

STATUTORY FINANCIAL STATEMENTS**YEAR ENDED 31 MARCH 2002**

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DIRECTORS' REPORT

The directors present their report and financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES

The company acts solely as agent for and on behalf of BPB United Kingdom Limited (the company's immediate holding company) in the manufacture and supply of materials and services to the building and associated industries.

DIRECTORS

The directors of the company during the year were:

Mr D Anderson

Mr J G Colley

Mr B. Dolan Appointed 2 April 2002

Mr H M Kleiweg de Zwaan Resigned 30 September 2001

Mr A. M. Woolley Resigned 2 April 2002

DIRECTORS' INTERESTS

No director serving on 31 March 2002 had beneficial interests in the share capital of the company. The interests of those of the directors who were directors of the company at the year end in shares of BPB plc (the company's ultimate holding company) were as shown below:

DIRECTORS' REPORT (continued)**BPB plc Ordinary Shares of 50p each**

	At <u>1 April 2001</u>	Granted in year	Exercised in Year	Cancelled in Year	At <u>31 March 2002</u>
D Anderson					
Shares	8,917		2,500	–	6,417
Options	97,249	19,100	–	–	116,349
J G Colley					
Shares	9,209	4,455	3,951	–	9,713
Options	159,068	108,100	29,700	–	237,468
Matched	9,584	3,322	2,476	–	10,430

Options, represent shares for which options at various prices were held under the BPB plc share option schemes, exercisable at various times in accordance with the rules thereof.

Matched, represent matched shares awarded under the BPB plc share matching plan.

All the Directors, as potential beneficiaries of the BPB Employee Trust (in whose name matched awards granted under the BPB share matching plan are held), are also deemed to have an interest in all 328,620 (2001: 315,190) BPB Ordinary Shares that were held by the Trust as at 31 March 2002.

Similarly all Directors, as potential beneficiaries of the BPB QUEST (used to acquire BPB shares for transfer to employees exercising options under BPB's two SAYE share option schemes), are deemed to have an interest in all 67,826 (2001: 1,504,537) BPB Ordinary Shares that were held by the BPB QUEST as at 31 March 2002.

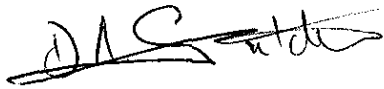
BPB PAPERBOARD LIMITED

DIRECTORS' REPORT (continued)

ELECTIVE REGIME

The company has taken advantage of Sections 252, 366A and 386 of the Companies Act 1985 and passed Elective Resolutions dispensing with the laying of financial statements and reports before the company in general meeting, the obligation to appoint auditors annually and the holding of annual general meetings.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'D A Sutcliffe', with a horizontal line drawn through the middle of the signature.

D A SUTCLIFFE

Secretary

Date 11/12/02

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements 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 to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BPB PAPERBOARD LIMITED

We have audited the company's financial statements for the period ended 31 March 2002 which comprise the Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirement and United Kingdom Auditing Standards.

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 Companies Act 1985. 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditor
Nottingham

Date 11/12/02

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	<u>2002</u> £ 000	<u>2001</u> £ 000
<u>Investments</u>			
Investments in Subsidiary Undertakings	3	<u>2,245</u>	<u>2,245</u>
<u>Current Assets</u>			
Debtors:			
Amounts due by immediate parent Undertaking		2,252	2,252
<u>Creditors: due within one year</u>			
Amounts owed to dormant Subsidiary Undertakings		<u>2,245</u>	<u>2,245</u>
<u>Net current assets</u>		<u>7</u>	<u>7</u>
<u>Total assets less current liabilities</u>		<u><u>2,252</u></u>	<u><u>2,252</u></u>
<u>Capital and Reserves</u>			
Called up share capital	4	1,400	1,400
Share premium account		852	852
		<u><u>2,252</u></u>	<u><u>2,252</u></u>

ON BEHALF OF THE BOARD

DIRECTOR 

Date 11/12/02

The notes on page 7 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002**1. Accounting Policies**

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared under the historic cost convention.

2. Profit and Loss Account

The company has not traded for its own account during the year ended 31 March 2002 and has made neither a profit nor a loss, no profit and loss account has therefore been prepared.

3. Investment in Subsidiary Undertakings

<u>Cost</u>	£ 000
At 31 March 2001 and at 31 March 2002	<u>2,271</u>
 <u>Amounts written off</u>	
At 31 March 2001 and at 31 March 2002	<u>26</u>
 <u>Net Book Value</u>	
At 31 March 2001 and at 31 March 2002	<u>2,245</u>

The following are the Company's subsidiary undertakings at the end of the financial year of which all are wholly owned, but do not trade:-

Registered in Scotland:

Abertay Paper Sacks Limited
Anderclad Insulation Company Limited
C. Davidson & Sons Limited
C. Davidson & Sons (Packaging) Limited
Davidson Packaging Limited
Fibreboard Containers Limited
The Northern Waste Paper Company Limited
Scotboard Limited
Kelvin Salvage (Kilsyth) Ltd

Registered in England:

J. Ainsworth & Company (Bolton) Limited
O.J. Bradbury & Son Limited
The Congleton Board Company Limited
BPB Marco Limited (formerly Landor Cartons Limited)
North East Waste Paper Company (Durham) Limited
BPB UK Service Centre Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002**4. Called Up Share Capital**

	Authorised		Allotted, issued and fully paid	
	2002 £000	2001 £000	2002 £000	2001 £000
Ordinary shares of £1 each	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>

5. Contingent Liabilities

The Company has given guarantees to bankers for facilities granted to the ultimate parent and subsidiary undertakings.

6. Ultimate Parent Undertaking

The Company is a wholly owned subsidiary undertaking of BPB United Kingdom Limited. The ultimate parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the Company is a member is BPB plc, registered in England. Copies of BPB plc's financial statements can be obtained from The Secretary, Park House, 15 Bath Road, Slough SL1 3UF.