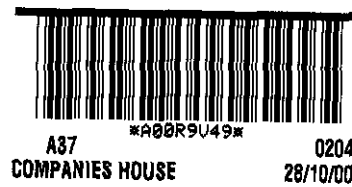


Smurfit Corrugated Limited

Report and Accounts

31 DECEMBER 1999



Smurfit Corrugated Limited

Registered no. 675273

DIRECTORS

M J Clayton
J Coghlan

SECRETARY

M J Clayton

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

REGISTERED OFFICE

2 The Beacons
Beaconsfield Road
Hatfield
Hertfordshire
AL10 8EQ

 ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND PRINCIPAL ACTIVITY

The company did not trade during the year nor during the previous year and recorded neither a profit nor loss. It is not envisaged that the company will operate again in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors during the period were:

M J Clayton
J Coghlan (appointed 5 March 2000)
R I Buck (resigned 5 March 2000)

None of the directors had any interest in the shares of the company.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



M J Clayton
Secretary

29 September 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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 profit or loss of the company for that 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; and
- 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Smurfit Corrugated Limited

We have audited the accounts on pages 6 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance..

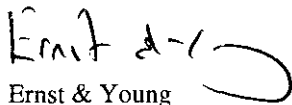
Basis of opinion

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 the company's affairs as at 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Manchester

29 September 2000

Smurfit Corrugated Limited

BALANCE SHEET

at 31 December 1999

| | <i>Notes</i> | <i>1999</i> £ | <i>1998</i> £ |
|--|--------------|------------------|------------------|
| DEBTORS: amounts falling due after more than one year | 3 | 11,536,429 | 11,536,429 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 250,000 | 250,000 |
| Profit and loss account | 5 | 11,286,429 | 11,286,429 |
| Equity shareholders' funds | | 11,536,429 | 11,536,429 |



M J Clayton
Director

29 September 2000

Smurfit Corrugated Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Accounting convention

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

2. PROFIT AND LOSS ACCOUNT

These accounts do not include a profit and loss account because the company did not trade during the year ended 31 December 1999 nor during the previous year and made neither a profit nor a loss.

3. DEBTORS

| | 1999 | 1998 |
|---|------------|------------|
| | £ | £ |
| Due after more than one year: Owed by parent undertaking | 11,536,429 | 11,536,429 |

The amount owed by the parent undertaking is interest free and there is no set date for repayment.

4. SHARE CAPITAL

| | <i>Authorised, allotted, called up and fully paid</i> | |
|----------------------------|---|---------|
| | 1999 | 1998 |
| | £ | £ |
| Ordinary shares of £1 each | 250,000 | 250,000 |

5. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total shareholders' funds</i> |
|--|--------------------------|------------------------------------|--|
| | £ | £ | £ |
| At 31 December 1998 and 31 December 1999 | 250,000 | 11,286,429 | 11,536,429 |

6. ULTIMATE PARENT UNDERTAKING

In the opinion of the directors the ultimate parent undertaking is Jefferson Smurfit Group plc, a company incorporated in Ireland. Jefferson Smurfit Group plc is the parent undertaking of the smallest and largest group of companies for which group accounts are prepared and of which the company is a member. Copies of the accounts of this company may be obtained from Jefferson Smurfit Group plc, Beech Hill, Clonskeagh, Dublin 4, Ireland.