

Directors' Report

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

Activities

The principal activity of the Company is that of an investment holding company.

Results and Dividends

The directors do not recommend payment of a final dividend.

Directors

The following persons held office during the year:

S A Bull
D W Gibson
P J Venner (resigned 24 December 1999)

Mr C K J Bowmer was appointed a director on 4 January 2000.

Directors' Interests

The directors who held office at the end of the year were interested (as defined in the Companies Act 1985 and according to the Register maintained thereunder) in shares in Rexam PLC as follows:

	Ordinary Shares of 64 ⁷ / ₈ p each		Share Options* Executive 1984		Share Options* Executive 1997		Share Options* SAYE		Share Options* Long Term Incentive (Maximum Shares)	
	1.1.99	31.12.99	1.1.99	31.12.99	1.1.99	31.12.99	1.1.99	31.12.99	1.1.99	31.12.99
S A Bull	22,289	22,289	53,511	53,511	147,391	227,391	1,716	4,383	26,500	26,500
D W Gibson	8,598	22,118	18,852	18,852	137,444	256,492	10,714	10,714	14,000	78,700

* full details of the share option schemes can be found in the report and accounts of Rexam PLC.



Preparation of Accounts

This statement, which should be read together with the auditors report overleaf, is made with a view to distinguishing for 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 4 to 7. *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 that 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 & Young remain in office as auditors.

By order of the Board



B-R Secretariat Limited
Secretary

Date 13 JULY 2000

Rexam Coated Products Limited

Report of the auditors to the members of Rexam Coated Products Limited

We have audited the accounts on pages 4 to 7, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the accounts in accordance with 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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young

Registered Auditor

London

Date 

Rexam Coated Products Limited
Year Ended 31 December 1999

Profit and Loss Account

	Notes	1999 £'000	1998 £'000
Loss on the sale of investments		-	(3,498)
Interest receivable and similar income	(2)	<u>-</u>	<u>2</u>
Loss on ordinary activities before taxation		-	(3,496)
Tax on loss on ordinary activities	(3)	<u>-</u>	<u>815</u>
Loss retained for the financial year	(8)	<u>-</u>	<u>(2,681)</u>

There are no recognised gains or losses attributable to shareholders of the Company in the year ended 31 December 1999 and the loss attributable to the shareholders of £2,681,000 in the year ended 31 December 1998.

Details of reserve movements are shown in note 8.

Rexam Coated Products Limited
Year Ended 31 December 1999

Balance Sheet as at 31 December 1999

	Notes	1999 £'000	1998 £'000
Current assets			
Debtors: receivable within one year	(5)	<u>7,937</u>	<u>7,937</u>
Net current assets		7,937	7,937
Total assets less total liabilities		<u>7,937</u>	<u>7,937</u>
Capital and reserves			
Equity:			
Called up share capital	(6)	8,328	8,328
Share premium account	(8)	11,211	11,211
Profit and loss account	(8)	(11,602)	(11,602)
		<u>7,937</u>	<u>7,937</u>

Approved by a Board Resolution dated *13 July 2000*

XB

Director

Rexam Coated Products Limited
Year Ended 31 December 1999

1. Accounting Policies

Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

2. Interest receivable and similar income	1999	1998
	£'000	£'000

Bank interest and other loans	<u>—</u>	<u>2</u>
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3. Tax on profit on ordinary activities	1999	1998
	£'000	£'000

Prior year adjustment	—	23
Deferred tax	<u>—</u>	<u>(838)</u>
	<u>—</u>	<u>(815)</u>

4. Investments	1999
	£

At 1 January and 31 December	<u>100</u>
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The subsidiary undertaking at 31 December 1999, which is wholly owned and incorporated in Great Britain is as follows:

Subsidiary undertaking	Registered in	Class of shares	Nature of business
Bowater SCG Ltd	England & Wales	Ordinary	Non trading

Group accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of Rexam PLC, a company established under the law of a member state of the European Union. Group accounts have been prepared by the ultimate parent undertaking, Rexam PLC.

Rexam Coated Products Limited
Year Ended 31 December 1999

5. Debtors: receivable within one year	1999 £'000	1998 £'000
Due from a parent undertaking	<u>7,937</u>	<u>7,937</u>

6. Equity Share Capital	1999 £'000	1998 £'000
Authorised, allotted, called up and fully paid		
3,750,100 Ordinary shares of £1 each	3,750	3,750
4,577,500 Redeemable Ordinary shares of £1 each	<u>4,578</u>	<u>4,578</u>
	<u>8,328</u>	<u>8,328</u>

The redeemable ordinary shares ("redeemable shares") rank pari passu in all respects with the ordinary shares in issue, with the exception that the redeemable shares are redeemable at the option of the Company at par together with an amount equal to any premium payable. The redemption can be effected only on 30 June and 31 December in each year upon not less than 7 days notice to the holders, and the redeemable shares must be redeemed in tranches of not less than 50,000 shares.

7. Movement in shareholders' funds	1999 £'000	1998 £'000
Opening shareholders' funds	7,937	10,618
Loss retained for the financial year	—	<u>(2,681)</u>
Closing shareholders' funds	<u>7,937</u>	<u>7,937</u>

8. Reserves	Share premium account £'000	Profit and loss account £'000
At 1 January and 31 December 1999	<u>11,211</u>	<u>(11,602)</u>

- 9.** The Company is a wholly owned subsidiary undertaking of Rexam PLC and therefore has not prepared a cash flow statement and is exempt from making additional disclosure of related party transactions.
- 10.** During the year the Company was a member of the Rexam PLC VAT group. As a member of the Rexam PLC Group for VAT purposes, the Company has joint and several liability for all amounts due to H M 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.
- 11.** The ultimate parent undertaking is Rexam PLC, which is incorporated in Great Britain and registered in England and Wales. Copies of the Group accounts can be obtained from Rexam PLC, 4 Millbank, London SW1P 3XR.