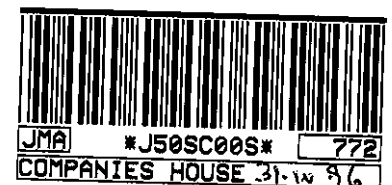


**ROCKWARE GROUP LTD**

**Report and Financial Statements**

**31 December 1995**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London  
EC4A 3TR**



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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

K A O'Donovan  
G C Pearson  
P J Robinson  
R C Brown  
A Mawby  
Dr J Nolan  
P S Aiken  
I C Strachan  
J D Thom

**SECRETARY AND REGISTERED OFFICE**

BTR Secretaries Limited  
Silvertown House  
Vincent Square  
London  
SW1P 2PL

**AUDITORS**

Deloitte & Touche  
Hill House  
1 Little New Street  
London  
EC4A 3TR

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

### **ACTIVITIES**

The principal activity of the Company is the holding of investments in subsidiary companies. These were engaged during the year in the manufacture of glass, metal and plastic packaging.

### **REVIEW OF THE BUSINESS**

The retained profit for the year was £13.96 million (1995 - loss £5.66 million). The results for the year are dealt with in full in the profit and loss account on page 6.

### **FUTURE DEVELOPMENTS**

The directors do not envisage any changes in the Company's activities.

### **DIVIDENDS AND TRANSFERS TO/(FROM) RESERVES**

The directors paid an ordinary dividend of £Nil (1994 - £3.6 million). £32,000 of preference dividend was paid in respect of the Company's 4.55% cumulative preference shares (1994 - £32,000). The retained profit for the year of £13.96 million (1994 - loss £5.66 million) has been transferred from reserves.

### **FIXED ASSETS**

Details of the movements in fixed assets of the company are set out in notes 10 and 11 to the accounts.

### **DIRECTORS**

The present membership of the Board is set out on page 1.

Mr P S Aiken was appointed as a director on 7 April 1995. Mr I C Strachan was appointed as a director on 3 January 1996. A E Peterson resigned on 28 April 1995 and Mr A R Jackson resigned on 30 March 1996. Mr S K Williams resigned and Mr J D Thom was appointed as a director on 31 July 1996.

Dr J Nolan was appointed a director on 1 May 1995.

The interests of the directors holding office at 31 December 1995 in the share capital of group companies are stated in note 17 to the accounts.

### **DIRECTORS' AND OFFICERS' LIABILITY**

Directors' and officers' liability insurance has been purchased by the Company during the year.

## DIRECTORS' REPORT

### AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name.

In accordance with S386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 4 October 1995. Accordingly, Deloitte & Touche shall be deemed to be reappointed as auditors 28 days after the accounts are sent to the members.

Approved by the Board of Directors  
and signed on behalf of the Board



Per Pro BTR Secretaries Limited

21 OCTOBER 1996

## 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 of the company for that period. In preparing those financial statements, 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;
- 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 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 financial statements comply with the Companies Act. 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.



## Chartered Accountants

Deloitte & Touche  
Abbey House  
(P.O. Box 500)  
74 Mosley Street  
Manchester M60 2AT

Telephone: National 0161 228 3456  
International + 44 161 228 3456  
Fax (Gp. 3): 0161 228 2021  
DX 14400 – Manchester 2 Exchange

## ROCKWARE GROUP LTD AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 4 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 at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*  
Chartered Accountants and Registered Auditors

30th October, 1996.

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1995**

	Note	1995 £'000	1994 £'000
Net operating expenses	2	352	(675)
<b>OPERATING PROFIT/(LOSS)</b>	3	352	(675)
<b>EXCEPTIONAL ITEMS</b>			
Loss on disposal of subsidiary undertakings	4	-	(12,193)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND INCOME FROM FIXED ASSET INVESTMENTS</b>		352	(12,868)
Income from shares in group undertakings		-	8,344
Income from shares in associated undertaking		316	273
Net interest receivable	5	4,489	3,000
Release of provision against investments	11	9,383	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		14,540	(1,251)
Tax charge on profit/(loss) on ordinary activities	8	(542)	(778)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		13,998	(2,029)
Dividends	9	(32)	(3,632)
<b>Retained profit/(loss) for the financial year</b>	19	13,966	(5,661)

The only movements in shareholders' funds for both periods is the retained profit/(loss) for the financial year.

There are no recognised gains or losses for the financial year and the preceding year other than as stated above.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

All results derive from continuing operations.



**BALANCE SHEET**  
**31 December 1995**

	Note	1995 £'000	1995 £'000	1994 £'000	1994 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10		3		4
Investments	11		163,600		164,789
			<u>163,603</u>		<u>164,793</u>
<b>CURRENT ASSETS</b>					
Debtors	12	765		1,397	
Pension surplus recoverable within one year	13	3,147		3,200	
Pension surplus recoverable after more than one year	13	9,799		10,031	
Cash at bank and in hand		<u>7,684</u>		<u>-</u>	
		21,395		14,628	
<b>CREDITORS: amounts falling due within one year</b>					
	14	<u>(54,218)</u>		<u>(62,686)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(32,823)</u>		<u>(48,058)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			130,780		116,735
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	15		<u>(1,813)</u>		<u>(1,734)</u>
			<u>128,967</u>		<u>115,001</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		48,645		48,645
<b>RESERVES</b>					
Capital reserves	18	48,816		48,816	
Profit and loss account	19	<u>31,506</u>		<u>17,540</u>	
<b>Total reserves</b>			<u>80,322</u>		<u>66,356</u>
<b>Total shareholders' funds</b>			<u>128,967</u>		<u>115,001</u>
<b>Shareholders' funds are attributable to:</b>					
Equity shareholders' funds			128,267		114,301
Non equity shareholders' funds			<u>700</u>		<u>700</u>
			<u>128,967</u>		<u>115,001</u>

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

21 OCTOBER 1996

Director

# NOTES TO THE ACCOUNTS

Year ended 31 December 1995

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

### Accounting convention

The financial statements are prepared under the historical cost convention.

### Form of accounts

The Company is not filing group accounts with the Registrar of Companies as it has taken advantage of the exemption contained in Section 228 of the Companies Act 1985. The ultimate parent company, BTR plc, draws up group accounts, which include the accounts of the Company.

### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	-	over the period of the lease
------------------------	---	------------------------------

### Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

### Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise. Advance corporation tax which is available to reduce the corporation tax payable on future profits is deducted from the provision for deferred taxation.

### Leases

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

### Pensions

The Company and its subsidiaries ('the group') operate defined benefit pension schemes.

Actuarial valuations of defined benefit schemes are carried out by independent professionally qualified actuaries every three years. Contributions to the schemes, which are determined in accordance with the recommendations of the actuaries, are charged to a group company's profit and loss account so as to spread the cost of providing the expected benefits to participating employees over their anticipated service lives. The accounting policy follows the funding policy except where the actuarial valuation gives rise to a surplus or deficiency. For funding purposes, such surpluses or deficiencies, are dealt with as advised by the actuary. For accounting purposes they are dealt with in the accounts of the Company where they are spread over the anticipated remaining service lives of the group's participating employees.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**2. NET OPERATING EXPENSES**

	1995 £'000	1994 £'000
Management charges receivable from subsidiaries	1,376	2,142
Management charge payable to Plascoat UK Limited	(1,376)	(2,142)
Other administration income/(expenses) net of recharges	352	(675)
Net operating expenses	352	(675)

**3. OPERATING PROFIT/(LOSS)**

	1995 £'000	1994 £'000
Operating profit/(loss) is after charging:		
Depreciation	1	1
Auditors' remuneration:		
- audit fees	49	67
- other fees	50	64

**4. EXCEPTIONAL ITEMS**

There is no tax attributable to exceptional items in the current or previous year.

**5. NET INTEREST RECEIVABLE**

	1995 £'000	1994 £'000
Interest payable:		
Bank loans, overdrafts and other loans repayable wholly within five years	(3,212)	(5,105)
Other loans	(510)	(776)
	(3,722)	(5,881)
Interest receivable:		
Third parties	235	233
Net interest receivable from subsidiaries	7,976	8,648
Net interest receivable	4,489	3,000

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**6. EMPLOYEES**

	1995 No	1994 No
<b>Average number of persons employed:</b>		
Management staff	4	4
	<u>£'000</u>	<u>£'000</u>
<b>Staff costs, including directors, during the year</b>		
Wages and salaries	226	260
Social security costs	10	24
Other pension credits (see note below)	(172)	(166)
	<u>64</u>	<u>118</u>
<b>Pension credits</b>		
Defined benefit schemes - costs incurred	1,019	1,027
Notional interest on pension prepayment	(1,191)	(1,193)
	<u>(172)</u>	<u>(166)</u>

The assets of the major pension schemes operated by Rockware Group Limited are held in trustee administered funds.

**Defined benefit schemes**

The main pension schemes of the Company and its subsidiaries ('the group') which cover the majority of the group's employees were valued by Bacon & Woodrow, independent qualified actuaries, as at 31 March 1992.

The projected unit method was used in the valuations and it was assumed that the rate of investment return would exceed salary increases by 2% per annum.

At the date of actuarial valuations, the market value of the assets of the schemes was £112.3 million and the actuarial value of the assets was sufficient to cover, on average, the benefits which had accrued to the members after allowing for future increases in earnings. Since the date of the valuation the Company has made the contributions in accordance with the recommendations of the actuary.

As at 31 December 1995 £12.95 million (1994 - £13.2 million), representing the excess of contributions made over pension costs to date, has been included in the balance sheet as a pension cost prepayment.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**7. DIRECTORS' EMOLUMENTS**

	1995 £'000	1994 £'000
Other emoluments (including pension contributions)	-	132
Compensation for loss of office	-	-
	<u>-</u>	<u>132</u>
<b>Remuneration of the Chairman</b>	<u>-</u>	<u>-</u>
<b>Remuneration of the highest paid director</b>	<u>-</u>	<u>89</u>
<b>Scale of other directors' remuneration (excluding pensions):</b>	<b>No.</b>	<b>No.</b>
£ 0 - £ 5,000	9	5
£ 25,001 - £ 30,000	<u>-</u>	<u>1</u>

**8. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	1995 £'000	1994 £'000
Taxation is based on the profit/ (loss) for the year and comprises:		
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit/(loss) for the year	(1,510)	(784)
Advance corporation tax written back	664	159
Deferred taxation	144	37
Group relief payable	<u>-</u>	<u>(190)</u>
	(702)	(778)
Adjustment in respect of prior year	<u>160</u>	<u>-</u>
	<u>(542)</u>	<u>(778)</u>

The 1995 tax charge is low due to the receipt of tax free income, the write back of previously disallowed provisions and the recognition of advance corporation tax previously written off for accounts purposes.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**9. DIVIDENDS**

	1995 £'000	1994 £'000
Ordinary - paid £Nil per share (1994 - £1.8772p) - equity	-	3,600
4.55% cumulative preference shares - non-equity	32	32
	<u>32</u>	<u>3,632</u>

**10. TANGIBLE FIXED ASSETS**

	Leasehold improve- ments £'000
<b>Cost:</b>	
At 1 January 1995 and 31 December 1995	<u>8</u>
<b>Accumulated depreciation:</b>	
At 1 January 1995	4
Charge for the year	<u>1</u>
At 31 December 1995	<u>5</u>
<b>Net book value:</b>	
31 December 1995	<u>3</u>
31 December 1994	<u>4</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**11. INVESTMENTS HELD AS FIXED ASSETS**

	Group undertakings		Associated undertakings	
	Shares £'000	Loans £'000	Shares £'000	Total £'000
<b>Cost:</b>				
At 1 January 1995	44,334	145,503	1,230	191,067
Additions	25,000	3,794	-	28,794
Repayment	-	(39,366)	-	(39,366)
At 31 December 1995	69,334	109,931	1,230	180,495
<b>Provisions:</b>				
At 1 January 1995	13,342	12,936	-	26,278
Release in year	-	(9,383)	-	(9,383)
At 31 December 1995	13,342	3,553	-	16,895
<b>Net book value:</b>				
At 31 December 1995	55,992	106,378	1,230	163,600
At 31 December 1994	30,992	132,567	1,230	164,789

Details of subsidiary and associated companies are given in note 20 to the accounts.

In the opinion of the directors, the aggregate value of the shares in and amounts owing from the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the Company's balance sheet.

The market value of the shares in Ardagh Plc at 31 December 1995 was £9.84 million (1994 - £8.34 million).

**12. DEBTORS**

	1995 £'000	1994 £'000
Amounts owed by group undertakings - subsidiary undertakings	178	458
Other debtors	395	443
Prepayments and accrued income	-	361
Advance corporation tax recoverable	192	135
	<u>765</u>	<u>1,397</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 1995**

**13. PENSION SURPLUS**

	1995 £'000	1994 £'000
Pension cost prepayments:		
Recoverable within one year	3,147	3,200
Recoverable after more than one year	9,799	10,031
	<u>12,946</u>	<u>13,231</u>

The above amount represents the right of the Company to secure pension contributions from subsidiary companies in future years.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995 £'000	1994 £'000
Bank loans and overdrafts	11,397	26,447
Acceptance credits	-	20,000
Floating rate unsecured loan notes 1989/98	8,299	8,299
Amounts owed to other group undertakings	32,217	6,122
Amounts owed to subsidiary undertakings	930	190
Corporation tax payable	761	294
Advance corporation tax	4	4
Other creditors	491	1,012
Accruals and deferred income	119	318
	<u>54,218</u>	<u>62,686</u>

The holders of the floating rate unsecured loan notes 1989/98 have the option, upon giving certain notice, to request repayment of their loan notes during 1996.

Bank loans, overdrafts and acceptance credits are guaranteed by the Company and its subsidiaries together with certain subsidiaries of BTR plc.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	£'000
<b>Deferred taxation</b>	
(i) Balance at 1 January 1995	1,734
Current year credit	(144)
Reduction in advance corporation tax offset	223
	<hr/>
Balance at 31 December 1995	1,813
	<hr/>
(ii) The amount of deferred tax provided in the financial statements is:	
	1995      1994
	£'000      £'000
Depreciation in excess of capital allowances	(2)      (19)
Pension cost prepayment	4,272      4,366
Short-term timing differences	(12)      55
	<hr/>
	4,258      4,402
Advance corporation tax	(2,445)      (2,668)
	<hr/>
	1,813      1,734
	<hr/>

There is no unprovided deferred tax.

**16. CALLED UP SHARE CAPITAL**

	Authorised		Allotted and fully paid	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
4.55% cumulative preference shares of £1 each	700	700	700	700
Unclassified share capital	15,000	15,000	-	-
Ordinary shares of 25p each	59,300	59,300	47,945	47,945
	<hr/>	<hr/>	<hr/>	<hr/>
	75,000	75,000	48,645	48,645
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**17. DIRECTORS' INTERESTS**

None of the directors had any interests in the shares of Rockware Group Limited or any of its subsidiaries.

The interests of A R Jackson, K A O'Donovan, P S Aiken and G C Pearson in the share capital of the parent companies, BTR plc and BTR Nylex Limited, are disclosed in the financial statements of BTR plc.

The interests of the other directors in the share capital of BTR plc (25p Ordinary shares) and BTR Nylex Limited (50 Cent Ordinary shares) at the beginning (or date of appointment) and end of the financial year are set out below:

		Ordinary shares		Warrants		Options	
		1995	1994	1995	1994	1995	1994
J Nolan	- BTR plc 'A' shares	6,372	-	-	-	-	-
J Nolan	- BTR Nylex Limited	12,500	-	-	-	-	-
P J Robinson	- BTR Nylex Limited	-	5,529	-	-	-	250,000
S K Williams	- BTR plc	14,768	14,347	792	1,125	202,847	188,836
R C Brown	- BTR plc	1,000	1,000	-	-	111,944	90,607
A Mawby	- BTR plc	-	-	-	-	49,299	34,299

Share options related to the shares of BTR plc granted to and exercised by the directors of Rockware Group Limited during 1995, were as follows:

As part of the senior executive scheme:

	Granted	Exercised	Lapsed
S K Williams	10,000	-	-
R C Brown	30,000	10,000	-
A Mawby	15,000	-	-

As part of the SAYE scheme:

R C Brown	1,337	-	-
S K Williams	4,011	-	-

All of the directors' interests were beneficial. None of the directors held any interests in the share capital or loan stock of any other group company. None of the directors had any material interests in any contract of significance to which the Company or any of its subsidiaries was a party during or at the end of the year.

**NOTES TO THE ACCOUNTS**  
Year ended 31 December 1995

**18. CAPITAL RESERVES**

	Special capital reserve £'000	Share premium account £'000	Total £'000
At 1 January 1995 and 31 December 1995	37,318	11,498	48,816

The above reserves are not distributable.

**19. PROFIT AND LOSS ACCOUNT**

	£'000
At 1 January 1995	17,540
Retained profit for the year	13,966
At 31 December 1995	31,506

The directors consider that the balance on the profit and loss account is fully distributable.

**20. PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES**

**Glass**

Rockware Glass Limited  
Factories at Doncaster, Irvine, Knottingley and Worksop  
Manufacturer of glass containers

Rockware International Limited\*  
Technology transfer

**Plastics**

Rockware Plastics Industries Limited  
ACI Rockware Limited  
Manufacturing centres at Kingston-upon-Thames and Norwich  
Manufacturer of plastic containers  
ACI Skillpack B.V. (incorporated in The Netherlands)\*

**Associated Companies**

Ardagh plc (21.55%)  
(incorporated in Eire)  
Manufacturer of glass containers  
Issued capital IP8,483,000

\* British Glass Recycling Company Limited (50%)  
Glass recycling

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**20. PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES (continued)**

**Notes**

Unless otherwise indicated, the company owns 100% of the issued ordinary share capital of each of the companies and they are registered in England and Wales.

The principal country in which each company operates is its country of registration.

\* Denotes companies whose shares are held by subsidiaries of Rockware Group Limited or their nominees. Shares in the remaining companies are held directly by Rockware Group Limited or its nominees.

**21. CASH FLOW STATEMENT**

As the company is a wholly owned subsidiary undertaking of BTR plc, a company registered in England and Wales, which prepares a consolidated cash flow statement, the company has taken advantage of the exemption provided under paragraph 8 of FRS 1 not to prepare a cash flow statement.

**22. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the ultimate parent company is BTR plc, a company registered in England and Wales. Group financial statements are prepared for BTR plc and a copy may be obtained on request from BTR plc, Silvertown House, Vincent Square, London SW1P 2PL.