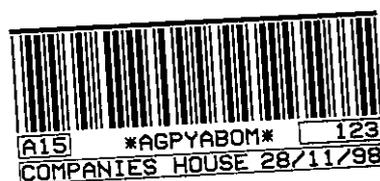


Rea

COMPANY NUMBER: 985998

MILO PLC
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1998



HORWATH
CLARK WHITEHILL

Chartered Accountants

A member of Horwath International

Arkwright House Parsonage Gardens
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MILO PLC

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MILO PLC
DIRECTORS AND ADVISERS

DIRECTORS

E A Oldham (Chairman)
K Oldham
R V Hughes
I C Harrison
J D Ackroyd
B Parnell
M I Greenwood (Non executive)

SECRETARY

K Oldham

REGISTERED OFFICE

Irwell Vale Works
Irwell Vale
Ramsbottom
Bury
Lancs
BL0 0QG

BANKERS

National Westminster Bank Plc
179 Stamford Street
Ashton Under Lyne
Lancashire
OL6 7PX

AUDITORS

Horwath Clark Whitehill
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

**MILO PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1998**

The directors have pleasure in presenting their report and the group accounts for the year ended 31 March 1998.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the group is the manufacture and distribution of soap, toiletries and gift products.

During the year the directors decided that the group should withdraw from the manufacture of soap in Eire and to this end were successful in completing the sale of operations of the subsidiary, Soap Company of Ireland Limited, on 3 April 1998. As a result of this sale, the accounts of that company were prepared on the cessation basis up to 3 April 1998. All assets were classified as current and stated at their estimated net recoverable amount and all creditors were classified as falling due within one year.

RESULTS AND DIVIDENDS

As shown on page 7, the group profit for the year after taxation was £939,000 (1997 - £923,000). The directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS

It is anticipated that turnover of the continuing activities will show some growth in the current year although gross margins continue to be under pressure, particularly as a result of the strength of sterling.

DIRECTORS

The directors who served during the year were as follows:

E A Oldham	
K Oldham	
R V Hughes	
M G Tattersall	(resigned 30 June 1997)
I C Harrison	
K J Kelly	(resigned 24 February 1998)
J D Ackroyd	(appointed 30 June 1997)
M I Greenwood	

B Parnell was also appointed as a director on 14 April 1998.

**MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998**

DIRECTORS' INTERESTS

The directors who held office at 31 March 1998 had the following interests in shares of the company at the beginning (or date of appointment if later) and end of the financial year:

	£1 Ordinary shares fully paid	
	1998	1997
E A Oldham	423,648	423,648
K Oldham	282,852	282,852
R V Hughes	109,440	109,440
I C Harrison	4,500	4,500
J D Ackroyd	-	-*
M I Greenwood	-	-

(* at date of appointment)

No director was interested in the shares of any subsidiary company.

CREDITOR PAYMENT POLICY

Creditor days for the group at 31 March 1998 was 50 days.

The company's policy concerning the payment of all of its suppliers is to:

- a) settle the terms of payment when agreeing the terms of each transaction;
- b) ensure that payment terms are included in the relevant terms of contract; and
- c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all suppliers of revenue and capital goods and services and whenever possible subsidiaries follow the same policy.

PURCHASE AND CANCELLATION OF ORDINARY SHARES

At an Extraordinary Meeting on 4 April 1997, shareholders gave authority for the Company to purchase 63,900 £1 ordinary shares from a director, M G Tattersall, representing 5.9% of the shares in issue at that time. Under this authority the shares were purchased for a total consideration of £590,000 and were immediately cancelled.

YEAR 2000

The directors are taking all steps they consider necessary to ensure that the company will meet the Year 2000 date change and believe that the company's business will not be materially affected. It is unlikely that significant costs are to be incurred in this respect.

**MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998**

AUDITORS

During the year the auditors changed their name to Horwath Clark Whitehill and have signed their audit report in their new name. A resolution proposing the reappointment of Horwath Clark Whitehill as auditors to the company will be put to the members at the annual general meeting.

Mr P E Kanas, a partner in Horwath Clark Whitehill, holds non-beneficially 195,300 shares in the company as a trustee.

By order of the board



K Oldham
Secretary

12 November 1998

MILO PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 1998

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the profit or loss for the group for the period. In preparing those 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 assume that the group 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**HORWATH
CLARK WHITEHILL**

Chartered Accountants

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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
MILO PLC**



We have audited the accounts on pages 7 to 23 which have been prepared under the accounting policies set out on pages 12 to 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of 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 the information in the accounts.

Unqualified opinion

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

Manchester
23 November 1998

A handwritten signature in black ink, appearing to read "Horwath Clark Whitehill".

HORWATH CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

MILO PLC
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £000	1998 £000	1997 £000
TURNOVER				
Continuing operations		8,946		9,071
Discontinued operations		<u>6,080</u>		<u>5,014</u>
	2		15,026	14,085
Cost of sales	3		<u>(11,438)</u>	<u>(10,623)</u>
GROSS PROFIT				
			3,588	3,462
Selling and distribution costs	3		(722)	(483)
Administrative expenses	3		<u>(2,540)</u>	<u>(1,921)</u>
OPERATING PROFIT				
Continuing operations			(484)	123
Discontinued operations			<u>810</u>	<u>935</u>
	4		326	1,058
Discontinued operations: Profit on disposal of discontinued operations	5		<u>877</u>	—
			1,203	1,058
Interest receivable and similar income		29		34
Interest payable and similar charges	7	<u>(38)</u>		<u>(21)</u>
			<u>(9)</u>	<u>13</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX				
			1,194	1,071
Tax on profit on ordinary activities	8		<u>(255)</u>	<u>(148)</u>
PROFIT FOR THE FINANCIAL YEAR				
	17		<u>939</u>	<u>923</u>

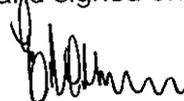
The profit and loss account contains all the gains and losses recognised in the current and preceding year.

The notes on pages 12 to 23 form part of these accounts.

**MILO PLC
GROUP BALANCE SHEET
31 MARCH 1998**

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10	3,196	4,115
Investments	11	<u>50</u>	<u>50</u>
		<u>3,247</u>	<u>4,166</u>
CURRENT ASSETS			
Stocks	12	2,075	2,385
Debtors	13	1,756	1,980
Cash at bank and in hand		<u>8,380</u>	<u>1,206</u>
		12,211	5,571
CREDITORS: amounts falling due within one year	14	<u>(7,344)</u>	<u>(1,590)</u>
NET CURRENT ASSETS		<u>4,867</u>	<u>3,981</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,114	8,147
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(36)	(84)
ACCRUALS AND DEFERRED INCOME			
Regional development grants		<u>-</u>	<u>(334)</u>
NET ASSETS		<u>8,078</u>	<u>7,729</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,016	1,080
Share premium account	17	40	40
Revaluation reserve	17	728	728
Capital redemption reserve	17	64	-
Other reserves	17	856	856
Profit and loss account	17	<u>5,374</u>	<u>5,025</u>
SHAREHOLDERS' FUNDS		<u>8,078</u>	<u>7,729</u>

Approved by the Board on 12 November 1998
and signed on its behalf:


E A Oldham

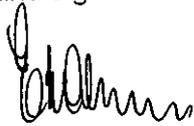

J D Ackroyd

The notes on pages 12 to 23 form part of these accounts.

**MILO PLC
BALANCE SHEET
31 MARCH 1998**

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10	2,248	2,235
Investments	11	<u>1,315</u>	<u>1,315</u>
		<u>3,564</u>	<u>3,551</u>
CURRENT ASSETS			
Debtors	13	1,879	1,312
Cash at bank and in hand		<u>688</u>	<u>1,114</u>
		2,567	2,426
CREDITORS: amounts falling due within one year	14	<u>(4,141)</u>	<u>(3,359)</u>
NET CURRENT LIABILITIES		<u>(1,574)</u>	<u>(933)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,990</u>	<u>2,618</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,016	1,080
Share premium account	17	40	40
Revaluation reserve	17	725	725
Capital redemption reserve	17	64	-
Profit and loss account	17	<u>145</u>	<u>773</u>
SHAREHOLDERS' FUNDS		<u>1,990</u>	<u>2,618</u>

Approved by the Board on 12 November 1998
and signed on its behalf:



E A Oldham



J D Ackroyd

The notes on pages 12 to 23 form part of these accounts.

MILO PLC
RECONCILIATION OF MOVEMENT IN GROUP SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 1998

	1998 £000	1997 £000
Total recognised gains and losses	939	923
Purchase of own shares	<u>(590)</u>	—
Movement in the year	349	923
Shareholders' funds at 1 April 1997	<u>7,729</u>	<u>6,806</u>
Shareholders' funds at 31 March 1998	<u>8,078</u>	<u>7,729</u>

**MILO PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £000	1997 £000
Cash flow from operating activities	18	2,220	570
Returns on investments and servicing of finance	19	(9)	13
Taxation		(111)	(182)
Capital expenditure	19	<u>1,289</u>	<u>(1,192)</u>
Cash inflow/(outflow) before financing		3,389	(791)
Financing	19	<u>(590)</u>	—
Increase/(decrease) in cash in the year		<u>2,799</u>	<u>(791)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	1998 £000	1997 £000
Increase/(decrease) in cash in the year and change in net funds resulting from cash flows		2,799	(791)
Net funds at 1 April 1997	20	<u>1,203</u>	<u>1,994</u>
Net funds at 31 March 1998	20	<u>4,002</u>	<u>1,203</u>

The notes on pages 12 to 23 form part of these accounts.

MILO PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared under the historical cost convention, as modified by the revaluation of certain freehold land and buildings. The accounts are prepared in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked in respect of the non-depreciation of buildings.

With the exception of Soap Company of Ireland Limited, the accounts of each company within the group have been drawn up on the going concern basis. These have been drawn up on the cessation basis of accounting because the company has sold its operations and ceased to trade. The effect on that company's accounts has been to classify all assets as current, stated at their estimated recoverable amounts, and to classify all creditors as falling due within one year.

Basis of Consolidation

The consolidated accounts incorporate the accounts of Milo Plc and its subsidiary undertakings. Except for Soap Company of Ireland Limited, all accounts were drawn up to 27 March 1998. As the operations of Soap Company of Ireland Limited were disposed of on 3 April 1998, the directors considered it appropriate to consolidate the results of that company to that date. For the comparative year the accounts were made up to 29 March 1997 for every company within the group. No profit and loss account is presented for Milo Plc as provided by Section 230 of the Companies Act 1985.

Goodwill

Goodwill arising on acquisition is written off directly to reserves. Negative goodwill arising on acquisition is credited to other reserves.

Turnover

Turnover represents amounts invoiced to customers in respect of sales of goods and services, excluding value added tax and sales of fixed assets.

Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land and buildings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery	-	15% p.a.	reducing balance
Fixtures and fittings	-	10 - 25% p.a.	reducing balance
Motor vehicles	-	25 - 33% p.a.	reducing balance
Dies	-	25% p.a.	reducing balance

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation (Continued)

The group does not provide depreciation on land and buildings. The non - depreciation of buildings is a departure from the Companies Act 1985 which requires tangible fixed assets to be depreciated over their useful economic lives. In the opinion of the directors, the group's buildings are maintained in a state of good repair which means that their economic lives and residual value are such that any element of depreciation would not be significant.

Investments

Fixed asset investments are stated at cost, unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes all direct expenditure incurred in bringing products to their present location and condition.

Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that it is expected to be recovered. Timing differences arise from certain items being included in taxation computations in periods different from those in which they appear in the accounts.

No provision for deferred taxation has been made in respect of future remittances to the UK from the group's overseas subsidiary undertaking, as the directors consider that it is impractical to estimate the amount of tax involved.

Foreign Currencies

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Leased Assets

Assets acquired under finance lease and hire purchase agreements are included in tangible fixed assets and depreciated in accordance with the company's depreciation policy. The capital element of future lease payments is included in creditors.

The rentals payable under operating leases are charged on a straight line basis over the lease term.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES (CONTINUED)

Pension Costs

The group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account as they accrue.

Deferred Government Grants

Government grants on capital expenditure are credited to a deferred account and are released to revenue over the expected useful life of the relevant asset on a reducing balance basis.

2. TURNOVER AND SEGMENTAL INFORMATION

Milo Plc competes internationally, with only one class of business. The directors are of the opinion that to comply fully with the requirements of SSAP25 'Segmental Reporting' would be seriously prejudicial to the interests of the group.

The discontinued operations comprise Soap Company of Ireland Limited.

3. COST OF SALES AND OPERATING COSTS

	1998 Continuing £000	1998 Discontinued £000	1998 Total £000	1997 Continuing £000	1997 Discontinued £000	1997 Total £000
Cost of sales	6,768	4,670	11,438	6,840	3,783	10,623
Selling and distribution costs	670	52	722	392	91	483
Administrative expenses	<u>2,072</u>	<u>468</u>	<u>2,540</u>	<u>1,716</u>	<u>205</u>	<u>1,921</u>

4. OPERATING PROFIT

This is stated after charging (or crediting):	1998 £000	1997 £000
Auditors' remuneration	37	36
Depreciation	271	269
Operating lease rentals for land and buildings	-	12
Release of regional development grants	(16)	(19)
Foreign exchange losses	<u>95</u>	<u>21</u>

Auditors' remuneration paid by the company was £9,100 (1997 - £9,500).

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

5.	EXCEPTIONAL ITEMS	1998 £000	1997 £000
	Profit on disposal of discontinued operations	<u>877</u>	<u>—</u>

The exceptional item represents the profit made on the sale of certain assets and the operations of Soap Company of Ireland Limited. The profit on disposal includes the release of deferred regional development grants which were directly related to the assets sold.

The effect on the tax charge for the year of the exceptional item is shown in note 8.

6.	STAFF COSTS	1998 £000	1997 £000
a)	Employee information		
	Wages and salaries	3,222	2,858
	Social security costs	260	228
	Other pension costs	<u>73</u>	<u>65</u>
		<u>3,555</u>	<u>3,151</u>

	No.	No.
--	------------	------------

The average number of employees during the year was made up as follows:

Production	219	199
Selling and distribution	17	16
Finance and administration	<u>38</u>	<u>41</u>
	<u>274</u>	<u>256</u>

b)	Directors' emoluments:	£000	£000
	Aggregate emoluments	506	408
	Company pension contributions to money purchase schemes	<u>21</u>	<u>22</u>
		<u>527</u>	<u>430</u>
	Highest paid director		
	Aggregate emoluments	<u>142</u>	<u>115</u>

The directors emoluments shown above amounting to £527,000 were all paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the holding company and their services as directors of the subsidiary companies.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

7.	INTEREST PAYABLE AND SIMILAR CHARGES	1998	1997
		£000	£000
	On bank loans and overdrafts wholly repayable within five years	<u>38</u>	<u>21</u>
8.	TAX ON PROFIT ON ORDINARY ACTIVITIES		
	Taxation is based on the profit for the year and comprises :		
	Corporation tax	303	111
	Deferred taxation (release)/charge	<u>(48)</u>	<u>37</u>
		<u>255</u>	<u>148</u>

The tax effect in the profit and loss account of the exceptional item recognised below operating profit is a charge of £87,000 (1997 - £nil).

9. INTANGIBLE FIXED ASSETS

Trade marks at cost		
1 April 1997 and 31 March 1998	<u>1</u>	<u>1</u>

10. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Dies £000	Total £000
Cost or valuation						
1 April 1997	2,575	4,181	238	240	124	7,358
Additions	3	85	36	34	5	163
Disposals	<u>(503)</u>	<u>(1,225)</u>	<u>(38)</u>	<u>(35)</u>	<u>(31)</u>	<u>(1,832)</u>
31 March 1998	<u>2,075</u>	<u>3,041</u>	<u>236</u>	<u>239</u>	<u>98</u>	<u>5,689</u>
Depreciation						
1 April 1997	-	2,915	141	77	110	3,243
Provisions for year	-	197	28	42	4	271
Disposals	<u>-</u>	<u>(941)</u>	<u>(32)</u>	<u>(17)</u>	<u>(31)</u>	<u>(1,021)</u>
31 March 1998	<u>-</u>	<u>2,171</u>	<u>137</u>	<u>102</u>	<u>83</u>	<u>2,493</u>
Net book value						
31 March 1998	<u>2,075</u>	<u>870</u>	<u>99</u>	<u>137</u>	<u>15</u>	<u>3,196</u>
31 March 1997	<u>2,575</u>	<u>1,266</u>	<u>97</u>	<u>163</u>	<u>14</u>	<u>4,115</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Freehold land and buildings £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation				
1 April 1997	2,072	191	122	2,385
Additions	<u>3</u>	<u>22</u>	<u>34</u>	<u>59</u>
31 March 1998	<u>2,075</u>	<u>213</u>	<u>156</u>	<u>2,444</u>
Depreciation				
1 April 1997	-	109	41	150
Provisions for year	<u>-</u>	<u>24</u>	<u>22</u>	<u>46</u>
31 March 1998	<u>-</u>	<u>133</u>	<u>63</u>	<u>196</u>
Net book value				
31 March 1998	<u>2,075</u>	<u>80</u>	<u>93</u>	<u>2,248</u>
31 March 1997	<u>2,072</u>	<u>82</u>	<u>81</u>	<u>2,235</u>

Freehold land and buildings were externally revalued on an open market basis in 1989. The historical cost of the freehold land and buildings included at valuation is as follows :

	Group £000	Company £000
31 March 1998	<u>1,224</u>	<u>1,224</u>
31 March 1997	<u>1,772</u>	<u>1,221</u>

If the land and buildings were sold at their valuation, the resultant tax liability is estimated to be approximately £160,000 (1997 - £179,000). This has not been reserved for within the deferred tax provision as in the opinion of the directors no disposals are envisaged in the foreseeable future.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

11. FIXED ASSET INVESTMENTS

Group	Other investments £000		
Unlisted investments at cost			
At 1 April 1997 and 31 March 1998		<u>50</u>	
Company	Subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At 1 April 1997 and 31 March 1998	<u>1,265</u>	<u>50</u>	<u>1,315</u>

At 31 March 1998 the parent company had the following subsidiary undertakings, which are registered and operate in England and Wales with the exception of the Soap Company of Ireland Limited which is incorporated and operated in Eire:

Name of Subsidiary	Main trading activity	% of ordinary shares and voting rights held
ICAL Limited	Manufacture of toiletries and cosmetics	100
Edenfield Soap and Toiletries Limited	Manufacture of soap and toiletries	100
Milo Cosmetics Limited	Sale and distribution of toiletries	100
Soap Company of Ireland Limited	Manufacture of soap (see below)	100

As shown in note 5, the Soap Company of Ireland Limited ceased trading on 3 April 1998.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

12. STOCKS

	1998		1997	
	Group £000	Company £000	Group £000	Company £000
Raw materials	784	-	1,112	-
Finished goods	<u>1,291</u>	<u>-</u>	<u>1,273</u>	<u>-</u>
	<u>2,075</u>	<u>-</u>	<u>2,385</u>	<u>-</u>

13. DEBTORS

	1998		1997	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	1,615	-	1,823	2
Amounts owed by group undertakings	-	1,768	-	1,205
Advance corporation tax	30	30	30	30
Other debtors	81	81	66	66
Prepayments and accrued income	<u>30</u>	<u>-</u>	<u>61</u>	<u>9</u>
	<u>1,756</u>	<u>1,879</u>	<u>1,980</u>	<u>1,312</u>

The advance corporation tax shown above is recoverable in more than one year.

14. CREDITORS

amounts falling due within
one year :

	1998		1997	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdrafts (secured)	4,378	4,000	3	-
Trade creditors	1,532	15	996	13
Amounts owed to group undertakings	-	-	-	3,279
Corporation tax	303	-	111	-
Other taxes and social security costs	133	53	107	53
Other creditors	148	59	38	4
Accruals and deferred income	<u>850</u>	<u>14</u>	<u>335</u>	<u>10</u>
	<u>7,344</u>	<u>4,141</u>	<u>1,590</u>	<u>3,359</u>

The bank loans and overdrafts are secured on the assets of the group.

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FOR THE YEAR ENDED 31 MARCH 1998

15. DEFERRED TAXATION

The amount provided and the full potential liability for deferred taxation are as follows:

	1998		1997	
	Group £000	Company £000	Group £000	Company £000
Amount provided :				
Timing differences arising from:				
Capital allowances	102	-	149	-
Relief for losses	<u>(66)</u>	<u>-</u>	<u>(65)</u>	<u>-</u>
	<u>36</u>	<u>-</u>	<u>84</u>	<u>-</u>
Full potential liability :				
Timing differences arising from :				
Capital allowances	102	-	149	-
Relief for losses	<u>(66)</u>	<u>-</u>	<u>(65)</u>	<u>-</u>
Revaluation surplus	<u>160</u>	<u>160</u>	<u>179</u>	<u>179</u>
	<u>196</u>	<u>160</u>	<u>263</u>	<u>179</u>

Movement in the provision

	1998 £000
Provision at 1 April 1997	84
Transferred to Profit and Loss Account	<u>(48)</u>
Provision at 31 March 1998	<u>36</u>

16. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised:		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid:		
1,016,100 (1997: 1,080,000) Ordinary shares of £1 each	<u>1,016,100</u>	<u>1,080,000</u>

During the year the Company purchased and subsequently cancelled 63,900 Ordinary Shares of £1 each, representing 5.9% of the called up share capital, from a former director, M G Tattersall, for a total consideration of £590,000. The total cost of the purchase has been charged against the profit and loss account.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

17. RESERVES	Capital redemption reserve £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Other reserves £000
GROUP					
At 1 April 1997	-	40	728	5,025	856
Purchase of own shares	64	-	-	(590)	-
Retained profit for the year	-	-	-	939	-
At 31 March 1998	<u>64</u>	<u>40</u>	<u>728</u>	<u>5,374</u>	<u>856</u>

COMPANY	Capital redemption reserve £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 1997	-	40	725	773
Purchase of own shares	64	-	-	(590)
Retained loss for the year	-	-	-	(38)
At 31 March 1998	<u>64</u>	<u>40</u>	<u>725</u>	<u>145</u>

In accordance with Section 230 of the Companies Act 1985 the holding company has not published a separate profit and loss account. The loss for the financial year dealt with in the accounts of the company amounted to £38,000 (1997 - profit £143,000).

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1998 £	1997 £
Operating profit	326	1,058
Release of regional development grants	(16)	(19)
Depreciation charge	271	269
Decrease/(increase) in stock	310	(929)
Decrease in debtors	224	724
Increase/(decrease) in creditors	<u>1,105</u>	<u>(533)</u>
Net cash inflow from operating activities	<u>2,220</u>	<u>570</u>

MILO PLC
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19.	ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	1998 £000	1997 £000
	Returns on investments and servicing of finance		
	Interest received	29	34
	Interest paid	<u>(38)</u>	<u>(21)</u>
	Net cash (outflow)/inflow from returns on investments and servicing of finance	<u><u>(9)</u></u>	<u><u>13</u></u>
	Capital expenditure		
	Purchase of tangible fixed assets	(163)	(1,242)
	Sale of tangible fixed assets	<u>1,452</u>	<u>50</u>
	Net cash inflow/(outflow) from capital expenditure	<u><u>1,289</u></u>	<u><u>(1,192)</u></u>
	Financing		
	Purchase of own shares	<u><u>(590)</u></u>	<u><u>-</u></u>

Cash flows relating to non-operating exceptional items

Capital expenditure cash flows include £1,452,000 arising from the sale of the tangible fixed assets of Soap Company of Ireland Limited

20.	ANALYSIS OF NET FUNDS			
		At 1 April 1997 £000	Cash flow £000	At 31 March 1998 £000
	Cash at bank and in hand	1,206	7,174	8,380
	Bank overdraft and short term bank loan	<u>(3)</u>	<u>(4,375)</u>	<u>(4,378)</u>
	At 31 March 1998	<u><u>1,203</u></u>	<u><u>2,799</u></u>	<u><u>4,002</u></u>

21. CONTINGENT LIABILITIES

- (i) The company is party to an unlimited multi-lateral guarantee in respect of the bank borrowings of the companies within the group. The group was not indebted to the bank at 31 March 1997 or 31 March 1998.
- (ii) Pursuant to the provisions of Section 17(1) of the Companies (Amendment) Act 1986, the holding company has guaranteed the liabilities of its Irish Subsidiary, the result of which is to exempt that company from the provisions of Section 7 of the Companies (Amendment) Act 1986. At 31 March 1998 the liabilities of the Irish Subsidiary amounted to £1,360,000 (1997 - £780,000).

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

22. RELATED PARTY TRANSACTIONS

The company is controlled by the Chairman, Mr E A Oldham, who holds a majority of the issued share capital with his wife Mrs K Oldham, who is also a director.

During the year Mr Oldham provided the company's bankers with a personal guarantee of £1,500,000 as part security for a £4,000,000 short term loan, which has been repaid since the year end.