

REXAM COMBIBLOC

Registered No: 1146077

Annual Report & Accounts

for the year ended

31st December 2000



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REXAM COMBIBLOC LIMITED

REGISTERED NO: 1146077

DIRECTORS' REPORT

The Directors present the accounts of the company for the year ended 31st December 2000.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the Company is the manufacture and sale of liquid packaging cartons and the sale of associated machinery for the forming and filling of cartons.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,429,000. The year's results were considered to be satisfactory by the Directors.

The Directors have declared an interim dividend of £1,110,000 and do not recommend the payment of a final dividend leaving retained profit of £1,319,000 to be carried to reserves.

FUTURE DEVELOPMENTS

The Directors will continue to manage the business with a view to improving the Company's profitability in the current year.

DIRECTORS

Herr W W Schafers held office throughout the year.

Mr N G Mernock held office throughout the year.

Mr J D Williams resigned on 30th November 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 there under) in shares in Rexam PLC as follows

	Ordinary Shares of 64 2/7p each		Share Options* Executive 1984		Share Options* Executive 1997		Share Options* SAYE		Share Options* Long Term Incentive (Maximum Shares)	
	1.1.00	31.12.00	1.1.00	31.12.00	1.1.00	31.12.00	1.1.00	31.12.00	1.1.00	31.12.00
W W Schafers	0	0	0	0	0	0	0	0	0	0
N G Mernock	0	0	0	0	0	20,670	0	0	0	0

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

POLITICAL AND CHARITABLE DONATIONS

During the year, the Company made various Charitable donations totalling £3170.

DIRECTORS RESPONSIBILITIES

Preparation of the Financial Statements

This statement, which should be read together with the auditors report set out on page 3, is made with the view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements 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 the the profit or loss for the financial year.

The directors are required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors consider that in preparing the financial statements on pages 4 to 14 appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgements and estimates and that 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 enable them to ensure that the financial statements comply with the Companies Act 1985.

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

CREDITOR PAYMENT POLICY AND PRACTICE

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

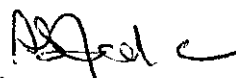
At 31 December 2000, the Company had an average of 44 days purchases outstanding in trade creditors.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

BY ORDER OF THE BOARD


Secretary

Date: 28th June 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF REXAM COMBIBLOC LIMITED

We have audited the accounts on pages 4 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 and 8.

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.

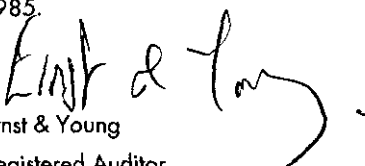
Basis of Opinion

We conducted an audit in accordance with the 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 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 at 31st December 2000 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

Newcastle upon Tyne

Date: 28 JUNE 2001

REXAM COMBIBLOC LIMITED**PROFIT AND LOSS ACCOUNT - YEAR ENDED 31ST DECEMBER 2000**

	Note	2000 £'000	1999 £'000
TURNOVER	(2)	29574	31399
OPERATING COSTS	(4a)	27600	26760
OPERATING PROFIT		1974	4639
INTEREST	(5)	881	913
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2855	5552
TAXATION	(6)	426	925
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		2429	4627
DIVIDENDS PROPOSED	(7)	1110	2500
PROFIT RETAINED FOR THE FINANCIAL YEAR		1319	2127

The movement on reserves is shown in Note 18 to the accounts.

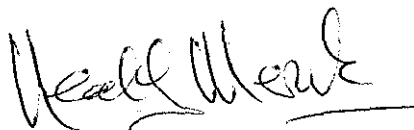
There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £2,429,000 in the year ended 31st December 2000 and of £4,627,000 in the year ended 31st December 1999.

REXAM COMBIBLOC LIMITED
BALANCE SHEET - 31ST DECEMBER 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible Assets	(11)	19674	15258
		<u>19674</u>	<u>15258</u>
CURRENT ASSETS			
Stocks	(12)	5135	5642
Debtors	(13)	16124	22864
Cash at Bank and in hand	(14)	3723	652
		<u>24982</u>	<u>29158</u>
CREDITORS			
Amounts falling due within one year	(15)	9238	10453
		<u>9238</u>	<u>10453</u>
NET CURRENT ASSETS		<u>15744</u>	<u>18705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35418</u>	<u>33963</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
	(16)	136	0
		<u>136</u>	<u>0</u>
		<u>35282</u>	<u>33963</u>
		<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES			
Called up Share Capital	(17)	1500	1500
Profit and Loss Account	(18)	33782	32463
		<u>33782</u>	<u>32463</u>
Shareholders Funds - Equity	(18)	<u>35282</u>	<u>33963</u>
		<u>=====</u>	<u>=====</u>

Approved by a Board Resolution dated 28th June 2001.

N G Mernock



W W Schafers



)
) Directors
)

REXAM COMBIBLOC LIMITED
CASH FLOW STATEMENT - YEAR ENDED 31ST DECEMBER 2000

	Note	2000 £'000	1999 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	(4b)	11245	10705
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		0	(2)
Interest received		881	915
		<u>881</u>	<u>913</u>
TAXATION			
Corporation Tax Paid (Including ACT)		0	(1200)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(6624)	(8390)
Receipts from sales of tangible fixed assets		69	72
		<u>(6555)</u>	<u>(8318)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			
EQUITY DIVIDENDS PAID		(2500)	(3000)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>3071</u>	<u>(900)</u>
FINANCING		0	0
INCREASE/(DECREASE) IN CASH	(14)	<u>3071</u>	<u>(900)</u>
		<u>3071</u>	<u>(900)</u>

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

Accounting Convention - the accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation - depreciation is calculated to write off the book value of tangible assets over their expected life by equal annual instalments, except that depreciation is not provided on the cost of freehold land or assets under construction.

Tangible assets are depreciated at the following rates:

Freehold buildings	2%
Plant, machinery and vehicles	7.5 to 33.3%

Investment Grants - investment grants and regional development grants are credited to the profit and loss account at average rates reflecting the expected life of relevant assets, depreciation having been provided on the cost of assets before deducting grants.

Stocks - stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and goods for resale - purchases on an average cost basis.

Work in progress and finished goods - cost of direct materials, labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign Currencies - assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end or which are appropriate to a transaction.

Differences arising from fluctuations in exchange rates are taken to profit and loss account where they relate to items of a trading nature.

Those arising on long term assets and liabilities are taken to reserves.

Deferred Taxation - deferred taxation is provided at appropriate rates on any significant timing differences between accounting and taxable profits, except where it can be demonstrated with reasonable probability that a tax liability is unlikely to crystallise in the foreseeable future.

NOTES TO THE ACCOUNTS - YEAR ENDED 31 ST DECEMBER 2000 (cont'd)

1. ACCOUNTING POLICIES (cont'd)

Development expenditure is charged in the year it is incurred.

Deferred Operating Expenditure - the net costs of filling machine placements are charged against profit over a three year period. Any such net costs not yet charged are held in the balance sheet as "Deferred Operating Expenditure".

Pensions - the expected cost of providing pensions in respect of defined benefit schemes is charged to the profit and loss account over the estimated service lives of the employees in the schemes.

2. TURNOVER

Turnover is defined as the net amount receivable (excluding VAT) for goods supplied and services provided and includes sales to group undertakings within the UK and Eire. Turnover is attributable to one continuing activity, the manufacture and sale of liquid packaging cartons and the sale of associated machinery for the forming and filling cartons.

An analysis of turnover by geographical market is not given as in the directors' opinion it would be seriously prejudicial to the business.

3. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Rexam PLC, a company incorporated in England.

4.a OPERATING COSTS	2000	1999
	£'000	£'000
Raw materials and consumables	17387	17801
Employee costs (Note 8)	5367	5166
Depreciation - owned assets	3417	2382
Other operating charges	1290	2088
Decrease/(Increase) in stocks of finished goods	175	(513)
Other operating income	(36)	(164)
	<hr/>	<hr/>
	27600	26760
	=====	=====
Other operating charges include:		
Auditors remuneration	21	22
Other fees paid to Auditors	0	0
	=====	=====

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)

4.b RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2000 £'000	1999 £'000
Operating Profit	1974	4639
Depreciation	3417	2382
Profit on sale of Tangible Fixed Assets	(2)	(9)
Decrease in Stocks	507	2049
Decrease in Debtors	6740	318
(Decrease)/Increase in Creditors	(1391)	1326
	<hr/>	<hr/>
	11245	10705
	=====	=====

5. INTEREST

	2000 £'000	1999 £'000
Payable		
Other short term borrowings -		
Third Party	0	(2)
Receivable		
Third Party - Other	28	46
Group Companies	853	869
	<hr/>	<hr/>
	881	913
	=====	=====

6. TAXATION

	2000 £'000	1999 £'000
Based on the profit for the year:		
UK Corporation tax at 30 per cent (1999:30.25 per cent)	290	1949
Deferred tax (note 16)	136	(991)
Adjustment to prior years	0	(33)
	<hr/>	<hr/>
	426	925
	=====	=====

7. DIVIDENDS

	2000 £'000	1999 £'000
Dividend proposed	1110	2500
	=====	=====

REXAM COMBIBLOC LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)**

8.	EMPLOYEES	2000 £'000	1999 £'000
a)	Employee Costs		
	Wages and salaries	4815	4579
	Social Security costs	413	448
	Other pension costs	139	139
		<hr/>	<hr/>
		5367	5166
		=====	=====
b)	Number of Employees		
	Weekly average number of employees:		
	Operatives	100	103
	Staff	109	110
		<hr/>	<hr/>
		209	213
		=====	=====
9.	EMOLUMENTS OF DIRECTORS	2000 £'000	1999 £'000
	Emoluments	102	55
		=====	=====
	Company Contributions to defined pension schemes	8	12
		=====	=====
	Members of pension schemes	1	1
		=====	=====

10. PENSION COSTS

The majority of employees belong to the Rexam Pension Plan, a pension scheme of the defined benefit type. The charge in these accounts represents contributions paid to the scheme.

The charge does not take full account of the surplus disclosed in the scheme by the last actuarial valuation which was carried out during 2000, details of which are disclosed in the consolidated accounts of Rexam PLC. The prepayment arising in respect of the Group as a whole under the scheme is also disclosed in those accounts.

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)

11. TANGIBLE ASSETS

	Freehold Land & Buildings	Plant Machinery & Vehicles	Total
	£'000	£'000	£'000
Cost			
1st January 2000	1776	25074	26850
Additions	2269	5632	7901
Disposals	0	(1440)	(1440)
	<hr/>	<hr/>	<hr/>
31st December 2000	4045	29266	33311
	=====	=====	=====
Depreciation			
1st January 2000	388	11204	11592
Additions	43	3374	3417
Disposals	0	(1372)	(1372)
	<hr/>	<hr/>	<hr/>
31st December 2000	431	13206	13637
	=====	=====	=====
Net book amounts:			
31st December 2000	3614	16060	19674
	=====	=====	=====
31st December 1999	1388	13870	15258
	=====	=====	=====

Included in freehold land and buildings is land which cost £309,000 which is not depreciated

12. STOCKS

	2000 £'000	1999 £'000
Raw materials	1572	1753
Work in progress	321	143
Finished products	964	1139
Wholesaling and merchanting goods	2278	2607
	<hr/>	<hr/>
	5135	5642
	=====	=====

In the opinion of the Directors the replacement value of the above stocks is not materially different from the valuation shown above.

REXAM COMBIBLOC LIMITED
NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)

13. DEBTORS	2000	1999
	£'000	£'000
Amounts due from fellow subsidiary undertakings	11355	15767
Trade debtors	3941	6314
Deferred Operating Expenditure	641	373
Other debtors	187	410
	<hr/>	<hr/>
	16124	22864
	=====	=====
Amounts falling due after more than one year included in deferred operating expenditure and other debtors.	362	192
	=====	=====
14. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS	2000	1999
	£'000	£'000
Increase/(Decrease) in cash	3071	(900)
	<hr/>	<hr/>
MOVEMENT IN NET FUNDS	3071	(900)
NET FUNDS AT 1 JANUARY 2000	652	1552
	<hr/>	<hr/>
NET FUNDS AT 31 DECEMBER 2000	3723	652
	=====	=====
15. CREDITORS	2000	1999
	£'000	£'000
Amounts falling due within one year:		
Amount due to fellow subsidiary undertakings	42	0
Trade creditors	2292	4025
Corporation Tax	2630	2341
Indirect taxation and Social Security	126	131
Fixed Asset Creditor	1277	0
Other creditors	1761	1456
Dividends	1110	2500
	<hr/>	<hr/>
	9238	10453
	=====	=====

REXAM COMBIBLOC LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)****16. PROVISIONS FOR LIABILITIES AND CHARGES**

The movements in deferred taxation during the current and previous years are as follows:

	2000 £'000	1999 £'000
At 1st January	0	991
Charge/(Release) for the year (note 6)	136	(991)
Transfers from Corporation Tax	0	0
	<hr/>	<hr/>
At 31st December	136	0
	=====	=====

The full potential deferred tax account, calculated at 30% included above consists of:

	2000 £'000	1999 £'000
Capital allowances in excess of depreciation	307	0
Short term timing differences	(171)	0
	<hr/>	<hr/>
	136	0
	=====	=====

17. SHARE CAPITAL

	2000 £'000	1999 £'000
Ordinary shares of £1 each		
Authorised, allotted, called up and fully paid	1500	1500
	=====	=====

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 2000 (cont'd)

18. RECONCILIATION OF SHAREHOLDERS' FUNDS & MOVEMENT ON RESERVES

	Share Capital	Profit & Loss	Total Shareholders' Funds
	£'000	£'000	£'000
At 1st January 1999	1500	30336	31836
Profit for the year	0	4627	4627
Dividend	0	(2500)	(2500)
	<hr/>	<hr/>	<hr/>
At 1st January 2000	1500	32463	33963
Profit for the year	0	2429	2429
Dividend	0	(1110)	(1110)
	<hr/>	<hr/>	<hr/>
At 31st December 2000	1500	33782	35282
	=====	=====	=====

19. CAPITAL EXPENDITURE COMMITMENTS

	2000 £'000	1999 £'000
Contracted but not provided for	0	0
	<hr/>	<hr/>
Authorised but not contracted	0	0
	=====	=====

20. CONTINGENT LIABILITIES

As a member of the Rexam United Kingdom Group for VAT purposes, the Company has joint and several liability for all amounts due to Customs and Excise under this arrangement.

21. RELATED PARTIES

In the directors' opinion the ultimate parent company and controlling party is Rexam PLC which is incorporated in England. Copies of its group accounts, which include the Company, are available from 4 Millbank, London SW1P 3XR.

During the year the Company continued to loan funds to a subsidiary undertaking of Rexam PLC, Rexam Finance Company Limited, which owed the company £11.3 million at 31 December 2000. Interest of £0.9 million was received on this loan from Rexam Finance Company Limited during the year.

The Company also made purchases totalling £7.3 million from, and sales of £4.0 million to SIG Combibloc, a minority shareholder, and its subsidiaries. The Company owed SIG Combibloc £1.3 million at 31 December 2000.