

ARJO WIGGINS FINE PAPERS LIMITED

Directors' Report and Financial Statements for the year ended 31 December 1999

Registered Number: 961440



ARJO WIGGINS FINE PAPERS LIMITED

Directors' report and financial statements for the year ended 31 December 1999

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Arjo Wiggins Fine Papers Limited

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 1999.

Principal activities

The Company is engaged in the manufacture and distribution of paper and paper products.

Review of business and future developments

The Company embarked on a major reorganisation programme during the year which included a decision to close one of its manufacturing sites in 2000. The Company also announced its intention to acquire a new manufacturing site making other paper products.

However, both the level of business and the year end financial position were satisfactory and the directors expect no material change in the level of activity for the foreseeable future.

Results and dividends

The audited accounts for the year ended 31 December 1999 are set out on pages 8 to 19.

The directors recommend that no dividend be declared on the ordinary shares for the year ended 31 December 1999 (1998: £10.845m).

Payment of creditors

The Company's policy in respect of all suppliers is to fix terms of payment when agreeing the terms of business transactions, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment when the supplier has satisfactorily provided the goods or services in accordance with the terms of the contract.

The average number of days taken to pay suppliers was 60 (1998: 56).

Directors

The directors holding office during the year were:

| | |
|-----------------|------------------------------|
| M.G. Baker | (Resigned 4 November 1999) |
| C.J. Britchford | |
| N.R. Burchell | (Appointed 24 November 1999) |
| F.C. Crome | |
| J.H. Cubbon | (Resigned 4 November 1999) |
| P.C. Gillespie | (Appointed 24 November 1999) |
| P.A. Giraud | (Appointed 24 November 1999) |
| S.A. Logan | (Resigned 4 November 1999) |
| I. Simpson | (Resigned 4 August 1999) |
| A.H. Swainston | (Resigned 4 November 1999) |

Arjo Wiggins Fine Papers Limited

Directors' report

Company Secretary

Arthur Birchall resigned as Company Secretary on 7 June 1999 and was replaced by Bondlaw Secretaries Limited.

Directors' interests

Share capital and share option schemes

According to the Company's register, no director of the Company, nor members of his family as defined by the Companies Act 1985, had any interest in the shares of the Company.

The interests of the directors in the share capital and share option schemes of Arjo Wiggins Appleton p.l.c. or its subsidiaries at 31 December 1999, as shown in the register kept by the Company, are set out below except for the interests of Mr P.A. Giraud, Mr C.J. Britchford and Mr P.C. Gillespie which are disclosed in the accounts of Arjo Wiggins Europe Holdings Limited, the Company's parent company, of which they are directors.

Arjo Wiggins Appleton p.l.c.

| Share details | Number of Shares/Options | | | | |
|--|--|--------------------|--------------------|----------------------|----------------------------|
| | Outstanding at 31.12.98 or at date of appointment | Bought/ Granted | Sold/ Exercised | Cancelled/ Lapsed | Outstanding at 31.12.99 |
| F C Crome Executive Options | 38,000 | 20,000 | - | - | 58,000 |
| N Burchell Executive Options | 20,000 | - | - | - | 20,000 |

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Employment policies

The Company seeks to ensure that all its businesses operate sound and progressive employment policies to the mutual benefit of employees and the Company.

The Company places considerable importance on consultation and communication with all employees. Managers are required to develop appropriate communication procedures to ensure that all employees are properly informed of developments within the businesses to which they belong.

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and abilities. Every effort is made to continue the employment of people who become disabled, including the provision of additional facilities and training where appropriate. Opportunities for career development and promotion are available to all employees.

The millennium date change

The Company is dependent on its computing systems for the proper running of commercial, manufacturing, distribution and accounting functions. In addition, the manufacturing plants are dependent on process control equipment for continued operation. A full inventory of computing systems, carried out as part of the programme to prepare for the computer problems associated with the year 2000 issue identified the extent of this dependence. The Company also recognised the interdependence with its trading partners and the need for the continued operation of their computer systems.

The Company has participated fully in the extensive programme put in place within the Arjo Wiggins Appleton Group to avoid or reduce to a minimum any adverse impact on the Group's businesses caused by problems with their own systems arising from the year 2000 issue. This programme, involving both internal and external resources, has been regularly monitored at a senior level and there has been independent external verification of the progress made. A continuous and developing dialogue has taken place with the Company's principal trading partners in order first to identify and, second, to endeavour to manage risks arising from computer systems outside of the Company's control.

At the start of the year 2000 there has been no significant impact on the Company's operations following the date change.

Cumulative revenue costs associated with the year 2000 issue, incurred up to 31 December, 1999, amounted to £2.7m, of which £0.9m related to internal costs. Total projected revenue costs, including those incurred to date will not show any increase over these amounts. There are no capital costs involved.

The Euro

The introduction of the Euro has not had any significant impact on the Company.

Arjo Wiggins Fine Papers Limited

Directors' report

Auditors

The Company's auditors are PricewaterhouseCoopers.

Pursuant to Section 386 of the Companies Act 1985, an Elective Resolution has been passed by the Company dispensing with the requirement to appoint auditors annually. Therefore PricewaterhouseCoopers are deemed to continue as auditors to the Company.

By order of the board



For and on behalf of
Bondlaw Secretaries Limited
Secretary

17 March 2000

Registered office:
Town Quay House
7 Town Quay
Southampton
SO14 2PT

Arjo Wiggins Fine Papers Limited

Statement of directors' responsibilities for the financial statements

The directors are required by UK company law to prepare, for each financial year, financial statements 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 and total recognised gains and losses for that period.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

By order of the board



For and on behalf of
Bondlaw Secretaries Limited

Secretary

17 March 2000

Auditors' report to the members of Arjo Wiggins Fine Papers Limited

We have audited the financial statements on pages 8 to 19 which have been prepared under the accounting policies set out on pages 10 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

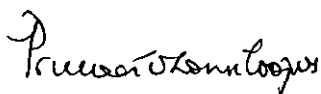
Basis of audit opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

1 Embankment Place

London, WC2N 6NN

17 Nov 2000

Profit and loss account

for the year ended 31 December 1999

| Note | | 1999 £m | 1998 £m |
|------|--|--------------|------------|
| 2 | Turnover | 224.0 | 213.6 |
| 3 | Net operating expenses | (219.7) | (188.4) |
| | Operating profit | 4.3 | 25.2 |
| | Before exceptional items | 25.3 | 25.2 |
| | Exceptional items | (21.0) | - |
| | | 4.3 | 25.2 |
| 7 | Other investment income | 1.6 | 7.8 |
| | Profit on ordinary activities before taxation | 5.9 | 33.0 |
| 8 | Tax on profit on ordinary activities | (1.0) | (1.2) |
| | Profit on ordinary activities after taxation | 4.9 | 31.8 |
| 9 | Dividends | - | (10.8) |
| | Retained profit for the year | 4.9 | 21.0 |

All turnover and operating profit arose from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Reconciliation of movements in shareholders' funds

for the year ended 31 December 1999

| | 1999 £m | 1998 £m |
|---|--------------|------------|
| Profit on ordinary activities after taxation | 4.9 | 31.8 |
| Dividends | - | (10.8) |
| Net addition to shareholders' funds | 4.9 | 21.0 |
| Shareholders' funds at the beginning of the year | 104.0 | 83.0 |
| Shareholders' funds at the end of the year | 108.9 | 104.0 |

Arjo Wiggins Fine Papers Limited

Financial statements

Balance sheet

at 31 December 1999

| Note | | 1999 £m | 1998 £m |
|------|---|---------------|---------------|
| 10 | Tangible fixed assets | 54.4 | 56.2 |
| | Current assets | | |
| 11 | Stocks | 15.2 | 15.0 |
| 12 | Debtors | 69.4 | 70.0 |
| 13 | Current asset investments | 38.0 | 36.5 |
| | Cash at bank and in hand | 6.5 | 11.8 |
| | | <u>129.1</u> | <u>133.3</u> |
| | Creditors: amounts falling due within one year | | |
| 14 | Short-term borrowings | (0.4) | (10.1) |
| 15 | Other creditors | (65.6) | (72.4) |
| | | <u>(66.0)</u> | <u>(82.5)</u> |
| | Net current assets | 63.1 | 50.8 |
| | Total assets less current liabilities | 117.5 | 107.0 |
| 16 | Provisions for liabilities and charges | (8.6) | (3.0) |
| | Net assets | 108.9 | 104.0 |
| | Capital and reserves | | |
| 18 | Called-up share capital | 25.0 | 25.0 |
| 19 | Share premium account | 50.3 | 50.3 |
| 19 | Profit and loss account | 33.6 | 28.7 |
| | Shareholders' funds (equity interests) | 108.9 | 104.0 |

The financial statements on pages 8 to 19 were approved by the board of directors on 17 March 2000 and were signed on its behalf by:


Director

1. Accounting policies

The financial statements have been prepared in accordance with accounting standards applicable in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting.

Adoption of new accounting policy

FRS12 'Provisions, contingent liabilities and contingent assets', has been adopted in this year's financial statements. There is no effect on either the current year's results or the prior year's results.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the related forward contract rate. All monetary assets and liabilities expressed in foreign currencies and not covered by forward contracts are retranslated into sterling at rates of exchange ruling at the end of the financial year. Differences between the translated trading transactions and subsequent cash settlements, or retranslated balances, are taken to the profit and loss account.

Turnover

Turnover comprises sales to customers, net of rebates and excluding value added and other sales taxes.

Pension costs

The expected cost of providing pensions, as calculated periodically by independent actuaries, is charged to the profit and loss account so as to spread that cost, adjusted for any actuarial valuation deficit or available surplus, over the expected average remaining service lives of current employees. The common group contribution rate is based on pension costs across the participating companies of the Arjo Wiggins Appleton group as a whole.

Research and development

All research and development expenditure is charged to the profit and loss account as incurred.

Deferred taxation

Provision is made for deferred taxation in respect of timing differences, using the liability method, to the extent that it is probable that the liability or asset will crystallise, except that full provision is made in respect of the cost of providing pensions and other post-retirement benefits.

Tangible fixed assets

Tangible fixed assets are valued at cost less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful economic lives by equal instalments. The principal useful economic lives applied in calculating depreciation are as follows:

| | | |
|-------------------------------|---|---|
| Freehold buildings | - | between 25 and 40 years |
| Leasehold properties | - | as for freehold buildings, or over the period of the leases if less |
| Plant and machinery | - | between 8 and 20 years |
| Vehicles and office equipment | - | between 3 and 10 years |

No depreciation is provided on freehold land.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost, including attributable overheads, and net realisable value.

2. Turnover

The analysis by geographical area of the Company's turnover is set out below:

| | 1999 £m | 1998 £m |
|--------------------------|--------------|--------------|
| United Kingdom | 59.1 | 62.7 |
| Other European countries | 129.3 | 119.5 |
| Other countries | 35.6 | 31.4 |
| | <u>224.0</u> | <u>213.6</u> |

3. Operating expenses

| | 1999 £m Before exceptional | 1999 £m Exceptional | 1999 £m Total | 1998 £m Total |
|--|-------------------------------------|---------------------------|---------------------|---------------------|
| Changes in stocks of finished goods and work in progress | - | - | - | 6.6 |
| Raw materials, consumables and other external charges | 132.1 | - | 132.1 | 114.2 |
| Staff costs (see note 6) | 30.8 | - | 30.8 | 31.0 |
| Redundancy costs | - | 9.4 | 9.4 | - |
| Depreciation of tangible fixed assets (see note 10) | | | | |
| normal charge | 6.4 | - | 6.4 | 6.1 |
| impairment charge/(release) | - | 7.3 | 7.3 | (3.3) |
| Other operating charges | 29.4 | 4.3 | 33.7 | 33.8 |
| | <u>198.7</u> | <u>21.0</u> | <u>219.7</u> | <u>188.4</u> |
| Other operating charges include: | | | | |
| Operating lease rentals: | | | | |
| - hire of plant and machinery | 0.3 | - | 0.3 | 0.2 |
| - hire of other assets | 0.9 | - | 0.9 | 0.9 |
| Auditors' remuneration | 0.1 | - | 0.1 | 0.1 |

4. Exceptional Items

The exceptional items relate principally to the planned closure in 2000 of one of the Company's main manufacturing sites, announced during 1999.

The main elements of cost are for the impairment of tangible fixed assets (£7.3m see note 10) and redundancy costs (£9.4m).

5. Directors' emoluments

| | 1999 £000 | 1998 £000 |
|---------------------------------|--------------|--------------|
| Aggregate amount of emoluments | 712 | 689 |
| Compensation for loss of office | 617 | - |

The emoluments of the highest paid director were £105,109 (1998: £174,596). He participates in a defined benefit retirement scheme and his accrued pension at the end of 1999 was £50,426 per annum (1998: £55,398).

Retirement benefits are accruing to 9 directors under defined benefit schemes.

No directors exercised share options in Arjo Wiggins Appleton p.l.c., the ultimate parent company.

6. Employee information

The average number of persons, including directors, employed by the Company during the year was:

| | 1999 Number | 1998 Number |
|------------|----------------|----------------|
| Operatives | 674 | 776 |
| Staff | 496 | 499 |
| | 1,170 | 1,275 |

Their employment costs were:

| | 1999 £m | 1998 £m |
|-----------------------|-------------|-------------|
| Wages and salaries | 26.4 | 26.7 |
| Social security costs | 2.6 | 2.7 |
| Other pension costs | 1.8 | 1.6 |
| | 30.8 | 31.0 |

7. Other investment income

| | 1999 £m | 1998 £m |
|--|------------|------------|
| Interest on loans to Group undertakings | 1.6 | 7.2 |
| Deposit interest and other investment income | - | 0.6 |
| | 1.6 | 7.8 |

8. Taxation on profit on ordinary activities

| | 1999 £m | 1998 £m |
|---|------------|------------|
| UK Corporation tax charge at 30.25% (1998: 31%) | 5.1 | 8.9 |
| Less: Group relief surrendered from other group undertakings for no consideration | (5.1) | (8.9) |
| Deferred tax charge at 30% (1998: 31%) | 0.9 | 2.3 |
| Prior year adjustments: | | |
| - current tax | - | 2.3 |
| - ACT effect | - | (2.9) |
| - deferred tax | 0.1 | (0.5) |
| | 1.0 | 1.2 |

9. Dividends

| | 1999 £m | 1998 £m |
|-------------------------|------------|------------|
| Interim dividend paid | - | 5.0 |
| Final dividend proposed | - | 5.8 |
| | - | 10.8 |

10. Tangible fixed assets

| | Freehold land and buildings £m | Plant machinery and equipment £m | Assets in course of construction £m | Total £m |
|---|---|--|--|--------------|
| Cost | | | | |
| At 31 December 1998 | 8.5 | 122.4 | 0.7 | 131.6 |
| Assets brought into use during the year | - | 0.7 | (0.7) | - |
| Additions | 0.3 | 2.4 | 5.0 | 7.7 |
| Transfers from other Group companies | 3.2 | 5.7 | 0.3 | 9.2 |
| Disposals | - | (1.0) | - | (1.0) |
| At 31 December 1999 | 12.0 | 130.2 | 5.3 | 147.5 |
| Depreciation | | | | |
| At 31 December 1998 | 3.3 | 72.1 | - | 75.4 |
| Charge for year | 0.2 | 6.2 | - | 6.4 |
| Impairment charge | - | 7.3 | - | 7.3 |
| Transfers from other Group companies | 0.4 | 4.5 | - | 4.9 |
| Disposals | - | (0.9) | - | (0.9) |
| At 31 December 1999 | 3.9 | 89.2 | - | 93.1 |
| Net book values | | | | |
| At 31 December 1999 | 8.1 | 41.0 | 5.3 | 54.4 |
| At 31 December 1998 | 5.2 | 50.3 | 0.7 | 56.2 |

The net book amount of land and building comprises:

| | 1999 £m | 1998 £m |
|-----------------|------------|------------|
| Freehold | 7.8 | 5.2 |
| Short leasehold | 0.3 | - |
| | 8.1 | 5.2 |

Arjo Wiggins Fine Papers Limited

Notes to the financial statements

11. Stocks

| | 1999 | 1998 |
|----------------------------|-------------|-------------|
| | £m | £m |
| Raw materials | 4.8 | 4.0 |
| Consumable stores | 1.6 | 2.2 |
| Work-in-progress | 1.2 | 0.7 |
| Finished goods | 7.6 | 8.0 |
| Goods purchased for resale | - | 0.1 |
| | 15.2 | 15.0 |

12. Debtors

| | 1999 | 1998 |
|--|-------------|-------------|
| | £m | £m |
| Amounts falling due within one year: | | |
| Trade debtors | 17.7 | 18.2 |
| Amounts owed by fellow subsidiary undertakings | 47.5 | 45.8 |
| Corporate taxation recoverable | - | 0.4 |
| Deferred tax (see note 16) | 0.1 | 1.1 |
| Other debtors | 3.4 | 3.6 |
| Prepayments and accrued income | 0.7 | 0.9 |
| | 69.4 | 70.0 |

13. Current asset investments

| | 1999 | 1998 |
|---|------|------|
| | £m | £m |
| Amount due from parent company (interest free) | 38.0 | - |
| Amounts due from a fellow subsidiary undertaking (interest-bearing) | - | 36.5 |

14. Borrowings

| | 1999 | 1998 |
|-------------------------------------|------------|-------------|
| | £m | £m |
| Short-term | | |
| Loans from group undertakings | | |
| - fellow subsidiary undertakings | 0.3 | 7.5 |
| Unsecured bank loans and overdrafts | 0.1 | 2.6 |
| | 0.4 | 10.1 |

Short-term borrowings are repayable on demand.

15. Other creditors

Amounts falling due within one year

| | 1999 £m | 1998 £m |
|--|-------------|-------------|
| Trade creditors | 15.6 | 16.5 |
| Amounts owed to fellow subsidiary undertakings | 38.9 | 39.5 |
| Other taxation and social security | 1.3 | 0.6 |
| Dividends payable | - | 5.8 |
| Other creditors | 0.4 | 1.4 |
| Accruals and deferred income | 9.4 | 8.6 |
| | 65.6 | 72.4 |

16. Provisions for liabilities and charges

| | Deferred taxation £m | Restructuring £m | Other £m | Total £m |
|---|----------------------------|---------------------|-------------|-------------|
| At 31 December 1998 | - | 2.8 | 0.2 | 3.0 |
| Deferred taxation asset included in debtors (see note 12) | (1.1) | | | (1.1) |
| Net deferred taxation balance at 31 December, 1998 | (1.1) | | | |
| Charged to profit and loss account | 1.0 | 7.6 | - | 8.6 |
| Utilised | - | (1.9) | (0.1) | (2.0) |
| Net deferred taxation balance at 31 December 1999 | (0.1) | | | |
| Deferred taxation asset included in debtors (see note 12) | 0.1 | | | 0.1 |
| At 31 December 1999 | - | 8.5 | 0.1 | 8.6 |

The restructuring provision relates predominantly to redundancies but also to the early termination of a contract. Most of the cost will be incurred during the middle part of the year 2000.

Deferred taxation

Deferred taxation accounted for in the financial statements, and the potential liability, including the amount which has been accounted for, are as follows:

| | Potential liability | | (Asset) accounted for | |
|---|---------------------|------------|-----------------------|--------------|
| | 1999 | 1998 | 1999 | 1998 |
| | £m | £m | £m | £m |
| Tax effect of timing differences at 30% (1998: 30.25%) because of: | | | | |
| Excess of capital allowances over depreciation | 3.2 | 6.7 | - | - |
| Other timing differences | (0.1) | (1.1) | (0.1) | (1.1) |
| | <u>3.1</u> | <u>5.6</u> | <u>(0.1)</u> | <u>(1.1)</u> |

17. Pension obligations

The majority of the Company's employees are members of The Wiggins Teape Pension Scheme, a defined benefit scheme with assets held in a separate trustee-administered fund.

Details of the latest actuarial valuation of the scheme are shown in the consolidated financial statements of Arjo Wiggins Appleton p.l.c.

18. Called-up share capital

| | Number | £m |
|---|-------------------|-------------|
| Authorised, allotted and fully paid Ordinary shares of £1 each | | |
| At 31 December 1999 and 1998 | <u>25,010,000</u> | <u>25.0</u> |

19. Reserves

| | Share premium account | Profit and loss account |
|----------------------------|-----------------------|-------------------------|
| | £m | £m |
| At 31 December 1998 | 50.3 | 28.7 |
| Profit for the year | - | 4.9 |
| At 31 December 1999 | <u>50.3</u> | <u>33.6</u> |

20. Capital commitments

Capital expenditure contracted for, but not provided for in the financial statements, amounted to £2.4m (1998: £0.6m).

21. Financial commitments

At 31 December 1999 there were annual commitments under non-cancellable operating leases as follows:

| | 1999 £m | 1998 £m |
|--|------------|------------|
| Leases in respect of land and buildings, which expire: | | |
| - between two and five years | 0.1 | 0.1 |
| - in five years or more | 1.0 | 0.5 |
| | <u>1.1</u> | <u>0.6</u> |

At 31 December 1999 the company had entered into forward contracts relating to the purchase of foreign currencies amounting to the equivalent of approximately £1.3m (1998: £2.6m).

22. Contingent liabilities

The Company is a participant in a cash pooling arrangement operated by its UK clearing banker. The Company has guaranteed the overdraft balances of certain other UK companies in the Arjo Wiggins Appleton group with the bank. At 31 December 1999, the maximum amount guaranteed was £1,287,823.

The Company has given an undertaking to its bankers in respect of guarantees given by them to HM Customs and Excise and the Intervention Board which amounted to £0.7m at 31 December 1999 (1998: £0.6m).

23. Cash flow

The Company is a wholly-owned subsidiary of Arjo Wiggins Appleton p.l.c. and the cash flows of the Company are included in the consolidated cash flow statement of Arjo Wiggins Appleton p.l.c. Consequently, the Company is exempt under the terms of Financial Reporting Standard (FRS) No. 1 (Revised) from publishing a cash flow statement.

24. Related party transactions

Under an exemption granted by FRS No. 8 'Related party Disclosures', the Company, as a member of the Arjo Wiggins Appleton group, is not required to, and does not, disclose transactions with fellow members, associated undertakings and joint ventures of that group.

25. Immediate and ultimate parent companies

The immediate parent company is The Wiggins Teape Group Limited and the ultimate parent company and controlling party is Arjo Wiggins Appleton p.l.c., a company registered in the United Kingdom. A copy of the consolidated financial statements of Arjo Wiggins Appleton p.l.c. can be obtained from the Secretary, at the following address:

Times Place
45 Pall Mall
London
SW1Y 5JG