BALANCE SHEET

31 MARCH 1998

	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>CREDITORS</u>			
Amounts falling due within one year	2	174,241	174,241
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		(174,241)	(174,241)
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called up equity share capital (including non-equity interests)	3	2,854	2,854
Other reserves		35,077	35,077
Profit and loss account	4	(212,172)	(212,172)
		<hr/>	<hr/>
Total Shareholders' Funds		(174,241)	(174,241)
		<hr/>	<hr/>
Attributable to:			
Equity interests		(174,669)	(174,669)
Non-equity interests		428	428
		<hr/>	<hr/>
		(174,241)	(174,241)
		<hr/>	<hr/>

Approved by the directors on 29 May 1998


D G Ellis


G Hunt

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}
}
}
}
} Directors

SLACK BROTHERS LIMITED

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared in accordance with applicable accounting standards using the historical cost convention. The ultimate holding company has indicated its intention to continue to provide support for the company for the foreseeable future.

NOTES TO THE ACCOUNTS

1. DIRECTORS EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company during the year.

		<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
2.	<u>CREDITORS</u>		
	Amounts falling due within one year:		
	Group companies	174,241	174,241
		<hr/>	<hr/>
3.	<u>CALLED UP SHARE CAPITAL</u>		
	<u>Number</u>		
	Authorised		
	Ordinary shares of £1 each	3,422	3,422
	Convertible preferred ordinary shares of £1 each	578	578
		<hr/>	<hr/>
		4,000	4,000
		<hr/>	<hr/>
	Allotted and fully paid		
	Ordinary shares of £1 each	2,426	2,426
	Convertible preferred ordinary shares of £1 each	428	428
		<hr/>	<hr/>
		2,854	2,854
		<hr/>	<hr/>

NOTES TO THE ACCOUNTS

3. CALLED UP SHARE CAPITAL (continued)

The holders of the convertible preferred ordinary shares are entitled to dividends in priority to the holders of the ordinary shares.

The convertible preferred ordinary shares are only redeemable in the event of a winding up of the company, when the holders have preference over the holders of ordinary shares.

The convertible preferred ordinary shares can be converted at any time at the option of the holders.

The voting rights of the holders of the convertible preferred ordinary shares are the same as those of the ordinary shares.

4. PROFIT & LOSS ACCOUNT

The company has not traded during the year and has made neither profit or loss nor any other recognised gain or loss in the current and preceding financial year.

5. ULTIMATE HOLDING COMPANY

The ultimate holding company is Readicut International plc, Clifton Mills, Brighouse, West Yorkshire, a company registered in England and the holding company within the group which consolidates these accounts.