

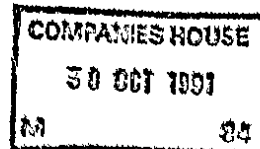
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Directors' Report and Accounts

EUCALYPTUS PULP MILLS PLC

31 December 1990



# EUCALYPTUS PULP MILLS PLC

## DIRECTORS' REPORT

Directors: R Hewson Jr (Portugal)  
P D E Bergqvist (Portugal)  
R J Edmeades (Portugal)  
A J Bailey (Portugal)  
C P B Melo de Sousa e Brito (Portugal)  
A J R Frutuoso de Melo (Portugal)  
P G Aspden

Secretary: D H Tarling

Registered office: Johnsen House, Wellington Road, Wokingham, Berks

Head Office: Rua Joaquim Antonio de Aguiar, Nr 41 Lisbon, Portugal

The directors present the accounts for the year ended 31 December 1990

## ACTIVITIES

The company is an investment holding company.

## RESULTS

The retained profit for the year amounted to £527,230. The directors do not recommend the payment of a dividend.

## HOLDING COMPANY

The company is a wholly-owned subsidiary of Ibstock Johnsen PLC.

## DIRECTORS

The present directors of the company are listed above and all served throughout the year.

## DIRECTORS' INTEREST

The directors' interests in the share capital of Ibstock Johnsen PLC is given below:

|                 | Ordinary shares and warrants held at: |          |                  |          | Share Option at: |                  |
|-----------------|---------------------------------------|----------|------------------|----------|------------------|------------------|
|                 | 31 December 1990                      |          | 31 December 1989 |          | 31 December 1990 | 31 December 1989 |
|                 | Shares                                | Warrants | Shares           | Warrants |                  |                  |
| R Hewson Jr     | -                                     | -        | -                | -        | 45,000           | 45,000           |
| P D E Bergqvist | 7,500,000                             | 750,000  | 7,500,000        | 750,000  | -                | -                |
| R J Edmeades    | 2,395                                 | 239      | 2,395            | 239      | 30,000           | 30,000           |
| A J Bailey      | 174,282                               | 16,500   | 165,000          | 16,500   | 30,000           | 30,000           |
| P G Aspden      | 39,237                                | 2,970    | 25,732           | 2,572    | 106,928          | 75,000           |

## EUCALYPTUS PULP MILLS PLC

### DIRECTORS' REPORT continued

The Istock Johnson warrants were issued in December 1988 and give the right to subscribe for 1 ordinary share during the month of June 1990 to 1991 inclusive at a price of 170p per share. The share options are exercisable at between £0.82 and £1.72 per share.

Mr Bailey held 300 (1989 - 216) ordinary shares in Companhia de Celulose do Caima, SA, which is a subsidiary of Eucalyptus Pulp Mills PLC. Share options in Companhia de Celulose do Caima, SA are as follows:-

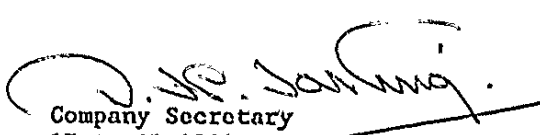
|              | <u>1990</u> | <u>1989</u> |
|--------------|-------------|-------------|
| R Howson Jr  | 2,000       | 2,000       |
| R J Edmeades | 2,100       | 1,100       |
| A J Bailey   | 750         | 750         |

These options are exercisable at between escudos 5,250 and escudos 11,900 per share.

### AUDITORS

Ernst & Young do not intend to offer themselves for re-appointment as auditors. A resolution to appoint KPMG Peat Marwick McLintock will be proposed at the AGM.

By order of the Board.

  
Company Secretary  
17 April 1991

**EUCALYPTUS PULP MILLS PLC**

**REPORT OF THE AUDITORS TO THE MEMBER OF EUCALYPTUS PULP MILLS PLC**

We have audited the accounts on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1990 and of the result and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst. Young*

Ernst & Young  
Chartered Accountants  
London  
17 April 1991

# EUCALYPTUS PULP MILLS PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1990

|  | Note | 1990<br>£ | 1989<br>£ |
|--|------|-----------|-----------|
| Administrative expenses                          |      | (4,339)   | (12,961)  |
| Income from share in group companies             |      | 837,639   | 885,557   |
| Interest and similar items                       | 3    | (60,648)  | 35,464    |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 4    | 772,652   | 908,060   |
| Taxation   | 6    | 245,422   | 177,111   |
| RETAINED SURPLUS FOR THE YEAR                    |      | 527,230   | 730,949   |

# EUCALYPTUS PULP MILLS PLC

## BALANCE SHEET - 31 DECEMBER 1990

|   |      | 1990                | 1989                |
|---|------|---------------------|---------------------|
|   | Note | £                   | £                   |
| <b>FIXED ASSETS</b>                                   |      |                     |                     |
| Investments in subsidiary companies                   | 7    | 125,678,221         | 127,921,504         |
| <b>CURRENT ASSETS</b>                                 |      |                     |                     |
| Amounts owed by group companies                       | 8    | 7,588,942           | 6,668,459           |
| Cash at bank and in hand                              |      | 16,165              | 22,639              |
|   |      | <u>7,605,107</u>    | <u>6,691,098</u>    |
| <b>CREDITORS - amount falling due within one year</b> |      |                     |                     |
| Creditors and accruals                                |      | -                   | 994                 |
| Amounts owed to group companies - own subsidiaries    |      | 1,658               | 1,658               |
|   |      | <u>1,658</u>        | <u>2,652</u>        |
| <b>NET CURRENT ASSETS</b>                             |      | <u>7,603,449</u>    | <u>6,688,446</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | <u>£133,281,670</u> | <u>£134,609,949</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |                     |                     |
| Called-up share capital                               | 9    | 931,000             | 931,000             |
| Reserves  | 10   | 132,350,670         | 133,678,949         |
|   |      | <u>£133,281,670</u> | <u>£134,609,949</u> |

Approved by the Board of Directors

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)  
) Directors  
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# EUCALYPTUS PULP MILLS PLC

## SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1990

|  | 1990      | 1989       |
|--|-----------|------------|
|  | £         | £          |
| <b>SOURCE OF FUNDS</b>                         |           |            |
| Profit on ordinary activities before taxation  | 772,652   | 928,060    |
| <b>CHANGES IN WORKING CAPITAL</b>              |           |            |
| (Decrease) in other creditors and accruals     | (994)     | (35,494)   |
| (Increase) in indebtedness from group          | (534,487) | (738,185)  |
|  | (535,481) | (793,679)  |
| <b>OTHER MOVEMENTS</b>                         |           |            |
| Taxation                                       | (245,422) | (177,111)  |
| <b>CHANGES IN FIXED ASSETS AND INVESTMENTS</b> |           |            |
| Investment in subsidiary and related costs     | -         | (239)      |
| Disposal of fixed assets                       | -         | 17,973     |
|  | -         | 17,734     |
| <b>EFFECTS OF CHANGES IN EXCHANGE RATES</b>    | 1,777     | (4,597)    |
| <b>TOTAL (DECREASE) IN LIQUID FUNDS</b>        | £ (6,474) | £ (49,593) |

# EUCALYPTUS PULP MILLS PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

### 1. ACCOUNTING POLICIES

#### a) Accounting Convention

The accounts have been prepared under the historical cost convention modified by the revaluation of an investment in a subsidiary.

#### b) Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the transaction date. Assets and liabilities in foreign currencies are stated at the sterling equivalent on the balance sheet date.

### 2. GROUP ACCOUNTS

The company is a wholly-owned subsidiary of another company incorporated in Great Britain and therefore group accounts have not been prepared.

### 3. INTEREST AND SIMILAR ITEMS

|  | 1990<br>£        | 1989<br>£      |
|--|------------------|----------------|
| Deposit and other short-term interest receivable | -                | 109            |
| Currency translation profit/(loss)               | (60,648)         | 35,355         |
|  | <u>£(60,648)</u> | <u>£35,464</u> |

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|                                | 1990<br>£ | 1989<br>£    |
|--------------------------------|-----------|--------------|
| Stated after charging:         |           |              |
| Directors' emoluments (note 5) | -         | 9,000        |
|                                | <u>-</u>  | <u>9,000</u> |

Auditors' remuneration will be borne by the Holding Company



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EUCALYPTUS PULP MILLS PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

### 5. DIRECTORS' EMOLUMENTS

|  | 1990<br>£  | 1989<br>£      |
|--|------------|----------------|
| These comprise:                            |            |                |
| Emoluments including pension contributions | 264,754    | 268,097        |
| Less: paid by subsidiaries                 | (264,754)  | 259,097        |
|  | <u>£ -</u> | <u>£ 9,000</u> |

The duties of all directors of the company during 1990 were performed outside the United Kingdom.

### 6. TAXATION

The company is not resident in the United Kingdom for taxation purposes. The charge for taxation represents withholding taxes on income received from the company's subsidiaries.

### 7. INVESTMENTS IN SUBSIDIARY COMPANIES

|   | 1990<br>£           | 1989<br>£           |
|---|---------------------|---------------------|
| Shares at valuation                                 | 93,443,891          | 93,443,891          |
| Amount due from EPM Gestao & Administracao Limitada | 32,234,330          | 34,477,613          |
|   | <u>£125,678,221</u> | <u>£127,921,504</u> |

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## EUCALYPTUS PULP MILLS PLC

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

Note 7 continued.....

The principal subsidiary companies at 31 December 1990 were:

|  | Country of<br>Incorporation | Nature of<br>Business       | Proportion of nominal value of<br>issued shares held by:<br>Eucalyptus Pulp<br>Mills PLC | Subsidiaries |
|--|-----------------------------|-----------------------------|--|--------------|
| EPH Gestao & Administracao Limitada                  | Portugal                    | Investment                  | 100%   | -            |
| Companhia de Celulose do Calma, SA                   | Portugal                    | Pulp Manufacture            | 56.3%  | 19.9%        |
| Calma-Industriais de Pasta de Papel, SA              | Portugal                    | Pulp Manufacture            | -  | 100%         |
| Sociedade Silticola Calma, Limitada                  | Portugal                    | Timber growing              | -  | 100%         |
| Inflora-Sociedade de Investimentos<br>Florestais, SA | Portugal                    | Timber growing              | -  | 100%         |
| Calma Ceramica e Servicos, SA                        | Portugal                    | Holding company             | 56.3%  | 19.9%        |
| Fabrica Ceramica de Valadares, SA                    | Portugal                    | Ceramic manufacture         | -  | 94.3%        |
| Campos Fabricas Ceramicas, SA                        | Portugal                    | Brick & tile<br>manufacture | -  | 80%          |
| Pinto Basto Comercial, Limitada                      | Portugal                    | Shipping Agents             | -  | 100%         |

Effective from 1 January 1991, the Portuguese operation has been separated into a Building materials and Ceramics Group under Calma Ceramica e Servicos (a new company formed for this purpose) and a Forestry Group under Companhia de Celulose do Calma.

The Directors are of the opinion that the value of the company's investments in subsidiaries is not less than the value at which they are included in the accounts.

## 8. AMOUNTS OWED BY GROUP COMPANIES

|   | 1990<br>£         | 1989<br>£         |
|---|-------------------|-------------------|
| Own subsidiaries                        | 575,588           | 1,044,372         |
| Holding company and fellow subsidiaries | 7,013,354         | 5,624,087         |
|   | <u>£7,588,942</u> | <u>£6,668,459</u> |

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## EUCALYPTUS PULP MILLS PLC

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

### 9. CALLED-UP SHARE CAPITAL

1990 and 1989

Authorised £1,000,000

Allotted and fully paid £ 931,000

The Capital is dividend into shares of 5p each.

### 10. RESERVES

|                                | Total              | Currency<br>Adjustment<br>£ | Revaluation<br>Reserves<br>£ | Profit &<br>Loss<br>Account<br>£ |
|--------------------------------|--------------------|-----------------------------|------------------------------|----------------------------------|
| Balances as at 1 January 1990  | 133,678,949        | 3,032,562                   | 77,547,661                   | 53,098,726                       |
| Currency adjustments           | (1,855,509)        | (1,877,651)                 |                              | 22,142                           |
| Surplus for the year           | 527,230            |                             |                              | 527,230                          |
| Balance as at 31 December 1990 | <u>132,350,670</u> | <u>1,154,911</u>            | <u>77,547,661</u>            | <u>53,648,098</u>                |

Retained profits include £25,495,003 which is not considered available for distribution until payment is made for the shares transferred to a subsidiary.

No provision has been made for any taxation that might arise if the balance on the revaluation reserve is realised.

### 11. ULTIMATE HOLDING COMPANY

The Ultimate Holding Company is Ibstock Johnsen PLC, a company incorporated in the United Kingdom and registered in England and Wales.