

SILVERTOWN RUBBER COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

REGISTERED NO: 522712



SILVERTOWN RUBBER COMPANY LIMITED
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SILVERTOWN RUBBER COMPANY LIMITED DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £8,000 (1996 - £4,850,000). The Directors do not recommend the payment of a dividend (1996 - £Nil), which leaves a loss of £8,000 (1996 - £4,850,000) to be retained.

REVIEW OF THE BUSINESS

It is not anticipated that the Company will recommence acting as an investment holding company in the near future, although the Directors will consider any opportunities that may arise.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were as follows:

R C Brown	(Resigned 31 December 1997)
K A O'Donovan	
D J Stevens	(Appointed 31 December 1997)
J D Thom	

No Director had any interest in the shares of the Company. K A O'Donovan is also a Director of BTR plc, the ultimate parent undertaking, and her interests in the shares of that company are disclosed in its accounts.

The interests of the other Directors in the ordinary shares of BTR plc were:

	31 December 1997				1 January 1997*			
	Listed	Warrants	Share Option Schemes Senior Executive	SAYE	Listed	Warrants	Share Option Schemes Senior Executive	SAYE
D J Stevens	-	-	125,000	5,186	-	-	125,000	5,186
J D Thom	355	60	75,500	9,950	355	390	75,500	10,101

* Or at date of appointment, whichever is later.

Share options related to the shares of BTR plc granted to, and exercised by, the other Directors of Silvertown Rubber Company Limited during 1997, were as follows:

	Granted	Exercised
As part of the SAYE scheme:		
J D Thom	3,670	3,821

LONG TERM INCENTIVE PLAN ("LTIP")

Details of awards of shares in BTR plc granted under LTIP to Directors during the year are set out below:

	1997 Ordinary shares
J D Thom	17,000

SILVERTOWN RUBBER COMPANY LIMITED
DIRECTORS' REPORT (Continued)

D J Stevens was awarded 68,250 shares in BTR plc granted under LTIP prior to his appointment as Director of Silvertown Rubber Company Limited. This award was unchanged as at 31 December 1997.

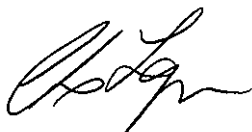
These awards will vest subject to satisfaction of certain performance criteria. Full details of these criteria are disclosed in the accounts of BTR plc, the ultimate parent undertaking of Silvertown Rubber Company Limited.

No Director was interested during or at the end of the year in any contract which was significant in relation to the Company's business.

AUDITORS

In accordance with s386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 20 September 1991. Accordingly Ernst & Young shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the Board.



Per pro BTR Secretaries Limited, Secretary

BTR House
Carlisle Place
London
SW1P 1BX

16 October 1998.

SILVERTOWN RUBBER COMPANY LIMITED
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 which 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

SILVERTOWN RUBBER COMPANY LIMITED
REPORT OF THE AUDITORS
TO THE MEMBERS OF SILVERTOWN RUBBER COMPANY LIMITED

We have audited the accounts on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of Directors and auditors

As described on page 4, 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 misstatements, 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 at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor

London

20 October 1998

SILVERTOWN RUBBER COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	<u>1997</u> £'000	<u>1996</u> £'000
Loss on sale of fixed asset investments		-	(4,850)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(4,850)
Taxation	4	(8)	-
RETAINED LOSS FOR THE FINANCIAL YEAR		8	(4,850)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the financial year of £8,000 in the year ended 31 December 1997 and £4,850,000 in the year ended 31 December 1996.

The notes on pages 9 and 10 form part of these accounts.

SILVERTOWN RUBBER COMPANY LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	<u>1997</u> £'000	<u>1996</u> £'000
CURRENT ASSETS			
Debtors - amounts falling due within one year	5	18,389	18,397
CREDITORS: Amounts falling due within one year	6	(255,348)	(255,348)
NET CURRENT LIABILITIES		(236,959)	(236,951)
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account	8	(236,960)	(236,952)
		(236,959)	(236,951)

Approved by the Board on 16 October 1998



Director

The notes on pages 9 and 10 form part of these accounts.

SILVERTOWN RUBBER COMPANY LIMITED
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>1997</u> £'000	<u>1996</u> £'000
LOSS FOR THE FINANCIAL YEAR	(8)	(4,850)
NET REDUCTION FROM SHAREHOLDERS' FUNDS	(8)	(4,850)
Opening shareholders' funds	(236,951)	(232,101)
Closing shareholders' funds	(236,959)	(236,951)

SILVERTOWN RUBBER COMPANY LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of Presentation

The accounts have been prepared using the historical cost convention and comply with all applicable UK accounting standards.

Going concern

The Company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The parent company has agreed to provide sufficient funds to the Company for these purposes. Additionally, the parent company and fellow subsidiary, Allied Polymer Group Limited, have agreed not to recall the amounts they have advanced to the Company which as at 31 December 1997 amounted to £232,394,000 and £7,246,000 respectively until all other creditors have been met. The Directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

2. DIRECTORS' REMUNERATION

None of the Directors received any emoluments from the Company during the year (1996 - £Nil).

3. EMPLOYEES

No persons were employed by the Company during the year (1996 - Nil).

4. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	<u>1997</u> £'000	<u>1996</u> £'000
Adjustments in respect of prior years	8	-

5. DEBTORS

Amounts falling due within one year

	<u>1997</u> £'000	<u>1996</u> £'000
Amounts due from parent and fellow subsidiary undertakings	18,389	18,351
Current corporation tax	-	46
	18,389	18,397

6. CREDITORS

Amounts falling due within one year

	<u>1997</u> £'000	<u>1996</u> £'000
Amounts due to parent and fellow subsidiary undertakings	255,348	255,348

SILVERTOWN RUBBER COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997 (Continued)

7. CALLED UP SHARE CAPITAL

<u>Authorised, Allotted, Called-up and Fully Paid</u>	
<u>1997</u>	<u>1996</u>
£'000	£'000

1,000 Ordinary shares of £1 each

1 1

8. RESERVES

<u>Profit and Loss Account</u>	
<u>£'000</u>	

At 1 January 1997

(236,952)

Retained loss for the financial year

(8)

At 31 December 1997

(236,960)

9. CONTINGENT LIABILITIES

The Company has cross guarantee arrangements guaranteeing the bank overdrafts of certain other BTR group companies.

10. 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 the scope of FRS 1 (Revised 1996) not to prepare a cash flow statement.

11. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary undertaking of BTR plc, a company registered in England and Wales, which prepares published consolidated financial statements, the Company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries of the BTR Group. There are no other related party transactions.

Disclosure of the Directors' interests in the shares of the company and BTR plc is made in the Directors' Report.

12. IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking of Silvertown Rubber Company Limited is BTR plc.

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Silvertown Rubber Company Limited is BTR plc, a company registered in England and Wales. Copies of the group accounts of BTR plc, the parent undertaking of the only group preparing group accounts which include Silvertown Rubber Company Limited, can be obtained from the Company Secretarial Department, BTR plc, BTR House, Carlisle Place, London SW1P 1BX.