

COMPANY NUMBER: 2456318

REXAM GRAPHICS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31st December 1999



Rexam Graphics Limited
Year Ended 31 December 1999

Directors

Berkeley Nominees Limited
Rexam UK Holdings Limited

Registered Office

Third Floor
4 Millbank
LONDON
SW1P 3XR

Registered Auditors

Ernst & Young
100 Barbarolli Square
Manchester M2 3EY

Rexam Graphics Limited
Year Ended 31 December 1999

Registration No: 2456318

Directors' Report

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

Principal Activity and Review of the Business

The principal activity of the Company was the manufacture of specialised packaging and coatings for use in the food, personal care and industrial sectors, but as a result of continual losses and the requirement for new capital spending to bring the site to compliance with new environmental legislation, the Directors took the decision in 1997 to close the facility.

Results and Dividends

The profit for the year amounted to £14,000

The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served through the year are shown below:

Berkeley Nominees Limited

Rexam UK Holdings Limited

Preparation of Accounts

This statement should be read together with the auditors report overleaf, is made with a view to distinguishing for the shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts 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 for the financial year

The directors consider that it is appropriate to use the going concern basis in preparing the accounts on pages 5 to 10. Appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgements and estimates and all accounting standards which they consider to be applicable have been followed.

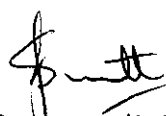
The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Ernst and Young remain in office as auditors.

By Order of the Board



B-R Secretariat Limited
Secretary

Date: 4 October 2000

Report of the Auditors to the Members of Rexam Graphics Limited

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 the Company's directors are responsible for the preparation of the accounts in accordance with the 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 affairs of the Company as 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.

Ernst & Young



Registered Auditor
Manchester

24/10/00

Rexam Graphics Limited
Year Ended 31 December 1999

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

| | Note | 1999 £'000 | 1998 £'000 |
|--|-------------|----------------------|----------------------|
| Turnover | 3 | 0 | 10 |
| Other operating income | 4 | <u>9</u> | <u>301</u> |
| Operating Profit | | 9 | 311 |
| Interest | 5 | <u>5</u> | <u>(467)</u> |
| Profit/(Loss) on Ordinary Activities Before Taxation | | 14 | (156) |
| Taxation on Profit/(Loss) on Ordinary Activities | 6 | <u>0</u> | <u>0</u> |
| Profit/(Loss) for the Financial Year | | 14 | (156) |
| Dividend | | <u>0</u> | <u>0</u> |
| Retained Profit/(Loss) for the Financial Year | 13 | <u>14</u> | <u>(156)</u> |

The company's activities were discontinued during the year ended 31 December 1997.

STATEMENT OF RECOGNISED TOTAL GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £14,000 in the year ended 31 December 1999 and the loss attributable to the shareholders of £156,000 in the year ended 31 December 1998.

Rexam Graphics Limited
Year Ended 31 December 1999

BALANCE SHEET AT 31 DECEMBER 1999

| | Note | 1999 £'000 | 1998 £'000 |
|-------------------------------------|-------------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Debtors | 9 | 0 | 44 |
| Cash at bank and in hand | | 0 | 371 |
| | | 0 | 415 |
| CREDITORS | | | |
| Amounts falling due within one year | 10 | (5,870) | (6,299) |
| NET LIABILITIES | | (5,870) | (5,884) |
| CAPITAL RESERVES | | | |
| Called up Share Capital | 12 | 3,064 | 3,064 |
| Share Premium Account | 14 | 136 | 136 |
| Profit and Loss Account | 14 | (9,070) | (9,084) |
| EQUITY SHAREHOLDERS' FUNDS | | (5,870) | (5,884) |

Approved by Board Resolution dated 04.10.00 and signed on its behalf by:

Rexam UK Holdings Limited

By *M. Bull* (Director / ~~Secretary~~)

Director

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 1999

1. ACCOUNTING POLICIES

Basis of Preparation

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

Basis of Accounting

The accounts have been prepared on a going concern basis as the parent undertaking has indicated that it will provide continuing support to the company to realise its assets and to discharge its liabilities.

Cash Flow Statement

As the Company is a wholly owned subsidiary undertaking of Rexam PLC, which has prepared a cash flow statement in accordance with Financial Reporting Standard 1, the Company has not prepared a cash flow statement.

Turnover

Turnover is defined as the net amount receivable (excluding VAT) for goods supplied and services provided and includes sales to fellow subsidiary undertakings.

2. ULTIMATE PARENT UNDERTAKING and CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Rexam PLC. Copies of the Group Accounts of Rexam PLC, the parent undertaking of the largest group preparing group accounts which include Rexam Graphics Limited, can be obtained by writing to Rexam PLC, Third Floor, 4 Millbank London SW1P 3XR.

Rexam Graphics Limited
Year Ended 31 December 1999

3. TURNOVER

Analysis by destination:

| | 1999 £'000 | 1998 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 0 | 10 |
| | <u>0</u> | <u>10</u> |

4. OTHER OPERATING INCOME

| | 1999 £'000 | 1998 £'000 |
|-----------------------------|---------------|---------------|
| Sundry net operating income | 9 | 52 |
| Exceptional item | 0 | 249 |
| | <u>9</u> | <u>301</u> |

The exceptional item in the prior year relates to the release of provisions relating to the closure of the company's operations.

Other Operating Income includes:

| | | |
|------------------------|----------|----------|
| Auditors' Remuneration | 0 | 0 |
| | <u>0</u> | <u>0</u> |

5. INTEREST

| | 1999 £'000 | 1998 £'000 |
|-----------------------------------|---------------|---------------|
| <u>Receivable</u> | | |
| Bank and Other Third Party | 5 | 28 |
| <u>Payable</u> | | |
| Fellow Subsidiary | 0 | (495) |
| | <u>5</u> | <u>(467)</u> |
| Net Interest Receivable/(Payable) | | |

6. TAXATION

There is no tax payable on the profit for the year.

No deferred tax has been provided in the year as the company has ceased trading.

Rexam Graphics Limited
Year Ended 31 December 1999

7. EMPLOYEES

The company did not have any employees in either the current or prior year.

8. EMOLUMENTS OF DIRECTORS

Emoluments

| 1999 | 1998 |
|------|------|
| 0 | 0 |

9. DEBTORS

Trade Debtors

| 1999 | 1998 |
|-------|-------|
| £'000 | £'000 |
| 0 | 44 |

10. CREDITORS (Amounts falling due within one year)

Amount due to Fellow Subsidiary Undertaking
Provisions for liabilities (note 11)

| 1999 | 1998 |
|--------------|--------------|
| £'000 | £'000 |
| 5870 | 6260 |
| 0 | 39 |
| 5,870 | 6,299 |

11. PROVISIONS FOR LIABILITIES AND CHARGES

At 1st January
Utilised
At 31st December

| 1999 |
|----------|
| £'000 |
| 39 |
| (39) |
| 0 |

The provision was for the purpose of the discontinuance of the company's trade.

12. SHARE CAPITAL

Authorised 3,250,000 Ordinary Shares of £1 each
Called Up, Allotted and Fully Paid 3,064,002 Ordinary Shares of £1 each

| 1999 | 1998 |
|-------|-------|
| £'000 | £'000 |
| 3,250 | 3,250 |
| 3,064 | 3,064 |

Rexam Graphics Limited
Year Ended 31 December 1999

| 13. | RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 1999 £'000 | 1998 £'000 |
|-----|--|---------------|---------------|
| | Profit / (Loss) or the Financial Year | 14 | (156) |
| | Dividends | 0 | 0 |
| | | <hr/> | <hr/> |
| | Net Movement in Shareholders' Funds | 14 | (156) |
| | Opening Shareholders' Funds | (5,884) | (5,728) |
| | | <hr/> | <hr/> |
| | Closing Shareholders' Funds | (5,870) | (5,884) |
| | | <hr/> | <hr/> |

| 14. | <u>MOVEMENT ON RESERVES</u> | Share Premium Account £'000 | Profit and Loss Account £'000 | Total £'000 |
|-----|---------------------------------------|--------------------------------------|--|----------------|
| | At 1 January 1999 | 136 | (9084) | (8,948) |
| | Transfer from Profit and Loss Account | 0 | 14 | 14 |
| | | <hr/> | <hr/> | <hr/> |
| | At 31 December 1999 | 136 | (9,070) | (8,934) |
| | | <hr/> | <hr/> | <hr/> |

15. CONTINGENT LIABILITIES

As a member of the Rexam United Kingdom Group for VAT purposes, the company has joint and several liabilities for all amounts due to Customs and Excise under this arrangement. The group continues to trade profitably and the directors do not foresee the crystallisation of any liability under this arrangement.

16. TRANSACTIONS WITH RELATED PARTIES STATEMENT

As the company is the wholly owned subsidiary undertaking of Rexam PLC, and in accordance with FRS8, it has not prepared a statement on transactions with related parties within the Rexam PLC group. There have been no material transactions with related parties outside of the Rexam PLC Group.