ANNUAL REPORT 2000
BUILDING VALUE

BUILDING VALUE

WE AIM TO BE THE WORLD'S PREFERRED CHOICE FOR FAST-TRACK LIGHTWEIGHT BUILDING SYSTEMS, MEETING THE VALUE EXPECTATIONS OF OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES THROUGH:

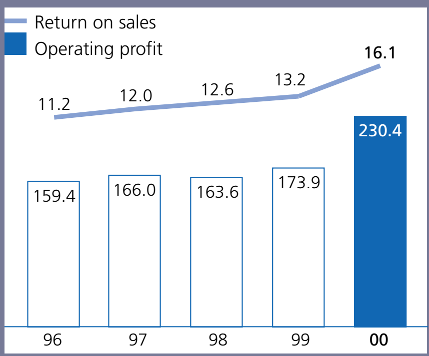
- *GROWTH OF OUR LEADING EUROPEAN BUILDING MATERIALS BUSINESS*
- *INVESTMENT IN ESTABLISHED AND EMERGING PLASTERBOARD MARKETS WORLDWIDE*
- *ENLARGING OUR BUSINESS BASE WITH COMPLEMENTARY PRODUCTS WHICH SHARE SIMILAR ROUTES TO MARKET*

On the front cover

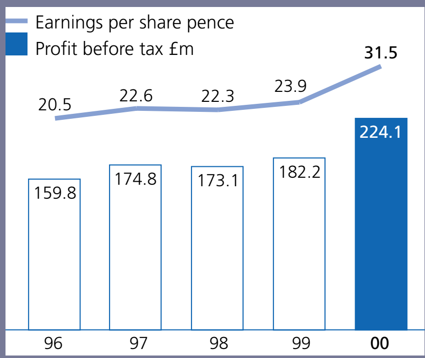
Thai Gypsum exports throughout south east Asia and the Pacific Rim. The contribution of BPB's local shipping team, which includes Dumri Maichum, procurement co-ordinator (left), Manit Khansong, personnel officer (middle), and Terry Davies, technical manager (right), is key to supporting trading relationships with overseas distributors.

Contents

FINANCIAL HIGHLIGHTS



Operating profit £ million **and return on sales** %



Underlying results before exceptional items

TURNOVER UP 8.5%
OPERATING PROFIT UP 32%
UNDERLYING PBT UP 23%
REPORTED PBT UP 39%
EBITDA UP 28%
UNDERLYING EPS UP 32%
FULL YEAR DIVIDEND UP 8.2%

Year to 31 March		2000	1999	*% INCREASE*
Turnover	£m	**1,426.8**	1,315.3	*8.5*
Operating profit	£m	**230.4**	173.9	*32.5*
Profit before tax and exceptional items	£m	**224.1**	182.2	*23.0*
Earnings before interest, tax, depreciation and amortisation	£m	**313.5**	244.9	*28.0*
Earnings per share before exceptional items	p	**31.5**	23.9	*31.8*
Dividends per share	p	**12.5**	11.55	*8.2*

- Plasterboard sales volumes worldwide, on a like-for-like basis, grew 10%; up 19% including the acquired Scandinavian and Asian businesses. Plaster volumes grew nearly 8%
- Turnover grew 8.5% to £1.43 billion, up 13% in local currencies
- Operating profit advanced 32.5% to £230.4 million, with the group sales margin rising almost 3 percentage points to 16.1%
- Building materials turnover and operating profit rose by 11% and 28% to £1.32 billion and £210 million respectively, and Paperboard sales margin doubled to almost 11%
- Underlying pre-tax profit advanced 23% to £224.1 million and underlying earnings per share rose 32% to 31.5p
- Reported profit before tax was 39% higher at £225.6 million (1999 £162.3 million after a net exceptional charge of £19.9 million)
- Cash generation from operations continued to grow rapidly, with EBITDA increasing 28% to £313.5 million and EBITDA margin rising 3.4 percentage points to 22%
- A final dividend of 8.25p per share, generating an 8.2% increase in the full year dividend to 12.5p, 2.5 times covered by underlying earnings

ROUTES TO MARKET

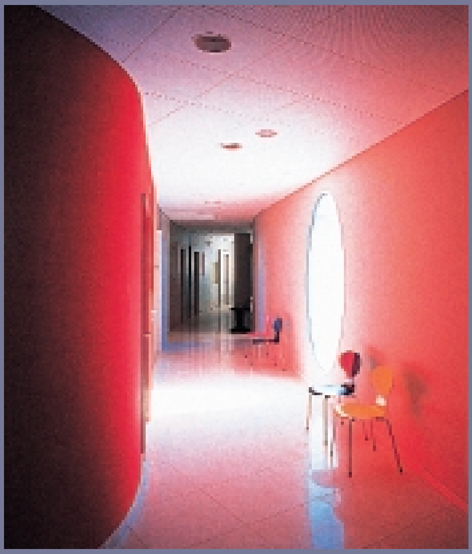
DELIVERING COST-EFFECTIVE HIGH QUALITY BUILDING SOLUTIONS, AND SUSTAINING OR CREATING NATIONAL BRAND LEADERSHIP POSITIONS, IS UNDERPINNED THROUGH EFFECTIVE UTILISATION OF LOCAL ROUTES TO MARKET

Our building materials businesses are focused on internal linings, service growing markets in over 50 countries and operate from a low-cost manufacturing platform, with annual plasterboard sales now exceeding 650 million square metres.

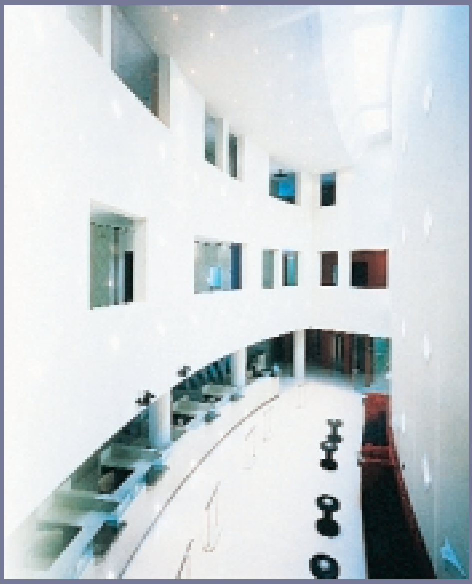
Sector leadership of the European, Canadian and South African markets, together with strong positions in South America and Asia, reflect our commitment to strengthening BPB's worldwide sales presence in growth markets for plasterboard systems and related building materials.

Regional management teams pursue operating strategies tailored to their own market environment, aiming to meet customers' needs for a superior combination of products and service.

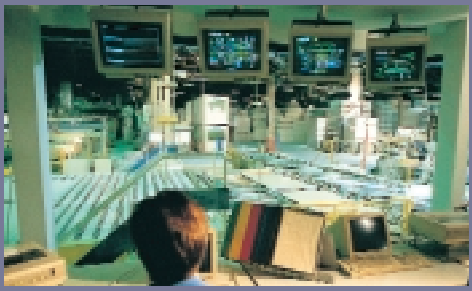
National sales and marketing strategies recognise the different needs of the various customers in our routes to market, and encompass both the physical movement of product to customers and the promotion of BPB internal lining systems to trade and DIY applicators, specifiers and other opinion formers.



Curved-wall partition systems



Innovative internal lining solutions



Well located, low cost manufacturing plants

SPECIFIERS

Working alongside architects and specifiers, our operating teams promote and develop BPB products which satisfy building technology needs for comfort and safety, offering an extensive range of internal lining solutions for:

- space division
- thermal insulation
- acoustic absorption
- fire and humidity resistance
- utilities and circuitry distribution
- structural integrity
- design aesthetics.

Acoustic internal wall linings

Partnership-style initiatives with customers

ast-cost supply chain management

MERCHANTS

omprehensive national third party distribution networks provide the primary route to market. Our local perations provide partnership-style support to the upply chain, delivering industry-leading products nd technical services which enable merchants to ptimise stock levels and profitability with an mproved marketing mix.

t-track structural lining systems

ONTRACTORS

ervicing the diversified building needs of the resiential, commercial, industrial and renovation marets, we are committed to offering a cost-effective roduct mix of innovative building olutions for walls, partitions, floors and ceilings which meet demanding performance criteria.

DIY thermal insulation systems

APPLICATORS

We believe the success of any building system is determined by the way it performs on-site, both during and after construction. Accordingly, our national businesses provide full training and technical support to contractors and applicators, demonstrating the reliability and ease of use of BPB internal lining systems and ensuring optimum installation efficiencies. Demand from the DIY sector for a combination of technical performance and creative design continues to grow and is met by an increasingly wide range of products for specific applications. International trophies are awarded bi-annually by BPB for the most outstanding use of plaster-based products and the project demonstrating the most effective application of plasterboard solutions.

Lining systems for interior refurbishments

Lightweight decorative ceiling systems

Quick-response call centres

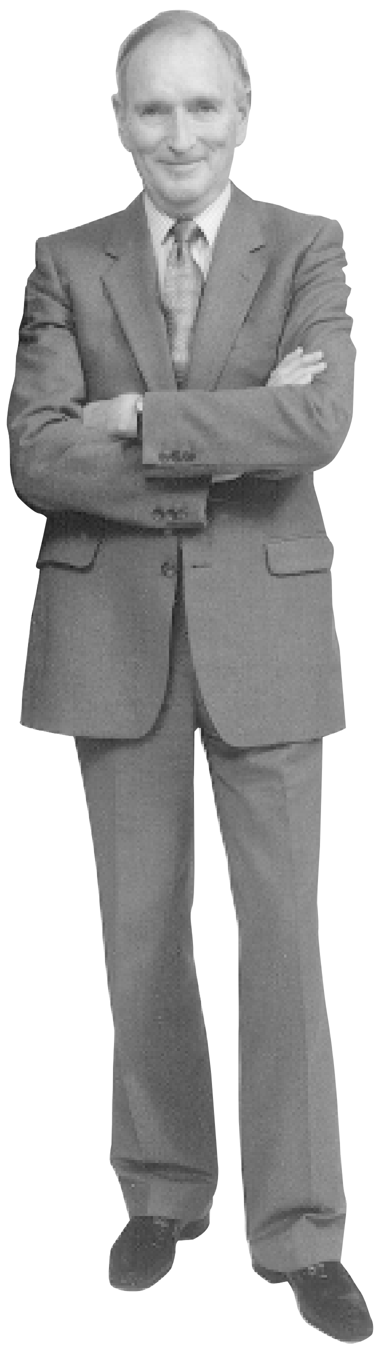
E-COMMERCE

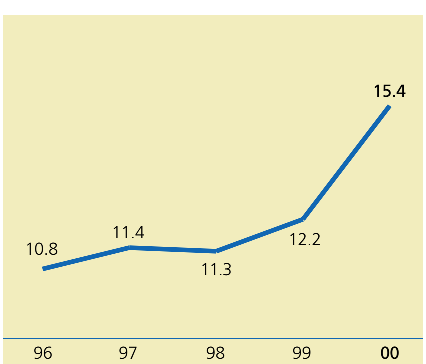
We recognise the ability of the internet to significantly enhance the service levels we offer our customers, and we are actively developing applications to reduce transaction costs and enhance information flows.

Our participation in Mercadium, an industry-sponsored on-line building materials market, gives us exposure to the rapidly developing business of building materials trading on the internet.

CHAIRMAN'S STATEMENT

MUCH HAS BEEN ACHIEVED THIS YEAR, ESPECIALLY IN TERMS OF BUILDING OUR GROWTH PLATFORM FOR THE FUTURE. LIKEWISE THE OPERATIONAL EFFICIENCY AND BENCHMARKING PROGRAMMES ARE NOW WELL ESTABLISHED, HAVE DELIVERED TANGIBLE RESULTS FOR THE YEAR AND PROMISE MORE FOR THE FUTURE.





Return on shareholders' funds annualised %

Dear fellow shareholder

In the first year of the new millennium it is pleasing to report that your company earned record profits. That it did so was largely due to selling more products at better margins and being more efficient. It is most appropriate, therefore, to begin this year's statement with a tribute on your behalf to all our employees for their considerable achievement in securing this substantial uplift in performance.

Results for the year

The company enjoyed a year of good market demand for its products in most regions with an outstandingly good year in North America. On cost reduction our targets for the year were exceeded and, despite the emergence of areas of strong cost inflation during the second half, underlying pre-tax profit rose by 23% to a record £224.1 million. Underlying earnings per share, enhanced by the buy-back programme, rose a very creditable 32% to 31.5p.

Reported pre-tax profit increased by £63.3 million to £225.6 million, a 39% improvement on the prior year, which was affected by a net exceptional charge of almost £20 million.

Business development

Much has been achieved this year, especially in terms of building our growth platform for the future. The regional re-organisation has bedded down well, including the integration of BPB Gyproc, although much still remains to be done.

Likewise the operational efficiency and benchmarking programmes are now well established, have delivered tangible results for the year and promise more for the future. The company's new plasterboard plants in Poland and the Czech Republic are performing well and our acquisition of 70.75% of Thai Gypsum Products, the first business to successfully complete Thailand's new financial reconstruction process, has established us in a substantial way in the strategically important south east Asia region.

Since the year end we have also extended our European product offering with the acquisition of a German-based manufacturer of expanded polystyrene insulation products, which builds on our existing leadership position in France.

Potentially the most significant development is the agreement we have reached today to secure one of our key strategic objectives in gaining a direct stake in the US internal linings market, the largest in the world. This is being achieved through the acquisition for US$345 million of the wallboard and ceiling tile businesses of Celotex Corporation. When added to the existing sales of our Canadian subsidiary, this will make us the fourth largest wallboard producer in North America with an 8 to 9% share of the market, and give us 10% in ceiling tiles.

Shareholder value

Last year was another year in which we made good progress in our drive to deliver improved shareholder value.

Dealing first with the dividend. Given the strong financial performance, the Board recommends a final dividend of 8.25p per share making a total dividend for the year of 12.5p, an increase on the previous year of just over 8%.

Secondly, action was taken to further strengthen the company's balance sheet by issuing a €400 million 10 year bond at a competitive interest rate. The long term nature of this bond, and the group's continuing strong free cash flow, provide much increased financial flexibility as we pursue acquisitions in furtherance of our growth aims.

Our strong cash flow also enabled us to take advantage of the authority you granted to buy back shares and during the year we spent nearly £70 million on this programme, the effect of which on a full year basis will increase earnings per share by an estimated 3%. In the last two years the company has returned almost £170 million to shareholders and bondholders via buy-backs and repurchases. We shall seek a renewal of a share buy-back authority at the forthcoming AGM, but at present have no firm plans to utilise it.

Leadership

1999/00 has been a very active and positive period of change at the top of your company. The process began with David Leonard's appointment as chief executive on 1 February 1999 to run the group until a younger long-term successor could be found. As the results in this annual report show, better than any words, David and his team have delivered an excellent performance and considerably strengthened the platform to take the business forward. Despite his short tenure as chief executive due to his impending retirement, David gave an unstinting commitment to the business, an approach which has characterised his decade of service at BPB. We are all immensely grateful to him and look forward to his contribution on the Board as a non-executive colleague.

Our new chief executive, Richard Cousins, took up his position on 1 April and he has been joined on the Board from 3 May by Jean-Pierre Clavel, Mark Higson and Paul Withers as executive directors. Their biographies are shown on pages 20 and 21 and their respective roles are covered in the chief executive's review. Our executive team is young, energetic but also experienced, and I look forward very much to working with all of them. The team is focused on growth, cost reduction and people development, which are the foundations from which we seek to deliver shareholder value.

Mike Dowdall has reached the age of 70 and will not be seeking re-election at the AGM. Mike has served as a non-executive director since 1991 and made a valuable contribution to the company's business. Both his counsel and his companionship will be much missed.

I am delighted to have this opportunity of welcoming to your Board Lady Balfour of Burleigh as a non-executive director. Her brief biography on page 20 understates considerably her abilities and achievements, and we very much look forward to her contribution to the Board's deliberations.

Future

Your company is an international business and is positioned to become still more so; in that context predicting future economic trends and their impact on our growing and diverse spread of markets is more difficult.

For our major markets, this year we judge that our core European businesses will continue to strengthen but at a more modest pace and that North America will, as previously predicted, slow down. The trend of cost inflation on energy and raw materials is of greater concern than twelve months ago but our philosophy of permanent cost reduction will deliver further efficiencies. We therefore expect the current year to be one of progress, boosted by our recent acquisitions, but the strength of sterling against the euro, if maintained, will adversely affect the final outcome.

Allan Gormly

Allan Gormly
1 June 2000

CHIEF EXECUTIVE'S REVIEW

Going forward

Before reporting on the 32% growth in earnings led by David Leonard in his year as chief executive, I wish to review the group's application of its key strengths and strategies, which are already setting the pace of business development in the current year.

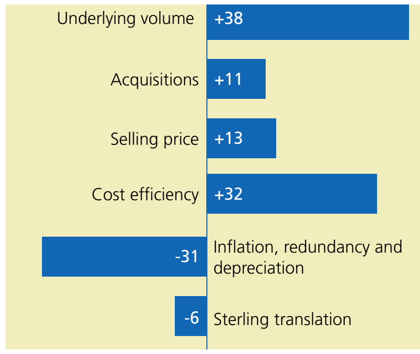
BPB's vision has grown to be the world's preferred choice for fast-track lightweight building systems, encompassing plasterboard products and other internal lining materials which utilise similar routes to market.

In pursuing this vision, management's strategic objectives are to operate safe and efficient businesses delivering market-leading products and services. High levels of customer satisfaction together with continuing organic growth and carefully selected acquisitions will enable us to generate improving returns to shareholders.

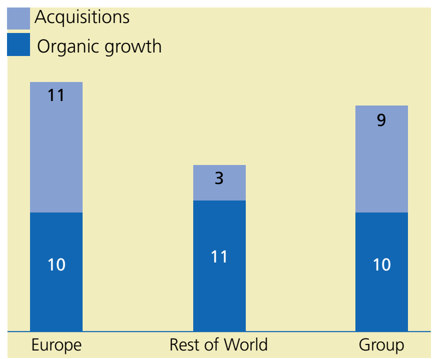
Operational strategies for achieving these objectives are now focused on three main tasks:

creating higher levels of sales through growth and product innovation

- Seeking out and responding to acquisition opportunities in geographic markets where BPB is under-represented – such as last year's investment in Thai Gypsum Products and today's agreement to acquire part of Celotex Corporation in the US – and in other building material markets – such as the acquisition of Heidelberger Dammsysteme's expanded polystyrene business in mainland Europe – which strengthen BPB's existing national and regional market offerings.
- Continuing the development of plasterboard as a global growth product and building leadership positions in key geographic markets, recognising that the drivers of volume growth vary worldwide with the different stages of evolution of individual markets.
- Promoting the continuing penetration of plasterboard systems and gypsum plasters against other traditional building materials and methods of internal lining construction.
- Developing innovations in systems selling and customer services, expanding the product range with complementary products such as fire protection and other special purpose boards, ceiling tiles, insulation materials and flooring systems.
- Exploring the potential of the internet. In the UK, BPB has recently joined with other leading companies to launch Mercadium, a web-based market place for building materials open to all industry participants.



Operating profit movements
99/00 compared to prior year – £ million



Plasterboard volume growth
% increase on previous year

securing ongoing manufacturing and trading efficiencies, engendering a group-wide philosophy of permanent cost reduction

- 1999/00 saw the achievement of substantial cost reductions, equivalent to more than 2% of group turnover. Significant contributors to this achievement were the successful establishment of the group's regional service centres and the initial results of the group-wide manufacturing productivity improvement programme. In addition our businesses benefited from the efficiencies arising from the re-organisation of BPB's paperboard operations and its focus on being the world's leading manufacturer of low-cost high-quality plasterboard liner.
- While last year's rate of reduction was exceptionally strong, we intend to drive forward with further cost savings and greater operational efficiencies, maximising utilisation of our asset base.

encouraging the fullest possible development and individual contributions of all our people, within an increasingly complex and international group

- BPB's people believe in working safely to deliver total product quality and superior customer service. Operating managements are resourced and required to ensure the continued achievement of these goals and to lead their teams through the tensions necessarily surrounding local, regional and global issues affecting our growing international group.
- We are increasing our efforts to retain, recruit, train and develop our people and to support succession planning activities to ensure that BPB increases its pool of talented and experienced managers to take the group forward.
- In order to align management resources with these strategies, the following promotions within the senior management team were made last month:
- Paul Withers (43) was appointed to the newly created role of business development director with specific responsibility for identifying acquisitions, overseeing their integration within the group's regional structure and providing global business co-ordination in emerging product sectors. He is also responsible for BPB's Asian businesses and the group's e-commerce developments.
- Mark Higson (44) has also joined the Board as operations director with a remit to drive forward the group's operating efficiencies and reinforce BPB's embedded philosophies of safe operation and cost reduction. He continues as regional director for Northern Europe and BPB Formula, our industrial plasters division.
- Jean-Pierre Clavel (52), regional director for Southern Europe, is the third new executive

director. He continues to be responsible for the group's largest single trading region (including France, Spain and Italy) and brings a wealth of international business experience to the Board.

- John Colley (46), previously finance director of both British Gypsum and BPB Paperboard, is now regional director for Western Europe responsible for the group's building materials activities in the UK and Ireland, and is now a member of BPB's executive committee.

Group trading results

BPB's 23% advance in underlying pre-tax profit to £224.1 million was driven by:

- Good volume growth of plasterboard and building plaster products across almost all key European markets.
- Improved overall selling prices of plasterboard products, on average rising 4%.
- Delivery of cost reductions in excess of those planned, providing savings equivalent to more than 2% of group turnover.
- Exceptionally strong North American demand albeit, as anticipated, with second half volumes below the first half record levels.

Group turnover of £1.43 billion increased by 8.5% as plasterboard sales volumes, excluding the effect of acquisitions in Scandinavia and Asia, advanced by more than 10%, rising by almost 19% after including acquired companies. European sales of building plasters grew nearly 8%, with a very strong performance in the Iberian market.

Selling price increases were implemented in most markets resulting in overall group prices for building products rising almost 1%, with average group plasterboard prices approximately 4% ahead of the previous year, benefiting from higher North American prices and overall stability in Europe.

Operating profit advanced by nearly one-third to £230.4 million and group sales margin improved by almost 3 percentage points to 16.1%. Organic volume growth contributed £38 million of the operating profit gain, while selling prices generated £13 million of the improvement. Efficiency savings realised in the year amounted to some £32 million and more than offset input inflation and higher charges for depreciation and redundancies.

Free cash flow for the year rose from just over £20 million to around £110 million before and £90 million after items of a one-off nature.

Movements on the translation of overseas results, particularly from the euro zone, depressed turnover and profits by around £54 million and £6 million respectively, with most of the impact falling in the second half, which saw an 8% appreciation of sterling against the euro.

MANAGEMENT'S STRATEGIC OBJECTIVES ARE TO OPERATE SAFE AND EFFICIENT BUSINESSES DELIVERING MARKET-LEADING PRODUCTS AND SERVICES. HIGH LEVELS OF CUSTOMER SATISFACTION TOGETHER WITH CONTINUING ORGANIC GROWTH AND CAREFULLY SELECTED ACQUISITIONS WILL ENABLE US TO GENERATE IMPROVING RETURNS TO SHAREHOLDERS.

Business development and expansion

Significant developments in BPB's international building materials businesses during the past 15 months have included:

- The successful commissioning of a total of nearly 100 million square metres of new annual plasterboard capacity, 40 million in the Czech Republic and the Polish plasterboard markets, 12 million at our new Brazilian plasterboard plant, 5 million at our second plant in India, 20 million in China, and 18 million via a major capacity up-grade at our existing French plant at Chambery.
- Integration of the acquired Scandinavian companies into a cohesive regional plasterboard business.
- The commitment to build a combined 25 million square metre per annum plasterboard and 250,000 tonne per annum plaster plant at Termoli, east of Rome, to serve the fast growing domestic market and supply expanding Mediterranean export markets.
- The acquisition of Heidelberger Dammsysteme, one of Europe's largest manufacturers of expanded polystyrene insulation products, with eight plants serving leading positions in the German, Czech and Austrian markets, extending the group's product range and building upon BPB's leadership position in expanded polystyrene insulation materials in France.
- The acquisition of 70.75% of Thai Gypsum Products, one of the leading plasterboard manufacturers in south east Asia and which controls a significant proportion of the region's limited and strategically important high-quality gypsum reserves.
- The further development of our paperboard operations as an integrated activity, primarily focused on the manufacture of plasterboard liner for group and third party customers.
- The agreement reached today to secure our entry into the American internal linings market through the acquisition of the wallboard and ceiling tiles businesses of Celotex Corporation, which, when added to Westroc's existing wallboard sales, will give BPB an 8 to 9% share of the 3 billion square metres of annual sales in North America, which itself represents more than 50% of world demand.

Finally, I wish to echo the chairman's recognition of the achievements of all BPB's people, without whom the group's substantial jump in 1999/00 results would not have been possible. Their significant contributions to performance and to meeting BPB's future aspirations are revealed more fully in the regional and country operating reviews set out in the following pages.

Richard Cousins

Richard Cousins
1 June 2000

OPERATING REVIEW

PROVIDING PARTNERSHIP-STYLE SUPPORT TO LOCAL SUPPLY CHAINS IS KEY TO BPB'S DEVELOPMENT OF SUCCESSFUL RELATIONSHIPS WITH MERCHANTS AND DISTRIBUTORS. BPB'S ACQUISITION OF HEIDELBERGER DAMMSYSTEME BROADENS RIGIPS' OFFERING OF INTERNAL BUILDING SOLUTIONS TO CUSTOMERS IN GERMANY.

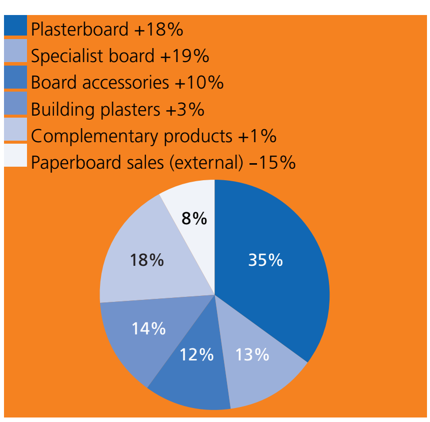
Operating profit advanced 32% to £230.4 million on turnover up 8.5%, with sales margin rising almost 3 percentage points to 16.1%. This substantial improvement was reflected across all business areas and was due to strong volume growth, higher selling prices and further operating efficiencies which offset higher depreciation and second-half cost inflation; profit per employee rose from £17,000 to £22,000. But for the further strengthening of sterling, operating profit would have increased by 36% on turnover growth of 13%.

Internal linings

Plasterboard systems' turnover, including sales of metal components and jointing materials used in dry lining construction, increased by 16% overall, with growth in group plasterboard volumes matched by sales of related products. Plasterboard production costs reduced, benefiting from our group-wide benchmarking programme, improved logistics from new capacity in developing markets, and our drive to manufacture more product with fewer people and lower overheads.

Turnover of ceiling tiles and decorative products, including cornice and mouldings, increased by over 10%. Our ceiling tile business now includes Gyptone and an expanding range of Casoprano tiles which are sold throughout Europe, with particularly strong demand in eastern Europe. Celotex's range of US products will provide additional opportunities for further developments. We have also increased our presence in flooring products via the Rigidur brand and continue to develop our range of gypsum blocks, which represent an important structural interior solution for markets in southern and central Europe.

As a traditional method of interior finish, wet lining with plaster remains an important contributor



Turnover by product segment %
99/00 changes compared to prior year

BPB group	2000	1999	*% increase*
Turnover (£m)	**1,426.8**	1,315.3	*8*
Operating profit (£m)	**230.4**	173.9	*32*
Margin (%)	**16.1**	13.2	

Building materials	2000	1999	*% increase*
Turnover (£m)	**1,318.4**	1,187.1	*11*
Operating profit (£m)	**210.1**	163.8	*28*
Margin (%)	**15.9**	13.8	

Paperboard	2000	1999	*% increase*
Turnover (£m)	**191.0**	191.9	*–*
Operating profit (£m)	**20.3**	10.1	*101*
Margin (%)	**10.6**	5.3	

BPB's day-to-day supply to German merchants of Rigips plasterboard, Heidelberger Styropor expanded polystyrene, and other lining materials is co-ordinated by a sales and marketing team including Josef Graute, Rigips business development manager (far left), Manuela Beckers, telesales administrator, and Dominik Bues, Heidelberger sales manager for Styropor (right).

of group profit and cash flow. Building plaster turnover increased by 8% at constant exchange rates, mirroring the growth in tonnage which was primarily driven by strong demand in the Iberian market. Selected investments in growing markets continued to be attractive, with a decision to increase plaster capacity in Italy and with expenditure on additional capacity at Puchberg in Austria which, after commissioning later this year, will supply plasters into eastern Europe.

Paperboard

Operating profit doubled to £20.3 million with sales margin accelerating from 5.3% to 10.6%, the transformation, despite flat turnover, resulting from significant growth in group plasterboard liner volumes coupled with the achievement of lower operating costs. Third party UK sales fell by 15% due to business disposals and the stronger pound which attracted imports from mainland Europe where significant over-capacity remains. However, repositioning of the paperboard business continues, with the focus on meeting group requirements for high specification liner at the lowest possible cost. The reduction in third party sales was offset by a 30% increase in liner sales, which now represent more than 70% of total mill output.

Cost reduction continued, with some £10 million of improvements gained across the business from manufacturing process efficiencies, improved logistics and lower overheads, the latter continuing to benefit from the transfer of administrative functions to our UK service centre.

Profits of our paper sack business increased by almost a quarter due to improved operating efficiencies and lower input costs which offset selling price pressures.

However, our solid case operations had another difficult year, with the strength of sterling making it impossible for the business to remain viable. A suitable buyer was not found and, shortly after the year end, the closure of the UK business was announced.

The majority of our paperboard operations use recycled waste paper as their basic raw material. Prices are governed by world supply and demand issues, and after a period of relative stability increased in the second half, with further increases since the year end.

Formula

Formula, our industrial plasters business, sells worldwide from three principal European sites. Profits increased by more than one-third despite a decline in the traditional UK ceramics market, with increased sales demand in central Europe and Asia, and Formula's promotion of new high value products for niche markets. Further efficiency improvements and overhead reductions contributed to better margins.

The acquisition of Thai Gypsum Products in the year has created opportunities to provide a full product range to the Asian market. In addition, the acquisition of Gypsum Turda in Romania provides a competitive source of plasters for eastern Europe.

Internal linings – regional trading performances
North & Western Europe

Building materials	2000	1999	*% increase*
Turnover (£m)	**398.8**	327.4	*22*
Operating profit (£m)	**80.8**	64.1	*26*
Margin (%)	**20.3**	19.6	

The region benefited from the full year effect of our Scandinavian acquisition, buoyant market conditions in the UK and Ireland, and the delivery of cost efficiencies throughout the operations. In addition, manufacturing sites in the UK and Finland benefited

OPERATING REVIEW

from exports to the oversold North American plasterboard market, principally in the first half.

UK construction activity was modest but strong growth for group products was achieved in the commercial and renovation sectors and our position was improved in the residential sector, resulting in significant improvements in both turnover and operating profit. Plasterboard volumes increased by over 10% but higher value, higher specification fire protection and sound insulation products advanced at twice this rate.

The customer base for our products concentrated further during the year, and price improvements were tempered by the commercially more vigorous trading environment. This year saw the commissioning of a Casoprano ceiling tile line at our East Leake factory and the launch of the product range in the UK after its successful introduction in mainland Europe.

1998/99 had seen some disruption of UK desulphogypsum supply which had to be replaced by more expensive imports from Spain. Continuity of supply was resumed during the year under review and this, together with high activity levels and further efficiency improvements from our benchmarking and cost reduction programmes, boosted operating sales margins. The strong volume performance continues and prospects are encouraging.

In **Ireland** housing starts were up 10% and the remarkable growth story continued, with gypsum product volumes at record levels. Following union acceptance of the Labour Courts' recommendations last year on the company's development plan, a fundamental restructuring has been undertaken to ensure our business is able to service the local market growth, which appears set to continue despite fears of higher interest rates and labour shortages.

The first full year of our **Scandinavian** operation saw plasterboard volumes increase by almost 8% with construction growth driven by new housing demand, particularly in Sweden which had been flat for some time. Some recovery of demand was experienced in the Baltics and the St Petersburg region in Russia. A major restructuring of the business was undertaken during the year, including the closure of the former head office. Plant operating performances have been quickly brought into line with BPB standards, and sales margins (before redundancy and goodwill amortisation) were well ahead of the previous year. The Nordic economic outlook is generally positive. We expect competition to remain strong but intend to maintain leadership through BPB Gyproc's expanding product offering.

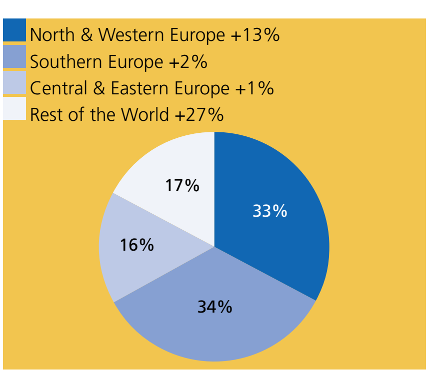
Southern Europe

Building materials	2000	1999	*% increase*
Turnover (£m)	**471.0**	463.7	*2*
Operating profit (£m)	**74.1**	68.4	*8*
Margin (%)	**15.7**	14.8	

The region experienced strong volume growth across all key markets, resulting in turnover and operating profit, before the effect of sterling translation, up 9% and 16% respectively.

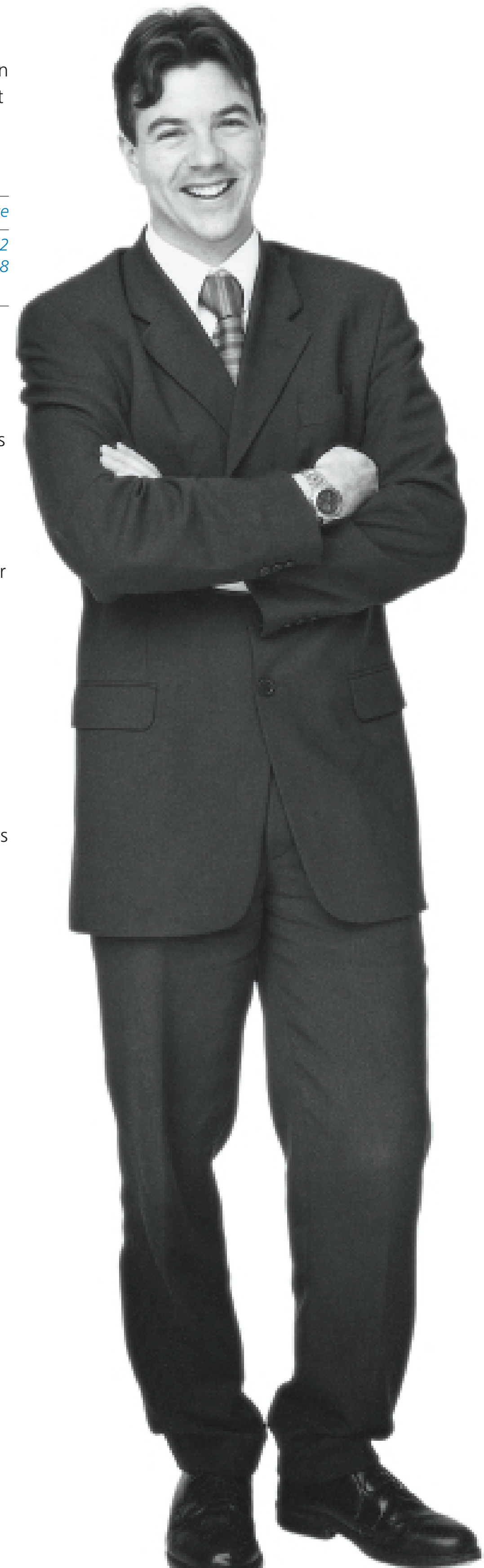
In **France** the upturn in construction activity was led by new housing demand, with plasterboard volumes growing around 10%. Prices for plasterboard, after weakening in the middle of the year, increased at the end of the period and revenues were maintained by greater sales of higher value products and systems. Sales of Casoprano ceiling tiles continued to grow and tighter environmental regulations had a positive impact on demand for expanded polystyrene products. A major up-grade of the plasterboard plant at Chambery resulted in a near doubling of capacity. This, and significant cost reductions, contributed to the improved results in France.

The **Iberian** market enjoyed a year of strong construction growth leading to plaster sales volumes increasing by over 12%. Further progress was achieved in the migration from traditional low value plasters to higher value modern products. While this quiet revolution progressed, plasterboard continued to gain acceptance as the technical



Geographic analysis of turnover %
99/00 changes compared to prior year

In a standard-setting example of the UK construction industry's focus on improved building methodologies, Andy Hyde, British Gypsum's northern specification manager (far right) led a team including Ingrid Haraldsson, systems manager at BPB's Building Test Centre, and Shane Torrens, British Gypsum's project support manager. Working with contractors, the team developed lightweight internal lining solutions for a new hospital in Calderdale, West Yorkshire.



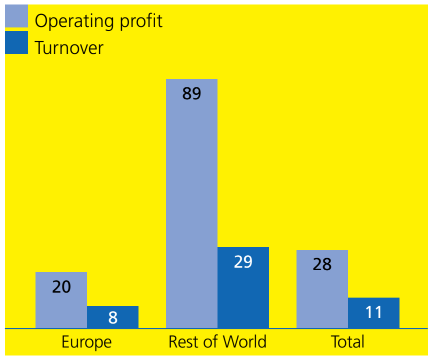
BPB IS ONE OF THE FIRST BUILDING SYSTEM MANUFACTURERS TO WORK IN PARTNERSHIP WITH CUSTOMERS AND LEADING CONTRACTORS IN THE UK TO DEVELOP NEW AND MORE EFFICIENT BUILDING METHODOLOGIES, WITH AN EMPHASIS ON QUALITY, SUSTAINABILITY AND WASTE REDUCTION.

OPERATING REVIEW

solution for commercial interior linings, with volumes increasing by over 30%. Selling price improvements were made for most products and this, together with the high activity levels and manufacturing efficiencies, resulted in a 25% increase in profitability.

Our **Italian** business also experienced a year of strong growth with profits almost doubling. Construction activity was buoyant, led by strong renovation demand and some upturn in commercial activity. While plaster volumes ran just ahead of overall construction growth, plasterboard and ceiling tile volumes advanced by almost 15%, demonstrating the growth characteristic of the product in markets where per capita consumption still has considerable headroom for development. The north west was supplied from new capacity available at Chambery but future growth in Italy will be met from a new plant to be built at Termoli to the east of Rome.

Growth in renovation demand was responsible for increased plasterboard sales in **Holland** and **Belgium**, where prices are now increasing.



BPB building materials growth in turnover and operating profit % increase on previous year

Central & Eastern Europe

Building materials	2000	1999	*% increase*
Turnover (£m)	221.8	220.2	*1*
Operating profit (£m)	16.5	10.8	*53*
Margin (%)	7.4	4.9	

The region saw a significant improvement in results, with profits (before restructuring costs) doubling from last year's low. However, trading conditions were challenging in this complex region encompassing the Balkans, former Soviet states and now Turkey.

In **Germany** construction activity remained weak with competition fierce. Plasterboard volumes were flat although year-on-year average selling prices for plasterboard did recover by 6% after a 12% fall last year, and were 13% higher in March 2000 than twelve months earlier; profits were also helped by the manufacture of 10 million square metres of plasterboard for export to North America. The gypsum fibreboard plant at Bodenwerder completed commissioning early in the year, bringing an extended range of locally produced building solutions to the market. New high specification plasterboards and joint fillers have been added to the Rigips range and further cost initiatives helped double the German profit. The outlook remains challenging with little improvement in the overall market, which continues to be held back by activity weakness in the east. The acquisition of the Heidelberger Dammsysteme expanded polystyrene business will further extend our product offering and deliver cost and sales synergies.

Poland is now our second most important market in the region, experiencing double-digit construction growth, and plasterboard per capita consumption exceeding those of several EU countries. The market place remains highly competitive and prices fell by more than 10% to the lowest levels in Europe. However, the successful commissioning of the Stawiany plant in the spring of 1999 has given us a highly efficient production platform and moved the business into profit. During the year further progress was made in promoting plasterboard accessories, building plasters and ceiling tiles and, despite the selling price weakness, total turnover increased by a third.

In the **Czech Republic** the economy showed signs of recovery, with plasterboard sales more than 10% above last year but prices down by 7%. Our new Melnik plasterboard plant, situated just north of Prague and using co-located power station desulphogypsum, has secured a low-cost base to supply future growth both locally and to neighbouring Slovakia and Romania. As in Poland, the new plant was commissioned swiftly and moved the business into profit.

By contrast, in **Austria** we experienced a flat construction market and transferred eastern European sales to our local plants. However, profitability was maintained on stable prices, modest

Key members of the Westroc team responsible for the design, specification and delivery of flexible gypsum board installed as curved ceilings in the Air Canada Centre, a multi-purpose sports and office complex in Toronto: Ron Walker, product manager (seated), Glenn Liscumb, sales representative, and Barry Blue, shipping representative (far right).

WORKING WITH SPECIFIERS AND DESIGNERS TO CREATE INNOVATIVE INTERIOR LININGS IS A KEY ELEMENT IN BPB'S PRODUCT OFFERING. IN NORTH AMERICA, WESTROC'S NEW FLEXIBLE GYPSUM WALLBOARD PROVIDES AN ATTRACTIVE SOLUTION FOR SHAPED APPLICATIONS TRADITIONALLY MET BY OTHER BUILDING MATERIALS.

OPERATING REVIEW

domestic plasterboard volume growth, exports to North America, and manufacturing efficiencies.

After almost a decade of building recession, the market in **Switzerland** has begun to stabilise, with the Rigips name gaining further acceptance in the market place. Profits advanced by over 50% due to cost reductions, range improvements and integration in the region.

Elsewhere, strong growth was achieved in **Hungary** and also in the smaller markets of **Greece** and **Romania** which are serviced in part from local manufacturing plants.

Rest of the World

Building materials	2000	1999	*% increase*
Turnover (£m)	**226.8**	175.8	*29*
Operating profit (£m)	**38.7**	20.5	*89*
Margin (%)	**17.1**	11.7	

Regional turnover increased by 29% and profits almost doubled largely as a result of exceptional trading conditions in **North America**. Underlying economic fundamentals were strong in both the USA and Canada, as demand for plasterboard outstripped local capacity in the USA and product was sourced from overseas. Against this background our plants in Canada worked at full capacity and were supported by European exports to deliver an 11% volume increase on what was a strong performance in the previous year. The oversold position resulted in a 20% increase in selling prices. Towards the end of the 1999 calendar year, new US capacity came on-stream and a winter seasonal downturn in demand led to a cessation of our supplies from Europe. The last quarter of the financial year saw North America again self-sufficient with a return to more normal trading conditions in which prices have started to ease. The outlook is for continued strong demand for plasterboard in North America but the introduction of further new capacity in the summer of 2000 will prevent a repeat of the abnormally buoyant conditions of 1999.

In **South Africa** plasterboard volumes were hit by high interest rates in the first half but recovered to finish marginally down as rates fell in the second half year and construction activity recovered. Access floor panels made by Donn Products are exported worldwide, and a number of high profile European contracts were completed in the year. A strong cost performance underpinned a 30% regional profit improvement.

The developing **Brazilian** plasterboard market is starting to exhibit strong growth characteristics and, despite economic recession at the beginning of the year, group volumes almost doubled. The completion of the São Paulo plasterboard plant substantially reduced our local operating cost base, with the result that our operation is now moving into profit. The use of plasterboard technology is being expanded beyond São Paulo and Rio de Janeiro and product is also being exported to Uruguay and Paraguay. The product range is being progressively expanded, with narrower width board and Gyprex tiles gaining acceptance in the ceilings market.

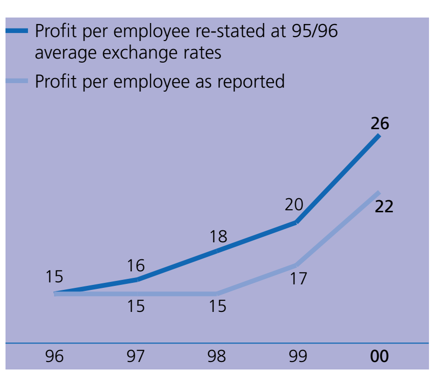
Argentina felt the backlash of Brazil's currency devaluation, followed by a period of austerity imposed by the incoming government which resulted in a 4% drop in construction activity. However, strong product promotion helped plasterboard volumes to increase by over 10%.

After a disappointing first half, profits improved for our **Chilean** associate as a result of increased domestic volumes and exports of plasterboard to the USA.

China has a plasterboard market estimated at almost 100 million square metres per annum and, with double-digit growth, affords considerable long term potential. Our factory in Shanghai was commissioned towards the end of 1999 and trading has now commenced, with the BPB brand launched and routes to market being developed. Pricing in this market is, however, extremely competitive.

Following the acquisition of majority control of Thai Gypsum Products last December, good progress is being made in **Thailand** with both marketing and production benefiting from BPB knowledge transfer. Early trading indications are encouraging.

Sales volume growth in **India** accelerated in the second half, as business confidence improved following the change in government, but full year profitability was lower as a result of market development costs and the commissioning of the new plasterboard plant at Chennai.



Operating profit per employee £000s

Iberyeso's annual sales of projection plasters have grown to around 500,000 tonnes, with penetration against traditional plasters supported by the training of large numbers of applicators. Iberyeso's team of regional advisers includes: Justo Garcia Sànchez, silo technician (left), Angèlica Gonzalo, quality controller (middle) and Enrique Sànchez-Vizcaino, technical salesman.

TRAINING AND TECHNICAL SUPPORT FOR CONTRACTORS AND APPLICATORS IS CENTRAL TO BPB'S MARKETING OPERATIONS WORLDWIDE. IN SPAIN, SUCH SERVICES FACILITATE THE HIGH-QUALITY APPLICATION OF BPB PRODUCTS, STRENGTHEN BRAND PREFERENCE AND PROVIDE AN IMPORTANT ROUTE FOR PRODUCT DEVELOPMENT.

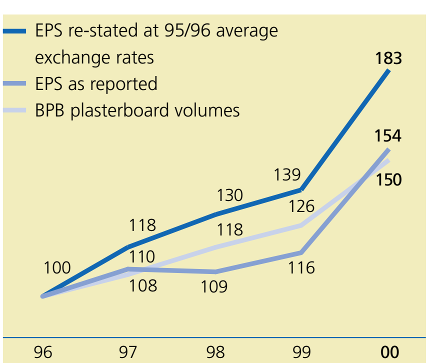
FINANCE DIRECTOR'S REVIEW

This was a year of strong financial performance for BPB, with:

- Underlying profit before tax up 23% to £224.1 million.
- Reported pre-tax profit 39% ahead at £225.6 million in the absence of any exceptional charges this year.
- Underlying earnings per share better by 31.8% at 31.5p.
- Free cash flow almost five times higher at £111.5 million before, and almost four times higher at £88.1 million after, excluding cash flows of a one-off nature this year.
- Post-tax return on average capital invested up 1.9 percentage points to 12.1%, comfortably ahead of our weighted average cost of capital, which is estimated to have been in the range 8.5% to 9.5% during the year.

Since 1995/96, compound annual earnings per share growth has been 11%. When adjusted to exclude the negative impact of the translation of overseas earnings into sterling, compound annual earnings per share growth over the same period was 16%. This compares favourably with many of our UK and European peer group in the construction & building materials sector.

The strength of sterling referred to above has been a significant feature of the last few years. Some 50% of group turnover and operating profit is generated in the euro zone. The fall in the French franc/sterling exchange rate is representative of the continuing decline in value of key European currencies against sterling in the period since 1995/96. Had exchange rates remained at 1995/96 average levels, our turnover this year would have been almost £282 million (20%) higher, and our operating profit £43 million (19%) higher.



Earnings per share before exceptional items, and worldwide plasterboard volume growth indexed

UNDERLYING EARNINGS PER SHARE ROSE BY 31.8% TO 31.5p. SINCE 1995/96, COMPOUND ANNUAL EPS GROWTH HAS BEEN 11%, OR 16% WHEN ADJUSTED TO EXCLUDE THE NEGATIVE IMPACT OF THE TRANSLATION OF OVERSEAS EARNINGS INTO STERLING.

In 1999/00 exchange losses on the translation of overseas profits cost us £6.4 million, of which £5.8 million was in the second half.

Drivers of shareholder value

The growth in our earnings per share is explained by progress we have made against each of the drivers of shareholder value set out in my report last year. These drivers reflect the attention management gives to:

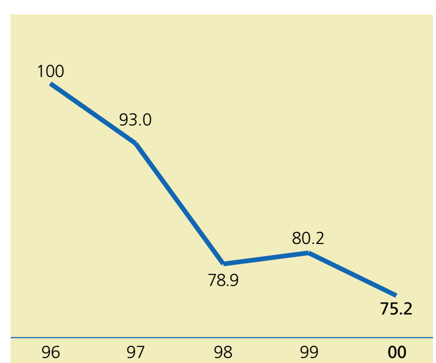
- Improved and sustainable operating margins.
- Return on investment at above the weighted average cost of capital.
- An efficient capital structure.

profitable growth, both in existing businesses and through acquisitions

Turnover increased by 8.5% to almost £1.43 billion. Excluding the impact of foreign exchange, underlying turnover growth was 13% with building materials up 16%.

Operating margin improved by 2.9 percentage points to 16.1% and EBITDA margin (earnings before interest, tax, depreciation less deferred credits, and amortisation as a percentage of group sales) was up by 3.4 percentage points to 22.0%. EBITDA is a simple measure of cash flow that is used extensively in business valuation models. Operating profit increased by 32.5% to £230.4 million net of redundancy costs of £8.8 million (*1999 £6.8 million*) associated with cost saving initiatives.

The performance of our major acquisition last year, BPB Gyproc in Scandinavia, was earnings enhancing. It generated operating profit of £14.3 million, prior to charging redundancy costs of £3.5 million and amortisation of goodwill of £3.2 million.



French franc v sterling exchange rate indexed

The group spent in total £52.4 million on acquisitions during the year, including:

- £23.8 million for a 70.75% share in Thai Gypsum Products ('TGP'). Early trading indications are encouraging in the three months since acquisition. TGP's turnover in the year prior to acquisition was £25 million.
- £14.6 million in purchasing TGP's 23% minority shareholding in Gypco Shanghai and making payments we had already committed under the subscription agreement entered into last year. By 31 March 2000, we had invested a total of £20.7 million to acquire an 83.1% equity interest in Gypco, with a remaining commitment to invest £2.3 million. Gypco's 20 million square metre capacity plasterboard plant was successfully commissioned in December.
- £14.0 million on other acquisitions, including Gypsum Turda in Romania and the purchase of minority interests in group companies in Spain and France.

Our investments in South America, Asia and the emerging central European markets total approximately £120 million or 9% of total capital invested. These new ventures, which include our Chilean associate, made a combined operating loss of £2 million during the year.

In April, we completed the purchase of Heidelberger Dammsysteme, one of the largest European manufacturers of expanded polystyrene insulation products, for £22 million on a debt free basis. The company's pro forma 1999 turnover and operating profit was £47 million and £2 million respectively .

The planned Celotex Corporation acquisition for US$345 million, referred to on pages 5 and 7, will be financed using existing committed debt facilities.

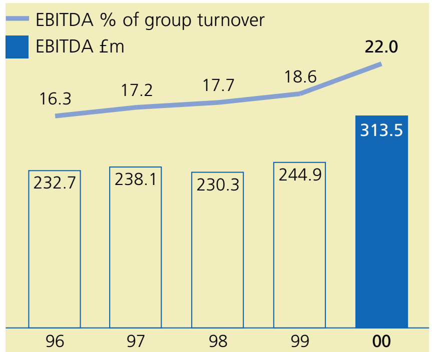
the translation of profitable growth into cash flow through careful control of capital expenditure and working capital

EBITDA was up 28% at £313.5 million this year, in line with the growth in operating results. This demonstrates that our profits are high quality and are backed by strong cash generation.

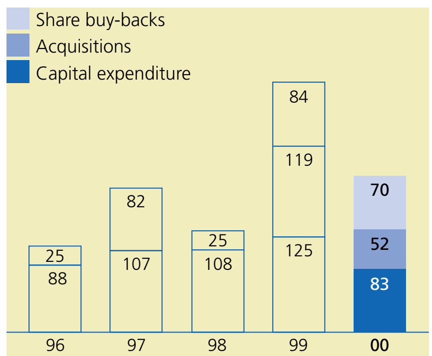
Capital spend fell to £83.4 million (just over one times depreciation) from £124.5 million, following the commissioning of four major new plants at the beginning of the year. We expect to maintain capital spend in the ratio of 1 to 1.25 times annual depreciation, with over half devoted to growth and cost reduction projects and the balance being available for essential replacement, health, safety and environmental schemes. At the year end, the amount of investment authorised but not spent was £86 million, including £36 million for the new combined plasterboard and plaster plant at Termoli, Italy, announced in April.

Working capital increased by £23.0 million (*1999 £0.3 million*). Most of this is attributable to the general increase in trading activity this year, and high plasterboard volumes just prior to the year end. The new plants commissioned during the year also added to working capital requirements.

Free cash flow increased to £111.5 million (*1999 £23.9 million*) reflecting the combination of improved margins and lower capital expenditure.



EBITDA (earnings before interest, tax, depreciation and amortisation) £ million



Capital expenditure, acquisitions and share buy-backs £ million cash spend

Group cash flow	2000 £m	1999 £m
EBITDA	**313.5**	244.9
Net movement in working capital	**(23.0)**	(0.3)
Capital expenditure	**(83.4)**	(124.5)
Taxation	**(18.1)**	(66.4)
Interest	**(11.0)**	(3.7)
Dividends	**(76.1)**	(37.3)
Other	**9.6**	11.2
Free cash flow	**111.5**	23.9
Acquisitions and disposals	**(53.8)**	(127.4)
Share buy-backs	**(69.9)**	(84.4)
Exceptional interest charge on convertible bond buy-back	**–**	(2.1)
Net cash flow	**(12.2)**	(190.0)

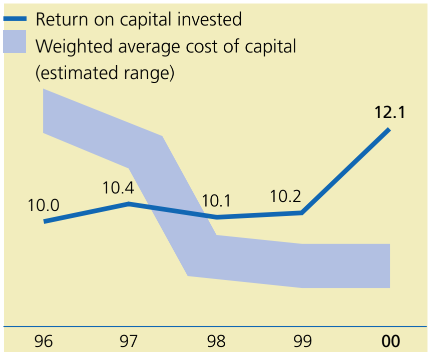
an efficient capital structure that optimises our overall cost of capital

The higher level of net debt reported last year has been maintained with net debt at 31 March 2000 of £253.6 million (*1999 £270.6 million*) and gearing of 33.4%. The total invested in the year in acquisitions, capital expenditure and buy-backs was £205.7 million (*1999 £328.3 million*). In the year we bought back a further 21.6 million shares at a cost of £69.9 million bringing to £154 million the total returned to shareholders through share buy-backs over the last two years. We estimate the 1999/00 enhancement to earnings per share arising from the cumulative return of capital to be some 9%. The full annual earnings enhancement gained from the share buy-backs will be 10%.

Return on investment improved to 12.1% from 10.2%, comfortably in excess of our estimated cost of capital, reflecting the strong results and stable capital invested of £1.3 billion.

Improved results and the further retirement of equity boosted return on average shareholders'

FINANCE DIRECTOR'S REVIEW



Return on capital invested and weighted average cost of capital %

funds to 15.4% (*1999 12.2%*). Shareholders' funds of £736.5 million remained relatively stable with retained profit in the year of £91.7 million being offset by adverse exchange movements of £41.3 million on the translation of overseas net assets and funds returned to shareholders through share buy-backs of £69.9 million.

Total shareholder return

The drivers of shareholder value described above resulted in underlying profit before tax increasing by 23% to £224.1 million and underlying earnings per share rising 31.8% to 31.5p. Subject to shareholder approval of the recommended final dividend, the Board is proposing an 8.2% increase in the dividend for the year to 12.5p, covered 2.5 times by underlying earnings. The compound growth in our dividend since 1995/96 is 6.55% per annum.

The strong financial performance this year was only partially reflected by the 16% increase in our year end share price to 313p, restricting total shareholder return in the year to 20.4%.

Associates and joint ventures

The decline in our share of operating profits from associates and joint ventures, from £13.0 million in 1998/99 to £6.2 million in 1999/00, is attributable to the conversion of our minority shareholding in BPB Gyproc to full control and to a £2 million write-off of our share in our joint venture investment to manufacture high grade alpha plaster in North America.

Taxation

The group's effective tax rate of 34.1% was similar to last year. The effect of reductions in tax rates in the UK and France was offset by lower capital expenditure in our established businesses and unrelieved taxable losses in our emerging markets.

Tax paid in the year of £18.1 million was £48.3 million lower than last year, benefiting from one-off receipts of some £40 million relating to the recovery of prior year payments in Germany and advance corporation tax in the UK.

Following changes to the double tax relief rules announced in the UK Budget in March the group, in common with many other UK-based multinational companies, potentially faces an increased tax burden as a result of doing business overseas. The impact of this measure is being assessed in the light of the government's recent decision to defer implementation of the changes until April 2001.

Treasury and funding

The group's treasury function provides a centralised service to manage interest rate and foreign currency exposures as well as funding and cash management. Group treasury is not a profit centre and only undertakes transactions to manage commercial risks and exposures. It acts within Board approved policies, follows controlled reporting procedures and is the subject of routine internal control reviews.

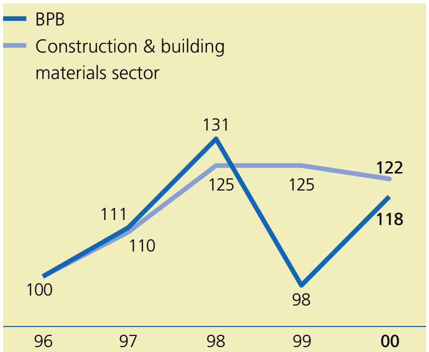
During the year, the group obtained external debt ratings from both Moodys (A3) and Standard & Poors (BBB+). The decision to obtain debt ratings recognises that external measures of a group's creditworthiness are becoming increasingly important in obtaining the lowest cost funding in many debt markets. Following receipt of these ratings and an extensive series of presentations to investors in Europe, the group successfully accessed the European debt capital markets for the first time with the issue of a €400 million 10 year 6.5% bond in March 2000. This represents a new source of debt funding for BPB, allowing us to diversify away from sole reliance on bank facilities. It has also extended the maturity profile of our debt.

The group currently has access to around £765 million of committed debt facilities. Approximately £525 million of this comprises bank facilities, £300 million maturing within one year and £225 million maturing in two to five years. The balance of £240 million comprises the sterling equivalent of the euro bond debt and expires in approximately ten years. The bank debt is subject to normal financial covenants, but the bond debt has no financial covenants attaching. The group expects to be able to meet both its short and medium term funding requirements from these debt facilities.

Net debt of £253.6 million at the year end (*1999 £270.6 million*) comprised gross debt of £321.3 million offset by cash and short term deposits of £67.7 million. Interest cover was 19 times profit before interest (*1999 36 times*), the year-on-year reduction reflecting the full year impact of the increase in debt in the final quarter of 1998/99.

At the year end 32% (*1999 35%*) of the group's overseas capital invested excluding goodwill was hedged, principally through foreign currency borrowings, and 73% (*1999 67%*) of the group's core interest cost was fixed with an average maturity of 5.4 years (*1999 3.9 years*).

More detailed information on the group's treasury policies, together with further information on financial



Total shareholder return indexed change in year end share price plus dividend – source Datastream

instruments and derivatives, is provided in note 22 to the financial statements on pages 40 to 42.

Internal control

Our approach to internal control is increasingly business risk driven. In accordance with objectives agreed by the audit committee and/or Board, the internal control manager leads risk profiling exercises with the active involvement of operational management. Having regard to the findings of this work, both internal and external resources are used to carry out a wide-ranging assurance programme, with the results reported to the audit committee and/or Board on a regular basis. In the past year this programme has focused mainly on operations in our key emerging markets in eastern Europe, South America and south east Asia, and on new businesses or those undergoing the greatest change, such as the Scandinavian businesses acquired last year.

Whilst our new approach to internal control is consistent with the Turnbull guidance issued to listed companies in September 1999, we have taken advantage of the transitional approach for disclosure as permitted by the Financial Services Authority and only reported formally on internal financial controls in the corporate governance report on page 24.

Introduction of the euro

As BPB has a significant presence in the euro zone, we are implementing the necessary changes to business processes and positioning ourselves to take advantage of the opportunities provided by the introduction of the single currency. In the short term, the group does not anticipate that the costs associated with the introduction of the euro will be material.

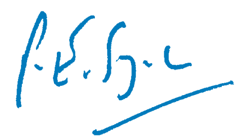
Year 2000 compliance

The group experienced no significant computer issues with the advent of the new millennium. In total we spent approximately £7 million over the last three years in ensuring that our systems were compliant and we now benefit from the many enhancements to IT systems made during our preparations for the Year 2000.

Accounting developments

BPB takes a prudent and commercial view in developing and applying its accounting policies, including keeping up to date with the work of the Accounting Standards Board and giving careful consideration to the early adoption of Financial Reporting Standards (FRS's).

The only significant matter of note arising from our adoption of the two new accounting standards introduced this year, FRS15 'Tangible Fixed Assets' and FRS16 'Current Taxation', is the requirement to depreciate all mineral reserves. Previously we charged no depreciation where mineral deposits had an estimated remaining life in excess of 20 years. The financial impact has been to increase our annual depreciation charge by almost £2 million.



Peter Sydney-Smith
1 June 2000

DIRECTORS

Allan Gormly

Richard Cousins

Peter Sydney-Smith

Allan Gormly CBE (62)
Chairman since 1997
Appointed to the Board in 1995. Chairman of Brixton Estate plc and a non-executive director of Bank of Scotland. Formerly chairman of Royal Insurance Holdings plc, deputy chairman of Royal & Sun Alliance Insurance Group plc and joint deputy chairman of Trafalgar House plc.

Richard Cousins (41)
Group chief executive since 1 April 2000
Joined the group's planning and business development department in 1990, becoming group financial controller in 1992 and managing director of Abertay Paper Sacks in 1996. President and CEO of Westroc Inc from February 1998 to February 2000. Appointed to the Board on 1 January 2000.

Peter Sydney-Smith (47)
Finance director since 1992
Joined the group in 1982. Finance director of British Gypsum Ltd from 1989 to 1992. Appointed regional director for Southern Africa and chairman of BPB Gypsum (South Africa) in February 1999.

Michael Beckett (63)
Non-executive director since 1992
Chairman of Horace Clarkson PLC, Watts Blake Bearne & Co Ltd and Ashanti Goldfields Company Ltd. Formerly chairman of Greycoat plc and managing director of Consolidated Gold Fields PLC.

Lady Balfour of Burleigh (54)
Non-executive director since 3 May 2000
Non-executive director of Cable and Wireless plc, Scottish American Investment Trust plc and the Scottish Life Assurance Company. Formerly a director of Midlands Electricity plc and WH Smith plc.

Mark Higson (44)
Group operations director since 3 May 2000
Joined the group in 1996 as director of operations, with additional responsibility for BPB Formula, the group's industrial plasters division. Also appointed regional director for Northern Europe in February 1999.

Board committees

Executive
J-P Clavel
J G Colley
Regional director (Western Europe)
R J Cousins†
J S Goodall
R M Heard
M V Higson
G Rhys Williams
Regional director (Central & Eastern Europe)
P E Sydney-Smith
P N Withers

Audit
Lady Balfour of Burleigh
M Clark†
A G Gormly
F J Leibenfrost

Management remuneration and development
M E Beckett†
A G Gormly
F J Leibenfrost
Sir John Whitehead

Nomination
M E Beckett
M Clark
A G Gormly
Sir John Whitehead†

Health, safety and environment
M Clark†
A G Gormly
D C Leonard

Charities
A G Gormly
C Griffiths
Human resources manager
Sir John Whitehead†

†Committee chairman
Each committee's role is summarised on page 25

From left to right
Michael Beckett
Lady Balfour of Burleigh
Mark Higson

From left to right
John Goodall
Sir John Whitehead
Michael Dowdall

John Goodall (55)
Executive director since 1996
Joined the group in 1973. Appointed chairman of BPB Paperboard in 1996, with responsibility since February 1999 for building materials operations in the Americas. A director of the group's UK pension trustee companies.

Sir John Whitehead GCMG, CVO (67)
Non-executive director since 1995
A non-executive director of Cadbury Schweppes plc and a senior advisor to Deutsche Asset Management. Formerly British Ambassador to Tokyo (1986 to 1992) and a non-executive director of Serco Group plc.

Michael Dowdall (70)
Non-executive director since 1991
Chairman of Dairy Crest Group plc and a non-executive director of Lever (France). Formerly chairman of Geest plc and a director of Unilever plc and Unilever NV. He intends to retire from the Board at the conclusion of the annual general meeting.

Bob Heard (47)
Executive director since 1995, and group secretary
Joined the group in 1974. Appointed group secretary in 1985. A director of the group's UK pension trustee companies and a member of the ICSA's company secretaries' forum.

Martin Clark (55)
Non-executive director since 1992
Formerly finance director of Caradon plc, Northern Foods plc and Associated British Foods plc.

Jean-Pierre Clavel (52)
Executive director since 3 May 2000
Joined the group in 1990 as managing director of the group's plasterboard business in France. Appointed regional director for Southern Europe (BPB's largest trading region) in February 1999. A former president of the council of European producers of materials for construction (CEPMC).

Paul Withers (43)
Business development director since 3 May 2000
Joined the group in 1985. Prior to his appointment to the Board, he was managing director of British Gypsum Ltd from November 1996, and regional director for Western Europe and Asia from February 1999. He remains responsible for Asia, and has additional responsibility for global business co-ordination in BPB's emerging market sectors and for e-business developments.

Franz Leibenfrost (62)
Non-executive director since January 1999
Chairman of Solvay Österreich AG and Eisenwerk Sulzau Werfen AG. Non-executive director of Foreign & Colonial Small Companies plc and Atlas Copco Holding AG. Formerly chairman and chief executive of Custodia Holding AG, Löwenbrau AG, Veitscher Magnesitwerke AG and Semperit AG.

David Leonard (61)
Non-executive director since 1 April 2000
Joined the group in 1990 as managing director of British Gypsum Ltd. Appointed an executive director in 1995, deputy chairman of BPB Gypsum division in 1996, chief operating officer in 1997 and group chief executive from1 February 1999 to 31 March 2000.

From left to right
Bob Heard
Martin Clark
Jean-Pierre Clavel

From left to right
Paul Withers
Franz Leibenfrost
David Leonard