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BPB PRELIMINARY RESULTS AND FINAL DIVIDEND FOR THE YEAR TO 31 MARCH 2004

HIGHLIGHTS		**2004**	2003	% increase
Turnover	£m	**2,170.8**	1,931.2	12.4
Underlying profit before tax *	£m	**222.8**	191.6	16.3
Reported profit before tax	£m	**180.3**	48.4	272.5
Underlying earnings per share *	p	**30.5**	25.8	18.2
Final dividend per share	p	**9.45**	8.9	6.2
Total dividends per share	p	**14.25**	13.55	5.2

* before goodwill amortisation and exceptional items described in the group profit and loss account

- Good growth in plasterboard demand and better selling prices increased turnover by over 12% – consolidating BPB's global leadership position
- Underlying operating profit up 13% (up 10% in local currency) to £249.2 million as all three regions delivered improved trading performances
  - European profit up over 6% to £193.9 million, with further good volume growth and the benefit of a stronger Euro more than offsetting higher restructuring costs
  - North American profit up 36% to £40.1 million due to improved average selling prices, further strong volume growth and a significant reduction in restructuring costs
  - Rest of the World profit up 67% to £15.2 million, driven by strong volume growth in Asia
- Underlying profit before tax up 16% to £222.8 million and underlying earnings per share up 18% at 30.5p. Reported PBT up £131.9 million, reflecting improved results and a lower net exceptional charge of £24.5 million *(2003 £127.0 million)*
- Operating cash flow of £350.5 million and year-end net debt down almost £170 million to £495.0 million
- Final dividend up 6.2% to 9.45p, giving a total dividend up 5.2% at 14.25p per share
- Investment of around £250 million planned in new plasterboard and plaster capacity, with major new plant additions in Romania, India, Thailand, Malaysia and the US

Richard Cousins, BPB chief executive, commenting on the year's results said:

"Management continued to deliver on its business plan for future growth, achieving a strong performance for 2003/04 and committing to invest some £250 million in new plants and capacity to strengthen our global leadership position in plasterboard and building plasters."

GROUP RESULTS OVERVIEW

Following on from the substantial uplift in results posted for the previous year, management delivered profits ahead in all three major regions, with group pre-tax profit (before goodwill and exceptional items) advancing 16.3% to £222.8 million. Reported profit before tax was £180.3 million, substantially higher than last year's £48.4 million due principally to the improved underlying results and a lower net exceptional charge of £24.5 million (*2003 £127.0 million including BPB's European Commission fine of £89.2 million*). Underlying earnings per share rose by 18.2% to 30.5p and the post-tax return on average capital invested improved from 8.8% to 9.9%.

BPB's 12% increase in turnover to £2,170.8 million (up 9% in local currency terms) was underpinned by further good growth in demand for plasterboard systems and gypsum plasters in the group's principal markets, which saw greater activity in the residential and renovation sectors. This drove a 13% uplift in underlying operating profit to £249.2 million (*2003 £220.5 million*). Restructuring and redundancy costs of £20.2 million (*2003 £19.6 million*), included in the group operating result, mostly related to the Gyproc Benelux integration and European efficiency initiatives. The improvement in group return on sales to 11.5% *(2003 11.4%)* was modest as the benefit of better selling prices was more than offset by higher input inflation, particularly for energy, and European profitability was affected by additional costs of freight (as localised plasterboard capacity shortages were met) and operational disruptions caused by plant upgrades.

Group sales of plasterboard and accessories increased 15% to £1,381 million, representing 64% of BPB's turnover. Group plasterboard sales volume grew nearly 11% (including acquisitions), and almost 7% on a like-for-like basis due to continuing strong US and Canadian housing activity, further volume growth in France and the British Isles, and greater demand in the emerging markets of Eastern Europe and Asia. European volumes grew almost 10% to over 570 million square metres (up 5% on a like-for-like basis before the acquired contribution from Gyproc Benelux), with strong demand in the British Isles and French volumes continuing at a high level. The German construction market remained difficult, reflected in further volume contraction, and sales performances across the Nordic countries were mixed. However, volume growth rates continued to be encouraging in the developing markets of the Mediterranean and Eastern Europe. North American wallboard volumes of over 500 million square metres were underpinned by continuing strong residential markets in the US and Canada, with headline growth of 11% (up 8% on a like-for-like basis before an extra month's contribution from the James Hardie Gypsum business acquired in the previous year). Volumes in the Rest of the World advanced 16% to over 80 million square metres driven by Asian demand, which increased over 30% from further strong growth in Thailand, China and India.

Overall plaster volumes (comprising building, industrial and specialist plaster sales) increased by almost 4% to nearly 5.5 million tonnes, with revenue increasing 13% to £345 million (16% of group turnover). Sales of building plaster increased almost 4% to nearly 4.5 million tonnes, with strong growth in the UK and Eastern Europe offsetting a further small contraction in France. Volumes were slightly higher in Spain, BPB's largest market and representing over a third of group volumes, as the improvement in product mix continued with higher margin lightweight plasters replacing traditional plasters. In the Rest of the

World, Egyptian sales were restricted by a weak economy but encouraging growth was achieved in the developing plaster markets of Thailand and India. Industrial, moulding and specialist plaster volumes grew over 3% to around 1 million tonnes, including increased penetration by BPB Formula in dental, sanitary ware and other niche markets, combined with geographic expansion in emerging markets in partnership with existing BPB businesses.

Group turnover from other building products increased 4% to £445 million (20% of group turnover) and principally comprised European insulation and fixings, Spanish distribution, and North American and European ceiling tiles. BPB's new Iberian distribution business, established through an acquisition programme in Spain which completed in 2002, continued to make good progress with sales turnover increasing by over 20% to £60 million.

During the year the group incurred input cost inflation of about £40 million, representing some 2% of its cost base, with the major increases being energy (particularly US gas), European freight and groupwide employee costs. Cost pressures continue, with freight costs increasing in the US, UK and Germany and energy prices beginning to rise globally.

Groupwide cost savings represented 0.5% of turnover, below the on-going annual target of more than 1%, mainly because of operational disruption in the UK, France and Spain ahead of successful plant upgrades. Key operational initiatives undertaken by management during the year to improve efficiencies and profitability, the main benefit of which will impact on 2004/05 results, included:

- reducing plasterboard liner costs in continental Europe by sourcing increased volumes from Tecnokarton
- restructuring the sales, marketing and administrative functions in Germany to streamline the business around plasterboard and insulation products
- re-organising the Belgian operations following the acquisition of Gyproc Benelux, investing in improving the Kallo plasterboard plant and gradually phasing out activity at the Wijnegem plant prior to its planned closure
- re-organising the sales and manufacturing functions of the US ceiling tiles business and closing the Pittston cast tile plant
- progressing world class manufacturing initiatives to converge key plants onto best practice methodologies relating to safety, customer service, product quality, operating efficiency and capacity utilisation
- leveraging the group's scale to provide global purchasing and supply-chain efficiencies

BPB again demonstrated its strong cash generation ability, with a net cash inflow of £120.3 million. This, together with a favourable translation impact on foreign currency borrowings, contributed to year-end net debt falling by almost £170 million to £495.0 million.

The Board is recommending for shareholder approval a 6.2% increase in the final dividend to give 9.45p per share, resulting in the company's annual dividend increasing 5.2% to 14.25p (*2003 3.4% increase*) and enabling dividend cover to improve from 1.9 to 2.1 times underlying earnings.

BUSINESS GROWTH STRATEGY

BPB's strong performance for 2003/04 accompanied a subtle but important shift in strategy aimed at focusing investment on strengthening the group's global leadership in plasterboard and building plasters.

BPB's annual plasterboard sales volume from over 50 national markets now represents nearly 20% of a world market of some 6 billion square metres, where demand is approaching 1 square metre per head and exhibiting long-term average annual growth of about 5%. Behind this positive global picture there are significant business development opportunities for the group arising from:

- an enlarging Europe, with its mix of more-developed and emerging markets, which is currently growing at 5-6% per annum from a relatively under-developed per capita base of less than 3 square metres,
- the advanced North American market (now at 10 square metres per head and representing over 50% of world demand), growing at more than 3% per annum over the long-term and providing scope for further investment, and
- the huge potential markets of Asia with their fast expanding economies driving double digit growth in demand.

Arising from BPB's sharpened strategic focus, the group commenced two key initiatives to strengthen its competitive positioning over the medium-term and grow profitably from the development of its global business sector:

- the expansion of BPB's capital investment plans, using the group's strong cash flow to uplift annual spend to around 1.5 times depreciation, and
- the roll-out of a programme to achieve world class manufacturing performance and to leverage purchasing economies, developing sustainable improvements which are repeatable across the group.

REGIONAL OPERATING REVIEWS

EUROPE
Turnover £1.65 billion (up more than 13%); underlying operating profit of £193.9 million (up over 6%)

European underlying operating profit advanced over 6% to £193.9 million, on top-line sales up more than 13% to £1,647.4 million, due to organic growth in plasterboard volumes of 5% driven by strong demand in the British Isles, France, Spain and Eastern Europe. Headline volumes were up almost 10%, boosted by the acquisition of Gyproc Benelux. The benefit of further cost savings, a stronger Euro and a modest contribution from Gyproc was offset by substantially higher regional restructuring costs of £18.6 million (up £9.5 million, mostly relating to the integration of Gyproc) and by additional freight costs, mainly to meet greater demand.

Continuing penetration of dry-wall technology in developing markets, combined with increasingly demanding building regulations in more developed markets, has over the last five years led to industry plasterboard volumes growing by an estimated average of 3 percentage points per annum above European GDP growth.

North & Western Europe
Turnover £588.5 million (up almost 4%); underlying operating profit £105.1 million (up nearly 10%)

Buoyant second-half trading conditions were experienced in the **British Isles** with further good volume growth of core products and better selling prices which, together with an overall full year improvement in **Nordic** performance resulting from cost efficiencies and increased plasterboard volumes in Finland and Denmark, offset the impact of lower profits from the reduced sales of the UK-based paperboard operations and led to regional underlying operating profit increasing nearly 10% to £105.1 million.

Good growth in **UK** demand for plasterboard systems and building plasters, which benefited from a mild winter, was driven by continued high levels of activity in the renovation sector and improved new housing demand, supported by further government public spending. Substantial additional plasterboard capacity was brought on-stream at East Leake to service growing demand and in anticipation of the impact of recent changes to building regulations which specify requirements for greater levels of thermal insulation and soundproofing. Enhanced housing partition systems such as Gypwall RAPID, together with added-value products including Wallboard TEN and new thermal laminate boards, have been developed to meet more stringent specifications. During the plant upgrade, plasterboard was imported from BPB's Belgian business and the resulting additional freight costs largely offset the benefit of cost saving initiatives. Cost inflation pressures during the year were offset by modest selling price improvements.

Following the decision to source lower-cost lighter-grammage plasterboard liner from Tecnokarton in Germany for most of the group's continental European businesses, the paper mill at Purfleet became uneconomic. As a consequence the plant was closed and the UK-based paperboard operations were subsequently downsized and re-organised to focus UK, Irish and Nordic supplies on the two liner machines at the Aberdeen mill. In addition, the Abertay paper sacks business was sold.

Irish demand for construction materials remained high throughout the year, sustained by an active new housing sector, and resulted in strong volume growth of plasterboard and building plasters. Additional board was imported from Belgium to cover sales demand and added significantly to logistical costs. Inflationary cost pressures were, however, offset by better selling prices of core products. Extra capacity will soon be added to the combined plasterboard and plasters plant at Kingscourt.

Profitability in the Nordic region improved, reversing the decline experienced over recent years, as country management teams were reorganised and strengthened. Overall plasterboard volumes increased and this, together with cost efficiencies, exceeded the regional impact of cost inflation. Mixed trading conditions continued. **Denmark** achieved a good performance, supported by further pan-European demand for Gyptone ceiling tiles, plasterboard volume growth and cost savings. While domestic plasterboard volumes in **Finland** grew well, exports to **Russia** were restricted by the strength of the Euro. Weak construction activity in **Sweden** and fierce price competition from imports to **Norway** depressed plasterboard sales, particularly in the commercial sector, but profitability was maintained by further cost savings.

Southern Europe
Turnover £728.1 million (up over 22%); underlying operating profit £76.2 million (down 4%)

Regional turnover increased over 22% to £728.1 million, mostly reflecting the acquisition of Gyproc Benelux, a stronger Euro, a solid performance in the key French market and on-going growth in the developing markets of Spain and Italy. Operating profit declined 4% to £76.2 million, after charging £13.0 million of restructuring costs (up £7.2 million on the prior year) of which £7.1 million related to the Gyproc Benelux integration. Underlying operating performance was similar to last year but return on sales fell due to a modest contribution from Gyproc Benelux (pre restructuring costs) and the rapid sales growth of the lower-margin Iberian distribution business.

Results in **France** benefited from further growth in plasterboard volumes although input cost inflation and additional freight costs exceeded the improvement from better selling prices for core products. Plasterboard was imported from Belgium to meet both domestic demand growth and to enable the French operations to support additional Spanish demand prior to the Quinto upgrade.

Strong plasterboard penetration of the **Spanish** construction market continued, with particularly good growth in the commercial sector. A shortage of domestic capacity was exacerbated by the necessary upgrade of the Quinto plant and resulted in additional volumes being imported from France and Italy. Overall sales of building plasters were slightly higher but demand for added-value lightweight plasters continued to grow rapidly, and at the expense of more traditional products, with BPB investing substantially in its network of plaster plants. The group's Iberian distribution business performed well, contributing to accelerating demand for plasterboard systems.

Unfavourable domestic economic conditions restricted growth in demand for building plasters in **Italy** and resulted in a substantial decline in **Portugal**, although both markets experienced further volume growth of plasterboard systems.

Prior to restructuring costs, overall results from **Benelux** operations improved, with Belgium benefiting from intra-group exports of plasterboard from the new Kallo plant. Profitability was also affected by intense price competition for market share which followed the acquisition of Gyproc Benelux, and by cost inflation pressures. Actions were taken to put in place €9.0 million of annualised savings by the end of 2004/05. The social plan for restructuring the enlarged Belgian business was resolved in the second-half and will involve a significant reduction in the labour force over an 18 month period, together with the phasing out of production at the older Wijnegem plant ahead of its closure by March 2005.

Central & Eastern Europe
Turnover £330.8 million (up 14%); underlying operating profit £12.6 million (almost doubled)

Regional operating profit almost doubled to £12.6 million on turnover up 14% to £330.8 million, driven by strong growth in Eastern Europe for core products, generally better selling prices, and improved trading conditions in the Polish plasterboard market. The trading environment in Germany remained difficult and further actions were taken to improve performance.

German plasterboard volumes (which now represent less than 45% of regional sales) and average selling prices were both lower, although the second half saw some recovery in selling prices. Further actions were taken to deliver €10 million of annualised cost savings by March 2005 and to improve BPB's market positions in plasterboard, insulation and gypsum fibreboard. In addition the group disposed of the metal profiles business. The decline in plasterboard sales and input cost pressures offset the benefit of cost savings and manufacturing efficiencies.

A satisfactory performance was obtained in **Austria**, where plasterboard exports to Eastern Europe compensated for flat domestic demand, and substantial progress achieved in **Switzerland** which benefited from good volume growth of plasterboard systems and gypsum blocks.

Good volume growth of plasterboard and plasters in the developing Eastern European markets, together with better selling prices in **Poland**, drove improved regional profitability. In order to meet anticipated demand growth for plasterboard, construction of a new plant was commenced in **Romania**, alongside the group's existing plaster plant at Turda, with commissioning due in 2005. This additional capacity will significantly improve logistical costs and provide more cost-effective supply to the **Ukraine** where volumes are growing fast from a small base.

The **Turkish** plasters business was fully integrated following the minority buy-out during the year and a significant uplift in sales volume was achieved. In **Greece** plasterboard volumes increased as a result of construction activity ahead of the Olympics.

NORTH AMERICA
Turnover £488.8 million (up almost 7%); underlying operating profit £40.1 million (up 36%)

Underlying North American profits increased by 36% to £40.1 million, on turnover up almost 7% to £488.8 million, driven by strong demand from the new housing and renovation sectors, better US average selling prices in the second-half and significantly lower US restructuring costs. Despite higher input costs, mostly for US natural gas, the return on sales advanced by 1.8 percentage points to 8.2%.

Regional wallboard volumes grew 11% (8% on a like-for-like basis), driven by continuing strong demand in the US and Canadian residential and renovation sectors and by an additional month's contribution from the James Hardie Gypsum business acquired in

2002/03. Despite relatively weak commercial activity, the US wallboard market grew around 6% during calendar 2003 to approximately 32 billion square feet, representing over half the world's market.

Average realised **US** wallboard prices in the first half were marginally below $90 per thousand square feet, (corresponding period just over $90). However, subsequent selling price improvements were underpinned by higher industry utilisation levels and lifted the second-half average price to $97. Year-on-year, the average selling price improved 4% to $94, with the March price increase taking the year end and current spot rates to around $105 and $107 respectively. The improvement from increased selling prices was partially offset by annual cost inflation, principally natural gas which increased by over 10%. Towards the end of the year, new regulations restricting the working hours of drivers, together with higher activity levels, began to increase freight and bought-in material costs.

During the year the group launched GlasRoc (a glass reinforced gypsum wallboard product incorporating enhanced technology first developed by BPB in Europe) as an added-value system to meet growing demand for high-performance exterior sheathing applications.

BPB announced in February the completion of a long-term agreement with a power utility in North Carolina for the supply of desulphogypsum to a new 700 million square feet capacity wallboard plant at Roxboro to be commissioned in 2007. The new low-cost plant will meet expected sales volume growth and significantly strengthen BPB's market representation on the Eastern seaboard.

The benefit of a further good advance in **Canadian** wallboard volumes was mostly offset by input cost inflation and additional freight costs to service the strong growth in demand in Eastern markets.

The US ceilings business reported a further modest loss albeit, prior to restructuring costs, at a lower level and despite continuing weak commercial demand. A business recovery plan was initiated during the year, which involved the alignment of the US ceiling and wallboard management operations and the closure of the Pittston cast ceiling tile plant, and there are indications of improvement in certain commercial market segments.

REST OF THE WORLD
Turnover £108.6 million (up 18%); underlying operating profit £15.2 million (up 67%)

2003/04 saw significant progress in the profitable development of BPB's Rest of the World businesses, with underlying operating profits up by two-thirds to £15.2 million driven by overall plasterboard volume growth of 16% and improved selling prices. Regional sales margins advanced strongly from 9.8% to 14.0%, on turnover up 18% to £108.6 million. The regional improvement in results was driven by an excellent performance in Asia, where plasterboard volumes grew by over 30%, and a better outturn from South Africa. To meet the continuing strong Asian demand, BPB is progressing an investment plan to expand capacity in Thailand and India, build a new Malaysian plant, and further develop the Indian building plasters market.

The **Brazilian** business recovered to almost break-even by the year end, benefiting from improved plasterboard selling prices on stabilised volumes despite a weak economy.

Better selling prices of building plaster in **Egypt** offset the impact of a reduction in volumes due to a weaker construction market.

In **South Africa**, further plasterboard volume growth was driven by strong demand in the residential sector and contributed to a substantially better performance despite higher input costs and some selling price pressures.

Strong **Thai** domestic demand and export sales led to good growth in profitability and cash generation, despite increasing competition from plasterboard imports in the second half. Further actions were taken to improve the operating efficiency of the low-cost plant at Laem Chabang and a second plasterboard line is now due to be commissioned in 2005.

A new plasterboard plant is also under construction near Kuala Lumpur and will come on-stream in early 2006, to support growing demand in the **Malaysian** peninsula where BPB is currently under-represented.

Strong economic growth continued to stimulate construction activity in **China**, leading to further rapid development of the plasterboard market which has already reached around 300 million square metres. Although competition is intense, with a large number of producers selling products of differing quality and price, BPB has now established a leading position as a premium systems manufacturer providing consistent product performances and high levels of customer service. Good volume progression was achieved during the year, with the business now operating at close to break-even.

Demand for plasterboard ceiling and partition systems in **India**, and for modern one-coat building plasters, increased substantially due to further product penetration against traditional building materials and an active commercial construction sector buoyed by a fast-growing economy. This led to an improved performance despite additional competitive pressures on selling prices. Work has commenced near Mumbai on the construction of a new plasterboard plant and the expansion of building plaster capacity, expected to come on-stream by the end of 2005 to strengthen BPB's all-India manufacturing and distribution infrastructure and meet future demand growth.

OUTLOOK

The current year has started well as expected, due to the continuation of the strong trading momentum of the previous year's second half, with positive trends in sales volumes and pricing levels being sustained in the group's key markets. Although parts of the European economy are still somewhat subdued and commodity costs are rising worldwide, the Board is confident that BPB will deliver further progress this year.

- FINANCIAL STATEMENTS FOLLOW -

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This announcement, together with the group’s preliminary results presentation to analysts will shortly be available on BPB’s website: www.bpb.com

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 MARCH 2004

	Note		**2004 £m**		2003 £m
Turnover					
Group and share of joint ventures and associates			**2,220.1**		2,009.4
Less: share of joint ventures' turnover			**(22.5)**		(19.6)
share of associates' turnover			**(26.8)**		(58.6)
Group turnover	1		**2,170.8**		1,931.2
Cost of sales	3		**(1,451.5)**		(1,296.8)
Gross profit			**719.3**		634.4
Net operating expenses	3		**(516.9)**		(563.2)
Operating profit					
On-going before exceptional charges		**231.2**		204.3	
Exceptional charges - on-going operations: Purfleet closure costs	4	**(28.8)**		-	
EC fine	4	-		(89.2)	
Impairment	4	**-**		(43.9)	
Group operating profit	1		**202.4**		71.2
Share of operating profit in:					
Joint ventures		**1.7**		1.1	
Associates before exceptional charge		**4.0**		0.6	
Before exceptional charge		**5.7**		1.7	
Exceptional charge - associates: EC fine	4	**-**		(1.3)	
			5.7		0.4
Non-operating exceptional items:	4				
Disposals of fixed assets			**4.0**		4.3
Sale and termination of operations			**0.3**		3.1
Profit on ordinary activities before interest			**212.4**		79.0
Net interest payable			**(32.1)**		(30.6)
Profit on ordinary activities before tax			**180.3**		48.4
Tax on profit on ordinary activities	5		**(63.0)**		(49.1)
Profit/(loss) on ordinary activities after tax			**117.3**		(0.7)
Minority interests			**(2.3)**		(4.0)
Profit/(loss) attributable to BPB plc			**115.0**		(4.7)
Dividends			**(70.4)**		(66.5)
Retained profit for the year/(transfer from reserves)			**44.6**		(71.2)
			=====		=====

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 MARCH 2004 (cont'd)

	Note	**2004**	2003
Basic earnings/(loss) per share	6	**23.4p**	(1.0p)
Diluted earnings/(loss) per share	6	**23.3p**	(1.0p)
Dividends per share		**14.25p**	13.55p
Underlying results			
Before goodwill amortisation of £18.0 million *(2003 £16.2 million),* exceptional operating charges - Purfleet closure costs of £28.8 million *(2003 £nil),* EC fines of £nil *(2003 £90.5 million)* and impairment charge of £nil *(2003 £43.9 million)* - and net non-operating income of £4.3 million *(2003 £7.4 million)*	6, 4		
Profit on ordinary activities before tax (£m)		**222.8**	191.6
Earnings per share	6	**30.5p**	25.8p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR TO 31 MARCH 2004

		2004	2003
		£m	£m
Profit/(loss) attributable to BPB plc		**115.0**	(4.7)
Currency translation		**(39.1)**	12.2
Share of associate's revaluation		**-**	7.0
Total recognised gains and losses for the year	7	**75.9**	14.5

GROUP BALANCE SHEET AS AT 31 MARCH 2004

	Note		2004 £m		2003 £m
Fixed assets					
Intangible assets			**261.7**		304.9
Tangible assets			**1,099.6**		1,195.0
Investments in joint ventures:					
Share of gross assets		**22.1**		21.1	
Share of gross liabilities		**(14.2)**		(13.7)	
			7.9		7.4
Investments in associates			**21.4**		19.0
Other investments			**1.6**		2.5
			1,392.2		1,528.8
Current assets					
Stocks			**139.7**		152.2
Debtors due within one year			**491.2**		466.2
Debtors due after more than one year			**15.3**		14.1
Cash and short-term deposits			**71.4**		57.2
			717.6		689.7
Creditors due within one year					
Loans, overdrafts and finance leases			**(24.5)**		(176.0)
Other creditors			**(529.2)**		(495.0)
Net current assets			**163.9**		18.7
Total assets less current liabilities			**1,556.1**		1,547.5
Creditors due after more than one year					
Loans and finance leases			**(541.9)**		(544.7)
Other creditors			**(31.8)**		(32.9)
Provisions for liabilities and charges			**(162.6)**		(164.2)
			819.8		805.7
			=====		=====
Capital and reserves					
Called up share capital			**247.8**		246.4
Share premium account			**235.9**		227.5
Capital redemption reserve			**32.7**		32.7
Profit and loss account			**279.2**		273.7
Shareholders' funds	7		**795.6**		780.3
Minority interests			**24.2**		25.4
			819.8		805.7
			=====		=====

GROUP CASH FLOW STATEMENT FOR THE YEAR TO 31 MARCH 2004

	Note		2004 £m		2003 £m
Cash flow from operating activities	8		**350.5**		226.9
Dividends received from joint ventures and associates					
Dividends from joint ventures		**0.9**		0.6	
Dividends from associates		**0.5**		0.6	
			1.4		1.2
Returns on investments and servicing of finance					
Interest received		**0.4**		3.4	
Interest paid		**(31.7)**		(33.4)	
Interest element of finance lease payments		**(0.1)**		(0.1)	
Dividends paid to minority shareholders of subsidiaries		**(1.6)**		(2.6)	
			(33.0)		(32.7)
Tax					
United Kingdom corporation tax paid		**(11.5)**		(17.0)	
Overseas tax paid		**(48.7)**		(32.8)	
Overseas tax received		**-**		6.0	
			(60.2)		(43.8)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(99.6)**		(96.5)	
Sale of tangible fixed assets		**15.6**		12.2	
Repayment of loans by joint ventures		**0.7**		1.2	
			(83.3)		(83.1)
Acquisitions and disposals					
Purchase of subsidiaries		**(5.1)**		(315.0)	
Net cash acquired with subsidiaries		**-**		(0.7)	
Sale of shares in a subsidiary		**-**		5.4	
Sale of businesses		**7.5**		34.6	
			2.4		(275.7)
Dividends paid to shareholders of BPB plc			**(67.3)**		(64.9)
Cash inflow/(outflow) before use of liquid resources and financing			**110.5**		(272.1)
Management of liquid resources			**(3.8)**		6.3
Financing					
Issue of share capital		**9.8**		1.2	
Loan from associated company		**0.3**		0.3	
(Decrease)/increase in borrowings	9, 10	**(52.6)**		215.0	
			(42.5)		216.5
Increase/(decrease) in cash	9, 10		**64.2**		(49.3)
			=====		=====

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

1. Segmental analysis

The principal national groupings that form the geographical segments shown below are as follows:

North & Western Europe: UK, Ireland, Sweden, Denmark, Finland, Norway, Russia, Latvia, Lithuania and Estonia.
Southern Europe: France, Spain, Italy, Belgium and Holland.
Central & Eastern Europe: Germany, Austria, Poland, Switzerland, Czech Republic, Hungary, Romania, Bulgaria, Greece, Turkey, Slovakia and Slovenia.
North America: USA and Canada.
Rest of the World: South Africa, Thailand, India, China, Egypt and Brazil.

	Group turnover by origin		Operating net assets	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
North & Western Europe	**588.5**	566.7	**296.9**	330.0
Southern Europe	**728.1**	594.9	**556.8**	565.8
Central & Eastern Europe	**330.8**	289.7	**244.0**	281.8
Europe	**1,647.4**	1,451.3	**1,097.7**	1,177.6
North America	**488.8**	458.5	**395.1**	447.8
Rest of the World	**108.6**	92.4	**110.5**	114.2
	2,244.8	2,002.2	**1,603.3**	1,739.6
Less inter-area	**(74.0)**	(71.0)	**-**	-
	2,170.8	1,931.2	**1,603.3**	1,739.6
Associates and joint ventures	**49.3**	78.2	**54.2**	51.2
	2,220.1	2,009.4	**1,657.5**	1,790.8

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

1. Segmental analysis (cont'd)

	Underlying operating profit		Operating profit	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
North & Western Europe	**105.1**	95.8	**72.1**	91.1
Southern Europe	**76.2**	79.3	**72.8**	78.1
Central & Eastern Europe	**12.6**	6.9	**11.8**	(17.3)
Europe	**193.9**	182.0	**156.7**	151.9
North America	**40.1**	29.4	**31.2**	-
Rest of the World	**15.2**	9.1	**14.5**	8.5
	249.2	220.5	**202.4**	160.4
Operating exceptional items:				
Purfleet closure cost	**(28.8)**	-		
EC fine	**-**	(89.2)	**-**	(89.2)
Impairment charge	**-**	(43.9)		
Goodwill amortisation	**(18.0)**	(16.2)		
Group operating profit	**202.4**	71.2	**202.4**	71.2
Associates and joint ventures	**5.7**	1.7	**5.7**	0.4

Return on sales (underlying)	**%**	%
North & Western Europe	**17.9**	16.9
Southern Europe	**10.5**	13.3
Central & Eastern Europe	**3.8**	2.4
Europe	**11.8**	12.5
North America	**8.2**	6.4
Rest of the World	**14.0**	9.8
Group	**11.5**	11.4

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

1. Segmental analysis (cont'd)

Turnover is not disclosed by destination as it is materially the same as that by origin. As described in note 4, group operating profit includes exceptional charges against the results of: North & Western Europe - £28.8 million *(2003 £nil);* Central & Eastern Europe - £nil *(2003 £23.8 million)* and North America - £nil *(2003 £20.1 million)*. The nature of the EC fine in 2003 is such that it is not possible to allocate it against a geographical segment.

Net non-operating income of £4.3 million *(2003 £7.4 million)* described in note 4 is excluded from group operating profit in accordance with FRS 3, but arose in the following segments: North & Western Europe - £0.6 million *(2003 £4.4 million);* Southern Europe - £3.7 million *(2003 £0.7 million);* Central & Eastern Europe - £nil *(2003 cost of £1.2 million);* and Rest of the World - £nil *(2003 £3.5 million).*

The operating net assets of the geographical segments are stated after adding back goodwill written off to reserves prior to 1 April 1998 and goodwill amortised since that date. A reconciliation of operating net assets shown above to net assets in the consolidated balance sheet is shown below.

	2004	2003
	£m	£m
Operating net assets	**1,657.5**	1,790.8
Cumulative goodwill amortised and written off to reserves	**(295.9)**	(277.9)
Net borrowings	**(495.0)**	(663.5)
Dividends payable	**(46.8)**	(43.7)
Net assets	**819.8**	805.7

2. Basis of preparation of financial statements

The figures shown are based on the statutory accounts for the relevant years on which the auditors' reports were unqualified but do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The annual report and accounts for the current year have been prepared on the same basis as set out in the previous year's annual report and were approved by the Board of Directors on 19 May 2004 but have not yet been delivered to the Registrar of Companies. The results for the year ended 31 March 2003 and the balance sheet as at that date are an extract from the statutory accounts delivered to the Registrar of Companies.

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

3. Cost of sales and net operating expenses

	Continuing operations	
	2004	2003
	£m	£m
Cost of sales	**1,451.5**	1,296.8
Distribution costs	**316.2**	286.8
Administrative expenses	**208.5**	192.2
EC fine	**-**	89.2
Other operating income	**(7.8)**	(5.0)
Net operating expenses	**516.9**	563.2

Purfleet closure costs of £28.8 million *(2003 £nil)* were classified as follows: cost of sales - £28.5 million; distribution costs - £0.2 million; and administrative expenses - £0.1 million. The impairment charge recorded in 2003 of £43.9 million was classified as follows: cost of sales - £33.7 million; and administrative expenses - £10.2 million. Administrative expenses include goodwill amortisation of £18.0 million *(2003 £16.2 million)*

Operating profit is stated after charging:		
Auditors' remuneration		
Audit	**1.3**	1.2
Non-audit UK	**0.7**	0.8
Non-audit overseas	**0.5**	0.9
	2.5	2.9
Depreciation		
Owned assets	**109.5**	106.2
Leased assets	**0.5**	0.4
Capital grants transferred from deferred credits	**(1.4)**	(1.0)
	108.6	105.6
Operating exceptional – Purfleet asset write-downs	**15.5**	-
	124.1	105.6
Operating lease rentals		
Plant and machinery	**9.8**	6.2
Other	**6.5**	5.9
	16.3	12.1
Goodwill amortisation	**18.0**	16.2
Research and development expenditure	**5.4**	4.6
Restructuring - including asset write-downs of £2.6 million *(2003 £3.5 million)*	**20.2**	19.6
Impairment charges (see note 4)	**-**	43.9

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR TO 31 MARCH 2004

4. Exceptional items

	2004 £m	2003 £m
Operating exceptional items		
Purfleet closure costs	**(28.8)**	-
Impairment charge: Complementary products		
Plasters, gypsum fibreboard and insulation assets in Germany	**-**	(23.8)
Ceiling tile assets in the United States	**-**	(20.1)
	(28.8)	(43.9)
EC fine – BPB plc	**-**	(89.2)
	(28.8)	(133.1)
Share of associate's operating exceptional charge:		
EC fine	**-**	(1.3)
	(28.8)	(134.4)
Non-operating exceptional items		
Disposals of fixed assets	**4.0**	4.3
Sale and termination of operations	**0.3**	3.1
	4.3	7.4
	(24.5)	(127.0)

2004 exceptional items
The group closed the paperboard liner mill at Purfleet in the UK on 17 December 2003. An operating exceptional charge of £28.8 million associated with the closure consists of redundancy costs of £5.1 million, asset write-downs of £15.5 million, and other site closure costs totalling £8.2 million.

The gain on disposal of fixed assets arose predominantly from the sale of the investment in a small French plasters company, Toupret, and the gain on sale and termination of operations arose on disposal of non-core operations in Germany and the UK.

2003 exceptional items
Of the total prior year impairment charge of £43.9 million, £10.2 million was allocated to goodwill and £33.7 million allocated to tangible fixed assets.

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

4. Exceptional items (cont'd)

BPB's EC fine of €138.6 million (£89.2 million) represents the company's share of the fine levied in November 2002 by the European Commission on the major competitors in the European plasterboard industry for allegedly attempting to stabilise certain EU markets between 1992 and 1998. BPB has also equity accounted for its €2.0 million (£1.3 million) share of the fine levied on Gyproc Benelux, an associated company of the group at that time. BPB has publicly denied that any agreement of the type alleged existed, but paid the fine in full in March 2003 pending the outcome of the appeal lodged with the European Court of Justice one month earlier, which is not anticipated before Spring 2005. Gyproc Benelux also paid its fine of €4.3 million and lodged an appeal at about the same time, prior to BPB taking management control through increased equity participation.

In 2003, the gain on disposal of fixed assets arose predominantly from the sale of property in the United Kingdom, and most of the gain on sale and termination of operations was in respect of the disposal of a non-core business in Thailand.

The tax effect of exceptional items is disclosed in note 5.

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR TO 31 MARCH 2004

5. Tax on profit on ordinary activities

Analysis of tax charge in the year	**2004 £m**	2003 £m
UK corporation tax:		
Charge for the period	**48.6**	28.6
Under/(over) provision in prior years	**2.7**	(1.5)
	51.3	27.1
Double tax relief	**(29.8)**	(3.4)
	21.5	23.7
Overseas tax:		
Charge for the period	**44.2**	45.8
Overprovision in prior years	**(1.0)**	(7.7)
	43.2	38.1
Share of joint ventures' tax	**-**	0.4
Share of associates' tax	**0.3**	1.4
Total current tax	**65.0**	63.6
Origination and reversal of timing differences	**(5.8)**	(14.5)
Changes in tax rates and laws	**3.8**	-
Total deferred tax	**(2.0)**	(14.5)
Tax on profit on ordinary activities	**63.0**	49.1

Exceptional tax credit and tax effect of exceptional items
Included within the current tax charge for the year is a tax credit of £8.2 million arising from Purfleet closure costs of £28.8 million.

The tax effect of non-operating exceptional income of £4.3 million is a charge of £0.5 million *(2003 £1.2 million)*.

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

6. Earnings per share

The basic earnings per share figure is calculated on profit after tax and minority interests of £115.0 million *(2003 loss £4.7 million)* and on the weighted average of 490.9 million *(2003 490.1 million)* ordinary shares in issue during the year, after excluding the investment in the company's own shares.

The diluted earnings per share figure is based on the same profit/(loss) as the basic earnings per share figure and on the total diluted number of shares calculated as shown in the table below. The underlying earnings per share figure is based on profit/(loss) adjusted for goodwill amortisation and exceptional items and on the same weighted average number of shares used in the basic earnings per share calculation above. The directors consider that this measure provides an additional indicator of underlying performance of the group.

	2004	2003
	m	m
Basic weighted average number of shares	**490.9**	490.1
Dilutive potential ordinary shares arising from share options	**2.1**	-
Total	**493.0**	490.1

	2004	**2004 Effect on EPS**	2003	2003 Effect on EPS
	£m	**p**	£m	p
Profit/(loss) after tax and minority interests	**115.0**	**23.4**	(4.7)	(1.0)
Goodwill amortisation	**18.0**	**3.7**	16.2	3.3
Exceptional items:				
Purfleet closure costs	**28.8**	**5.9**	-	-
EC fines	**-**	**-**	90.5	18.5
Impairment charge	**-**	**-**	43.9	9.0
Disposals of fixed assets	**(4.0)**	**(0.8)**	(4.3)	(0.9)
Sale and termination of operations	**(0.3)**	**(0.1)**	(3.1)	(0.6)
Tax refund	**-**	**-**	(6.0)	(1.2)
Tax effect of exceptional items	**(7.7)**	**(1.6)**	(6.2)	(1.3)
Underlying earnings and EPS	**149.8**	**30.5**	126.3	25.8

The tax effect on goodwill amortisation is not material.

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR TO 31 MARCH 2004

7. Movements in shareholders' funds

	2004	2003
	£m	£m
At 1 April	**780.3**	831.1
Total recognised gains and losses for the year	**75.9**	14.5
Dividends	**(70.4)**	(66.5)
Movements relating to the QUEST	**-**	(6.0)
New shares issued	**9.8**	7.2
At 31 March	**795.6**	780.3

8. Net cash inflow from operating activities

		2004		2003
		£m		£m
Operating profit		**202.4**		71.2
Depreciation less transfers from deferred credits (before Purfleet asset write-downs)		**108.6**		105.6
Purfleet asset write-downs		**15.5**		-
Impairment charge		**-**		43.9
Goodwill amortisation		**18.0**		16.2
EBITDA		**344.5**		236.9
Changes in working capital:				
Stocks and work-in-progress	**4.2**		(12.5)	
Debtors	**(41.7)**		(25.4)	
Creditors and provisions	**43.5**		27.9	
		6.0		(10.0)
Net cash inflow from operating activities		**350.5**		226.9

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

9. Reconciliation of net cash flow to net borrowings

	2004	2003
	£m	£m
Increase/(decrease) in cash	**64.2**	(49.3)
Decrease/(increase) in borrowings	**52.6**	(215.0)
Management of liquid resources	**3.8**	(6.3)
Change in borrowings resulting from cash flows	**120.6**	(270.6)
Subsidiaries acquired	**-**	(20.0)
Subsidiaries sold	**-**	2.2
Currency adjustments	**47.9**	(4.0)
Movement in net borrowings	**168.5**	(292.4)
Net borrowings at 1 April	**(663.5)**	(371.1)
Net borrowings at 31 March	**(495.0)**	(663.5)

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

10. Changes in net borrowings

	At 1 April 2003 £m	Cash flow £m	Currency movement £m	**At 31 March 2004 £m**
Cash at bank and in hand	45.6	16.0	(3.0)	**58.6**
Overdrafts	(63.0)	48.2	0.1	**(14.7)**
	(17.4)	64.2	(2.9)	**43.9**
Loans and finance leases:				
Due within one year	(113.0)	104.2	(1.0)	**(9.8)**
Due after more than one year	(544.7)	(51.6)	54.4	**(541.9)**
	(657.7)	52.6	53.4	**(551.7)**
Short-term deposits	11.6	3.8	(2.6)	**12.8**
Net borrowings	(663.5)	120.6	47.9	**(495.0)**
Cash at bank and in hand	45.6			**58.6**
Short-term deposits	11.6			**12.8**
Cash and short-term deposits	57.2			**71.4**

11. Exchange rates

The principal exchange rates used to translate the results and balances of overseas subsidiaries are as follows:

	Average		At 31 March	
Rates to sterling	**2004**	2003	**2004**	2003
Euro	**1.44**	1.56	**1.50**	1.45
US dollar	**1.70**	1.54	**1.84**	1.58
Canadian dollar	**2.30**	2.39	**2.42**	2.33
South African rand	**12.01**	14.89	**11.58**	12.44

NOTES TO THE PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31 MARCH 2004

12. Shareholder information

The annual report and accounts will be posted to shareholders on 4 June 2004 and will be available to the public at the company's registered office (Park House, 15 Bath Road, Slough SL1 3UF) and at the office of the company's registrar, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.

If approved, the final dividend will be paid on 20 August 2004 to shareholders on the register on 23 July 2004.