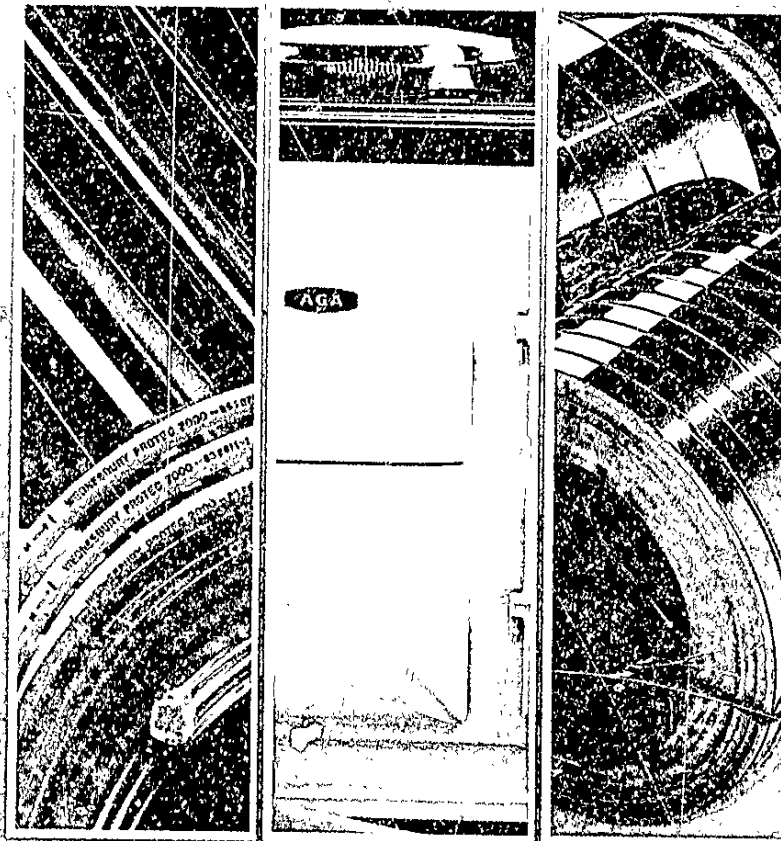
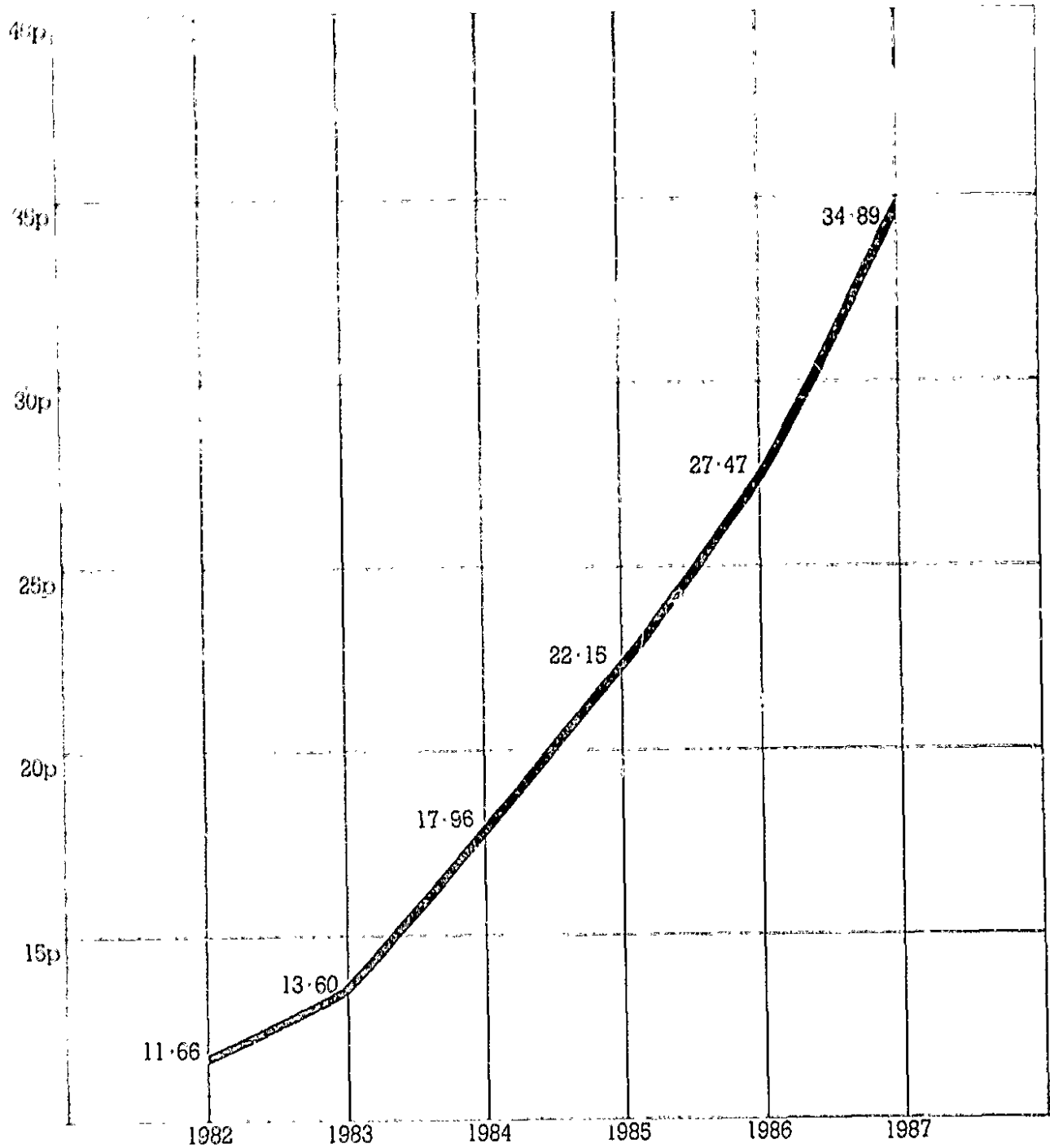




Glynwed International

ANNUAL REPORT AND ACCOUNTS 1987

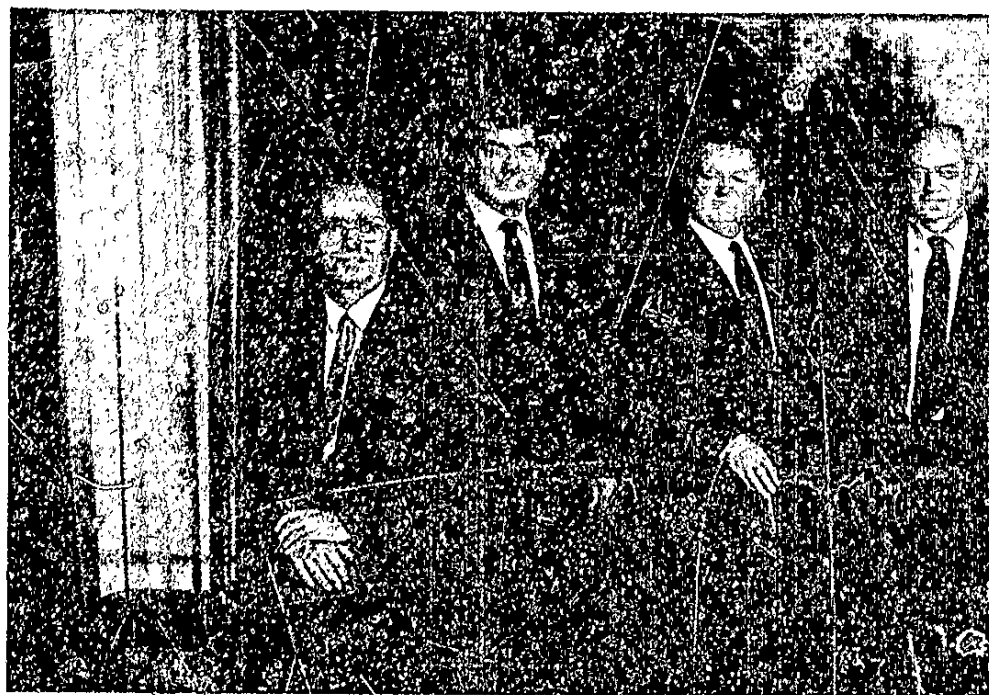




EARNINGS PER SHARE GROWTH

Glynwed's key financial objective





Gareth Davies, John D Eccles, John Biffen, Desmond Gripton

Gareth Davies FCA — Chairman and Chief Executive

Gareth Davies joined the Glynwed subsidiary, Steel Park, as accountant in January 1967. He became Group Computer Manager in 1968 and was appointed to the Glynwed board as Group Finance Director in 1969. He was subsequently appointed Deputy Chairman in 1978, Managing Director in 1981, Group Chief Executive in 1984, and Chairman and Chief Executive on 29th December 1989. Mr Davies is also a non executive director of Radan Property Trust plc, The BTS Group plc and Barclays Bank West Midlands Region Board.

***John D Eccles CBE — Deputy Chairman**

John Eccles (age 56) is General Manager of the Commonwealth Development Corporation and Chairman of Chamberlin and Hill plc. He has been Chairman of the Board of Trustees of the Royal Botanic Gardens, Kew since 1983.

***The Rt Hon John Biffen MP**

John Biffen (age 59) became a member of the House of Commons in December 1987. He is the Member of Parliament for St. Albans North in the last Government. He was Chief Secretary to the Treasury Secretary of State for Finance, President of the Council, Lord Privy Seal and leader of the House of Commons.

Desmond Gripton

Desmond Gripton (age 59), Chief Executive of Steel & Enamelled Division, joined the Group in 1970, becoming a director of Glynwed Steels Ltd in 1972 and Managing Director of Hot Rolled and Bright Bar Sub Division in 1983. Mr Gripton was appointed Chief Executive of Glynwed Steels Ltd in 1985 and he was appointed to the board of Glynwed International plc in January 1987.

ADVISERS

Auditors

Coopers & Lybrand
Chartered Accountants, Birmingham

Bankers

Barclays Bank plc
Lloyds Bank plc
Midland Bank plc
National Westminster Bank plc
J. Henry Schroder Warr & Co. Limited
Standard Chartered Bank plc



David L. Milne CA Finance Director

Sir Eric Pountain DL

Derrick W. Richardson

Terence O'Neill

John C. Blakeley MA Company Secretary

Registrars

Head Office and
Registered Office



"increases in performance once again exceeded our self imposed targets"

1987 was yet another record year for Glynwed with a significant further improvement in our performance:

- Record Sales up 16.1% to £556.2 million
- Record Pre Tax Profit up 31% to £60.4 million
- Record Earnings per Share up 27% to 34.89p
- Record Return on Capital up 13% to 41.9%

These impressive increases in performance once again exceeded our self imposed targets and follow a previously established five year record of consistent growth in all the key operational and financial ratios of the group. Our shareholders will participate in this success through the board's recommendation for a

- Record Dividend up 20% to 12.12p per share

Over the past five years the group's pre-tax profits have grown nearly four and a half times. Earnings per share have trebled over the same period, which is more than double the average increase for companies in the FT All Share index.

These excellent results are a great credit to the skill and commitment of our management and workforce at all levels, and on behalf of our shareholders and my fellow directors I would thank them all for their dedication and effort during the year that has passed.

The Glynwed style of management has undoubtedly played a major part in the continuous improvement in our drive for growth in profits and quality of expenditure. All our members are involved in the development of the group's strategy and are therefore committed to the implementation and achievement of our agreed objectives. The limited remuneration and incentives performance is an essential ingredient of our growth culture. It does not need to be developed by management alone, but by the whole team working together.

past two years and we are confident of the future of our group.

Group Operations

The review by our Directors and Chief Executive cover the principal operational activities of the year from which you will see that the divisions formed at the beginning of 1987 have all produced substantial increases in profit, most of which was generated through the continuing growth of our continuing businesses.

Our strategy of developing the group into a business in product related areas, whilst concentrating on low cost, flexible production and vertical integration of operations, has now shown the expected benefits in profit to the shareholders of our group.

Over half of the group's output is supplied to the construction, infrastructure, home improvement and consumer product markets, all of which were our own during 1987 and promise still further growth.

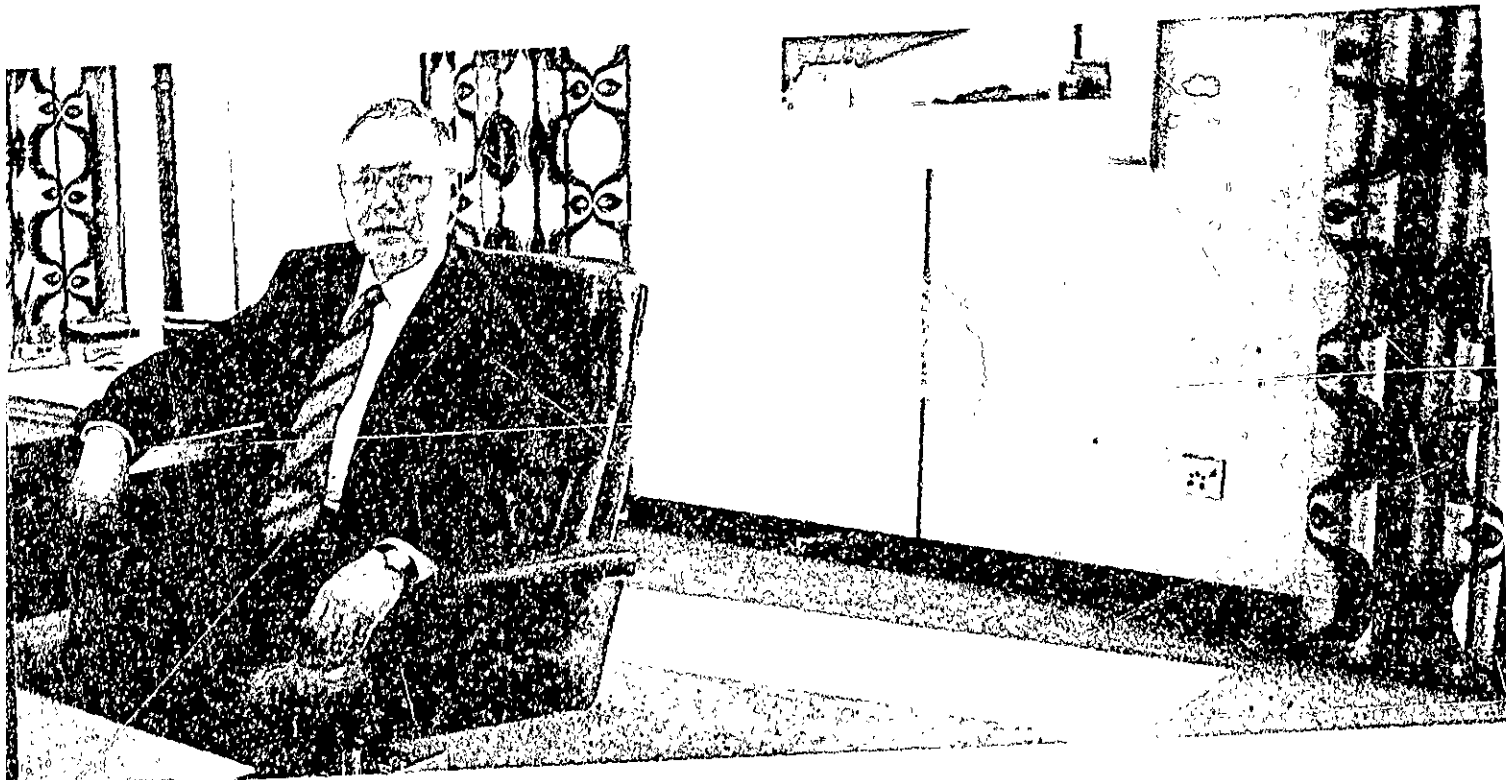
The UK construction of steel has also shown steadily since 1984. The rate of increase accelerated very rapidly in the second half of 1987, thus benefiting our Steel Division's performance.

Our overseas operations had mixed fortunes. The plastics businesses in Australia, USA and continental Europe produced excellent results whilst our residual South African interest had a difficult year's trading aggravated by a drastic reduction in its domestic market.

Acquisitions and Divestments

We have made further moves to strengthen our main business sectors. All divestments are encouraged to develop their own strategies and objectives and to bring forward acquisitions for consideration by the main board.

During 1987 the Tubes & Pipes Division was very active and completed acquisitions of each of its six divisions.



The Board of Directors has approved a dividend of 10p per share for the year ended 31 March 2014. This dividend will be paid on 15 May 2014 to shareholders who are registered in the company's register of members as at 15 April 2014.

Dividend and Scrip Issue

The Board has also approved a scrip issue of up to 10% of the company's issued share capital. This will allow shareholders to elect to receive new shares in lieu of cash dividends. The scrip issue will be available to shareholders from 15 May 2014.

The Board has also approved a share buyback programme of up to 10% of the company's issued share capital. This will allow the company to repurchase its own shares from 15 May 2014.

The Board has also approved a share cancellation programme of up to 10% of the company's issued share capital. This will allow the company to cancel its own shares from 15 May 2014.

Outlook

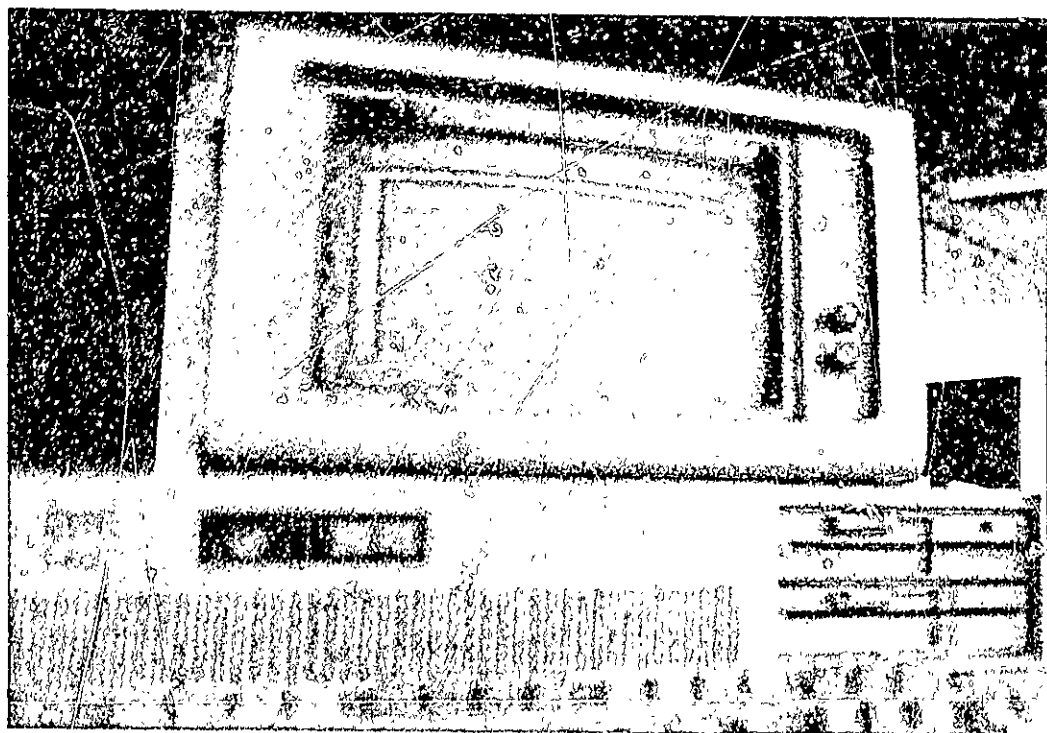
The Board expects the company's performance to remain strong in the coming year, with continued growth in sales and profits. The Board also expects to continue to invest in the company's future growth.

The Board also expects to continue to pay a dividend of 10p per share for the year ended 31 March 2015.

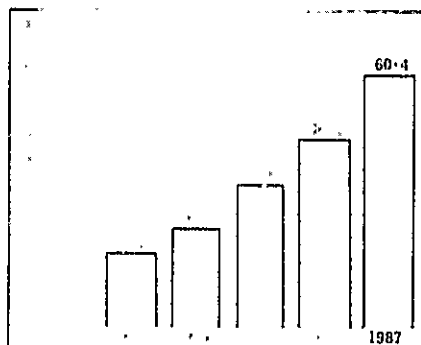
Board

Gareth Davies

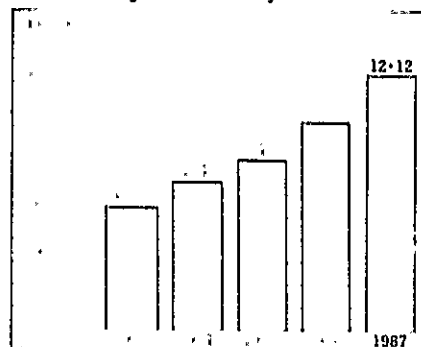
Gareth Davies
Chairman
15 May 2014



Profit before tax



Dividend per ordinary share



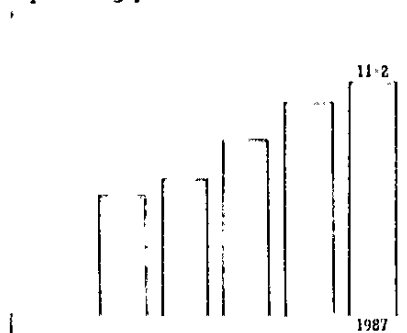
***"a year of records
for all our key
financial ratios"***

Growth in earnings per share has accelerated by 27.0% to 34.89 pence per share. Profit before tax has increased by 31.0%. Turnover is up by 16.1% and the margin on sales has increased to a record 11.2%. Return on capital has increased to a record 41.9% and a 20% increase in the dividend puts it at a new record level of 12.12 pence per share. The debt/equity ratio is at its lowest ever at 3.5% with a net debt at £5 million.

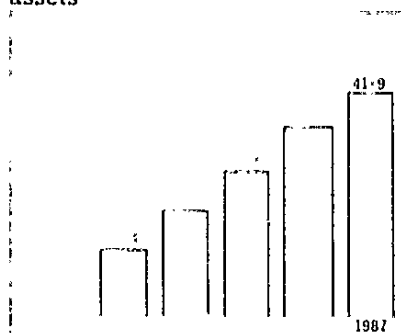
	1987 £million	1986 £million
Turnover	556.2	478.9
Operating profit	62.5	48.8
Interest payable	2.1	2.7
Profit before taxation	60.4	46.1
Earnings for the period	39.1	29.9
Ordinary dividends	13.8	11.3
Profit retained	23.4	14.8
Net operating assets	149.0	138.8
Capital expenditure	14.0	14.7
Depreciation	11.2	9.9
Earnings per ordinary share	34.89p	27.47p
Dividends per ordinary share	12.12p	10.10p



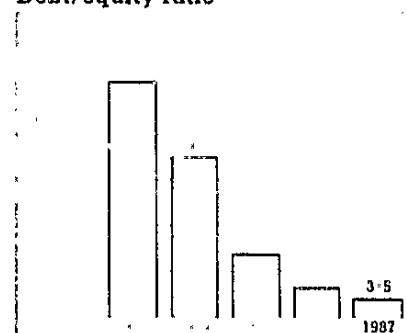
Operating profit to turnover



Operating profit to net operating assets



Debt/equity ratio



Turnover

	1987 £million	1986 £million	1985 £million	1984 £million	1983 £million
UK and Europe	517.2	443.4	428.8	392.7	354.7
USA, South Africa and Australia	39.0	35.5	35.3	121.4	132.5
Group total	556.2	478.9	464.1	514.1	487.2

Operating profit

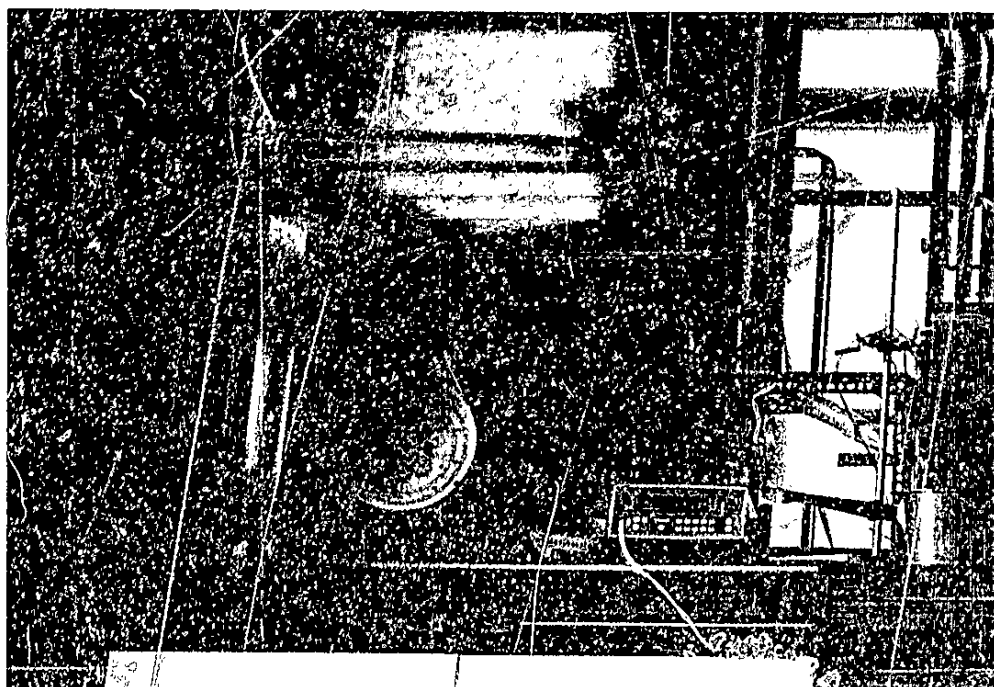
UK and Europe	59.7	47.0	38.7	30.7	24.6
USA, South Africa and Australia	2.8	1.8	0.9	2.9	5.0
Group total	62.5	48.8	39.6	33.6	29.6

Operating profit to turnover

	%	%	%	%	%
UK and Europe	11.5	10.6	9.0	8.3	6.9
USA, South Africa and Australia	7.2	5.1	2.5	2.4	3.8
Group total	11.2	10.2	8.5	6.9	6.1

Operating profit to net operating assets

UK and Europe	43.9	39.0	31.9	24.5	19.0
USA, South Africa and Australia	21.5	9.9	5.2	10.2	8.0
Group total	41.9	35.2	28.6	23.0	15.4



"a large and diverse market and sales remain buoyant"

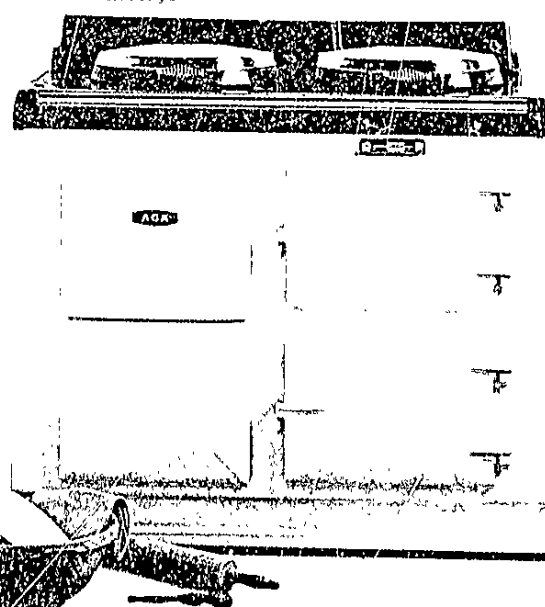
	1987 £million	1986 £million
Turnover	138.2	115.8
Operating profit	19.0	13.9

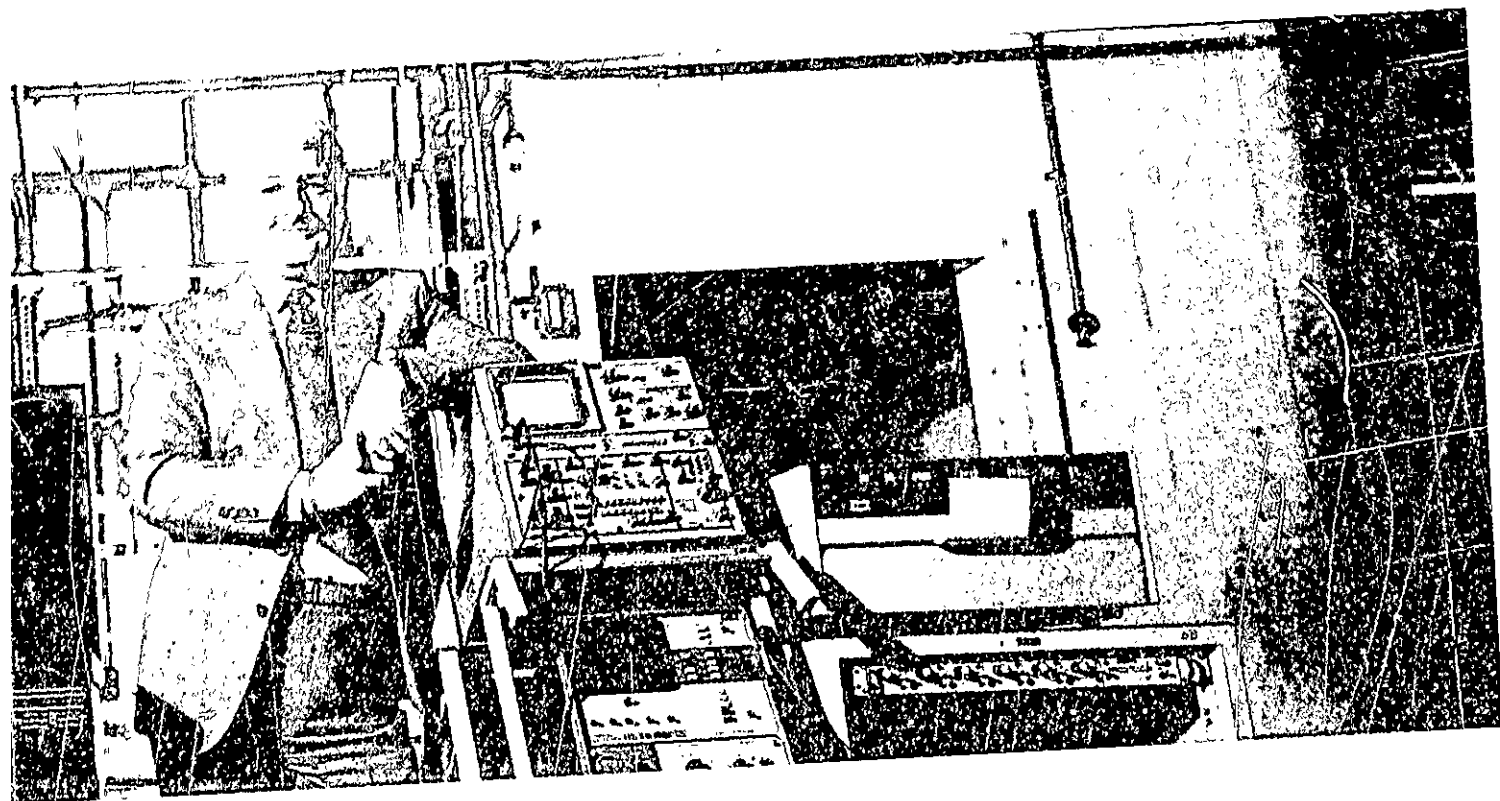
The market for consumer durables is a very large and diverse one taking in, amongst other categories, kitchen appliances, home entertainment products and leisure activity equipment. During 1987 sales in the sector remained buoyant although kitchen equipment was not particularly active and cooker sales were actually lower than the levels achieved in the previous year.

Consumer Products

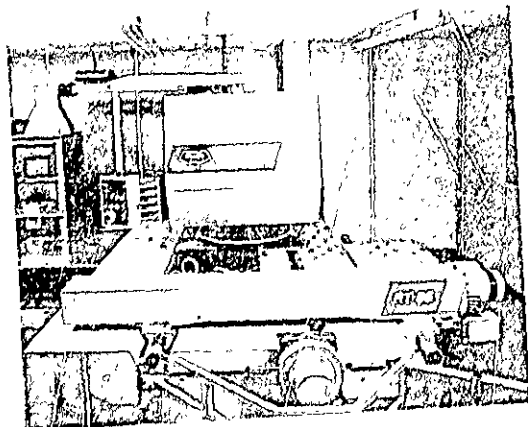
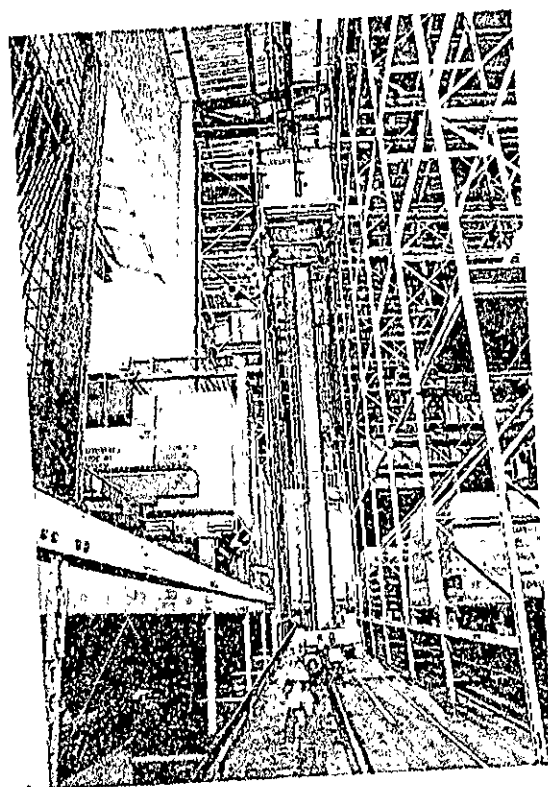
Aga-Rayburn, experiencing good demand for both Aga and Rayburn cookers, had another excellent year, and although solid fuel heating product sales have seriously contracted in recent years sales of Rayburn and, particularly, Coalbrookdale

Electric Aga





Harold W.

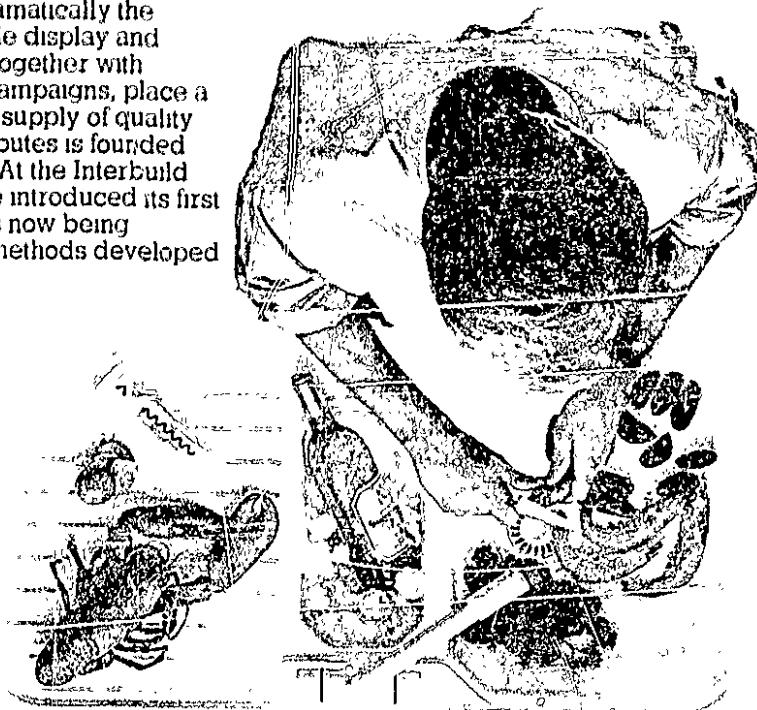


OPERATIONAL REVIEW

Consumer & Building Products

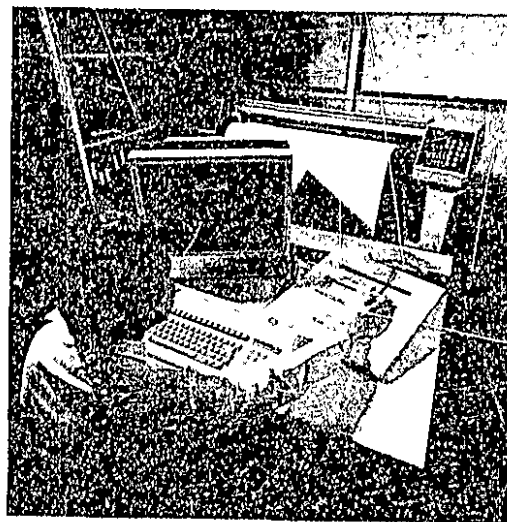
Leisure, selling sinks into the same market sector as Flavel, experienced similar difficult conditions which were overcome by having excellent products, a dependable manufacturing base, and good commercial relationships with our customers. Our national retailing partners continue to improve dramatically the standards of point of sale display and merchandising which, together with extensive advertising campaigns, place a premium on security of supply of quality products; on these attributes is founded the success of Leisure. At the Interbuild trade exhibition Leisure introduced its first non-metal sink, which is now being produced embodying methods developed

Figure 1. A sink made from VELSTRA



in our own research and development centre and using a mineral-filled epoxy resin specially formulated by Ciba-Geigy Limited. Trade response has been encouraging, and the new material, brand-named "VELSTRA", should provide further growth opportunities.

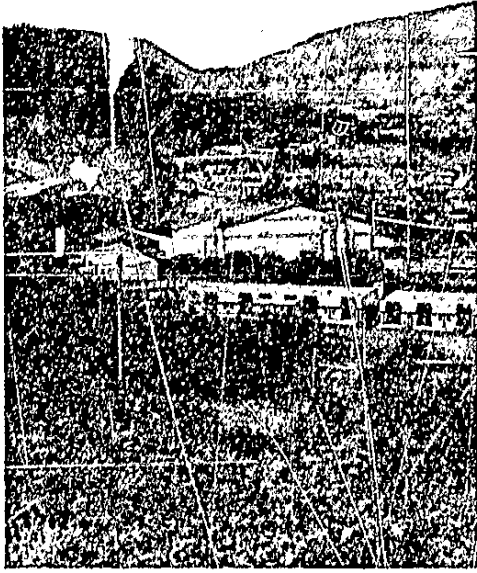
Falcon Catering Equipment from time to time experiences peaks and troughs in demand which are difficult to explain. 1987 was such a year during which, at mid-term, demand was disappointing although no one particular market sector, such as hospitals, hotels, prisons and the restaurant trade, appeared to be under-performing. However, from mid-year onwards demand increased very markedly and once again Falcon produced an excellent profit, with their new products, convection ovens and regeneration ovens, playing an important part in the achievement.



Computer aided design system in use at the division's research and development centre

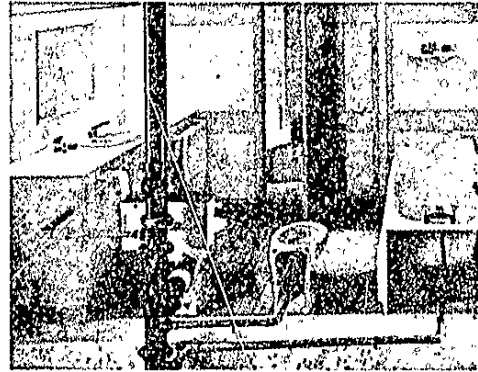
Building Products

In the building products sector weather plays an important part and early in the year the south-east was seriously affected by the snows which delayed the installation of drainage systems. The storms later in the year, also in the south of England, caused further disruption to the business.



Glynwed Foundries operates from five sites and despite the weather conditions produced quite excellent results, fully justifying the high hopes expressed last year for the combined operation following the absorption of Brickhouse Dudley's manufacturing capacity. In overseas markets we continued to seek and to find business and it was from continental Europe that the most encouraging business was achieved. Product development continues, as does plant enhancement, and in the pursuit of our "good neighbour" policy over half a million pounds was spent during the year on pollution control.

Drainage Systems was the name chosen for the combined distribution companies of Glynwed and Brickhouse Dudley and 1987 was its first full trading year. As the major distributor for Glynwed Foundries, the unit more than fulfilled expectations and it speaks well of its ability that it achieved its financial goals despite the serious disruptions caused by the weather.



Top
The foundry at Risca with its high energy venturi scrubber to control and cleanse smoke emissions.

Bottom left
Fabricated steel access cover installed on the London underground system

Bottom Right
Hotel bathroom installation viewed from services duct showing Timesaver pipes and fittings.



Des Gipton, Chief Executive

"the benefits of vertical integration are reflected in the results"

	1987 £million	1986 £million
Turnover	217.8	212.9
Operating profit	17.3	15.5

The year has been one of change and challenge. The division has been enlarged by merging the former Steels and Engineering divisions and the overseas engineering companies. Results include the first full year's trading of Firth Cleveland Steel Strip and Barlow Bright Steels, whilst two businesses, J Burns and MBS Distribution, were sold. The benefits of the vertical integration achieved in the former Steels division units are reflected in the results.

Hot Rolling

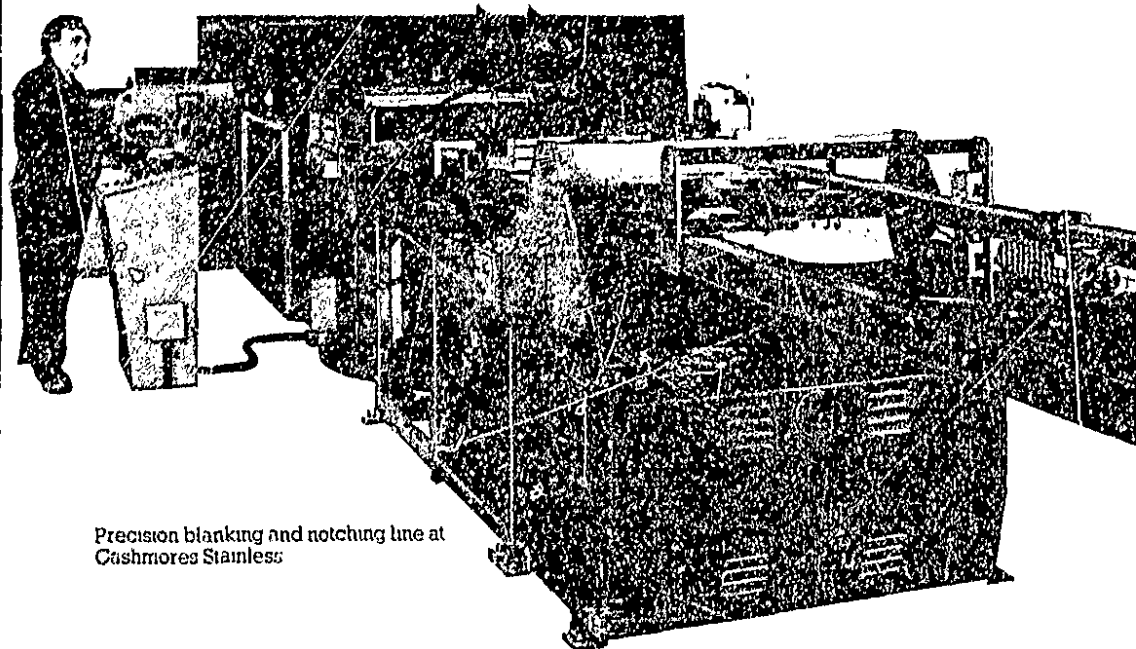
The hot rolling units have significantly increased volume throughout the year and although the upsurge in demand caused shortages in some areas there has been a satisfactory increase in profits. Demand at *Ductile Hot Mill* was such that double shift working had to be introduced. *George Cadd & Co* is a major supplier to the division's bright drawers and there has been particular development in alloy steels. *Dudley Port Rolling Mills* concentrates on flats and special sections, with extensive exports, and continually increases its product range. After a poor year in 1986, *Joseph Gillott & Sons* is now realising its potential, with improvements in quality and range of products combining to produce increases in sales and profits. *W. Wesson* had a quiet start to the year but both the home market and exports to the USA improved and the unit finished the year very strongly.

Bright Drawing

Units in the bright drawing and stockholding sectors have felt the benefit of vertical integration resulting in substantial improvements in sales and profits. In common with other areas of the division business was weak at the start of the year but there was an improvement throughout the year and consequently the units were hard pressed to meet demand.

Cold Rolling

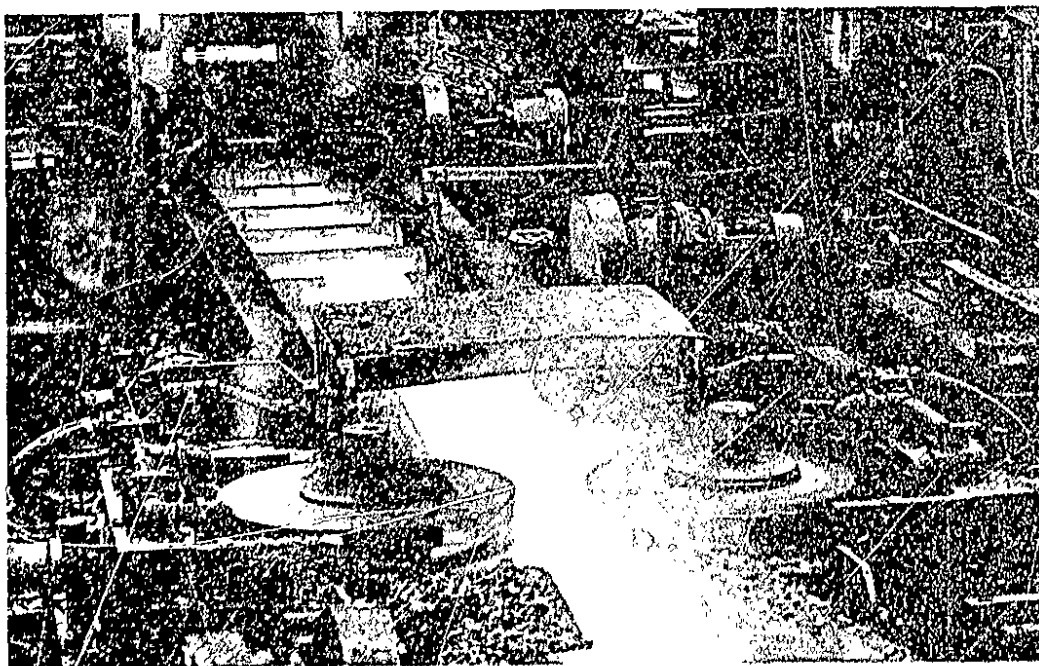
This sector included the first full year's trading of *Firth Cleveland Steel Strip* which produced excellent profits from its UK and USA activities. The other units produced sales and profits in excess of last year in spite of production and trading problems.



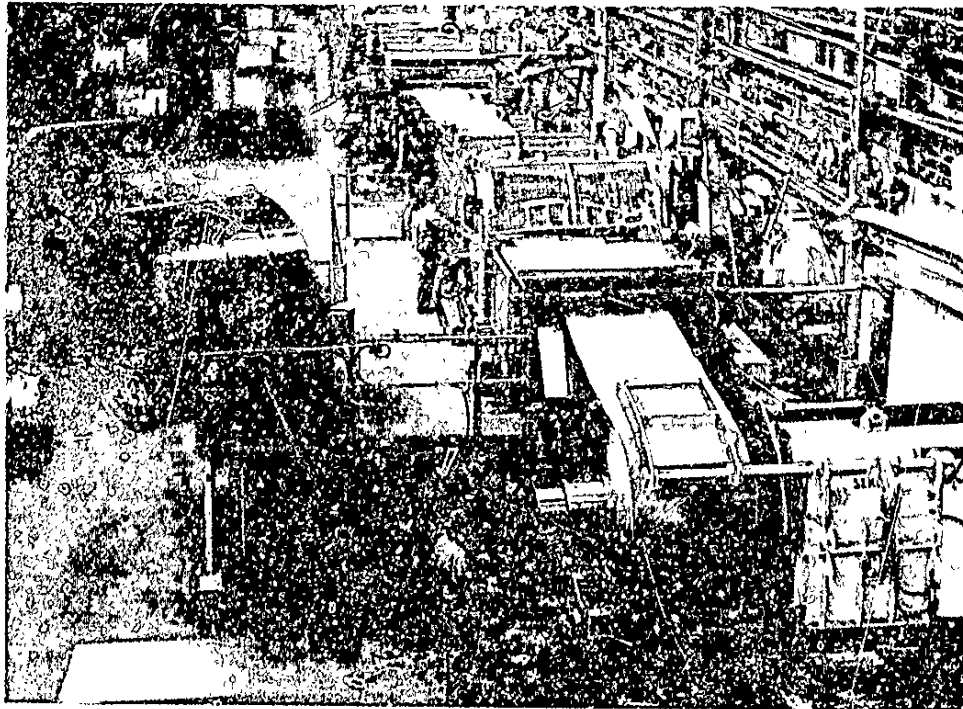
Precision blanking and notching line at Cashmores Stainless

Steel Parts showed a recovery from the previous year and was able to produce good profits. *Barlow Bright Steels* has completed its first full year in the group and there have been major changes to its pattern of sales and its customer base. *Longmore Brothers* has experienced steadily increased demand for its products during the year and is having to increase its production capacity. *Macreadys* increased its market share in its main bright and black product areas and profits increased accordingly.

Ductile Cold Mill suffered from production problems early in the year but these were overcome and trading ended on a strong note. *Ductile Sections* had a very good year and benefited from continuous development of its product range. The capital investment in new plant at *Ductile Steel Processors* helped the unit to achieve high output and profits in the latter half of the year. *Stourbridge Rolling Mills* saw further improvement with profits substantially higher than last year's.



Edging unit for hot rolled flats at Ductile Hot Mill.

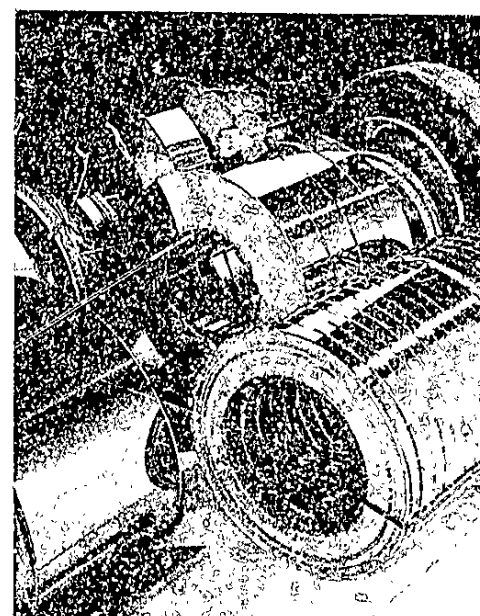
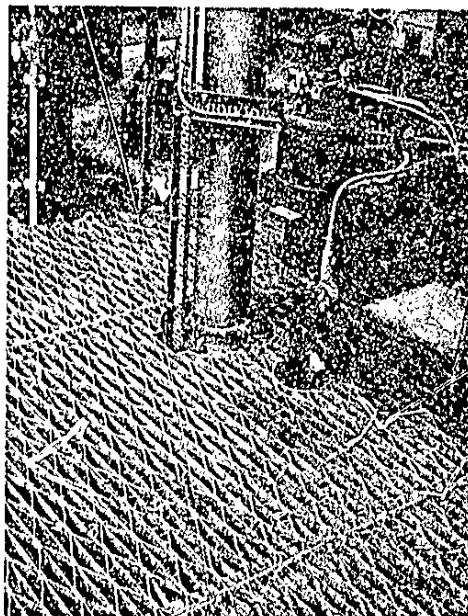


Cashmores Scrap is a small unit but in addition to its normal trading it provides a useful outlet for scrap which is an unavoidable by product of the division. *Cashmores Stainless* continued with its strategy of developing added value processing facilities and improved on last year's good results.

Engineering

Units in this sub-division encountered mixed fortunes during the year. Those with a particular niche in the market place did well, but there were mediocre performances elsewhere.

Steelway-Fensecure met severe competition in the UK market and exports were lower than expected. *Ansell Jones* performed well, particularly in the fishing



...for the scrap metal for the steel

...of the steel and the steel

...the steel and the steel

...the steel and the steel

industry, with its special marine tackle and also improved its exports. There were excellent results from **Paul Fabrications Limited** where the cryogenics department is showing steady growth. **Cooper & Turner** had a poor year although there was some improvement in the order book at the year end.

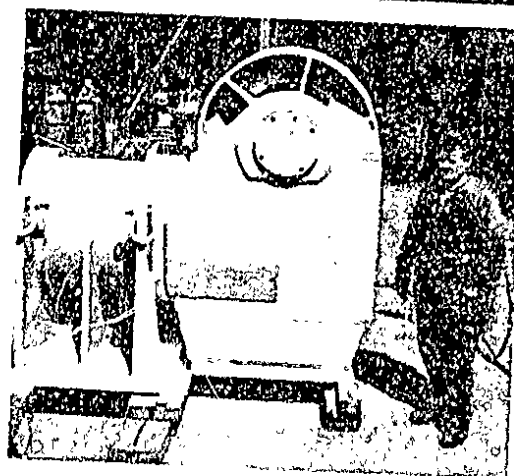
Tower Manufacturing, as forecast in last year's report, experienced substantial growth in trading and produced very good results.

In France, **La Dauphinoise** is now established on a new site and there has been an encouraging improvement in results. By contrast, both units in the USA, **Automation Service Equipment Inc** and **Pandjiris Inc** found trading in their markets very difficult and they did little better than break even.

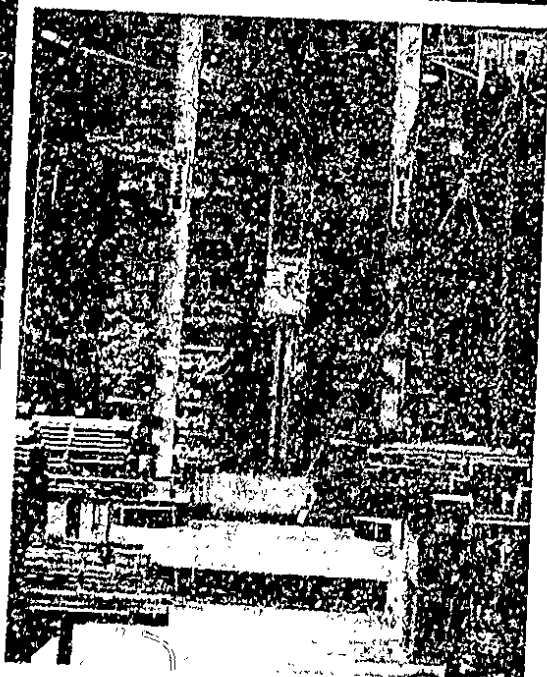


Right
Coil annealing at Scunthorpe Rolling Mills

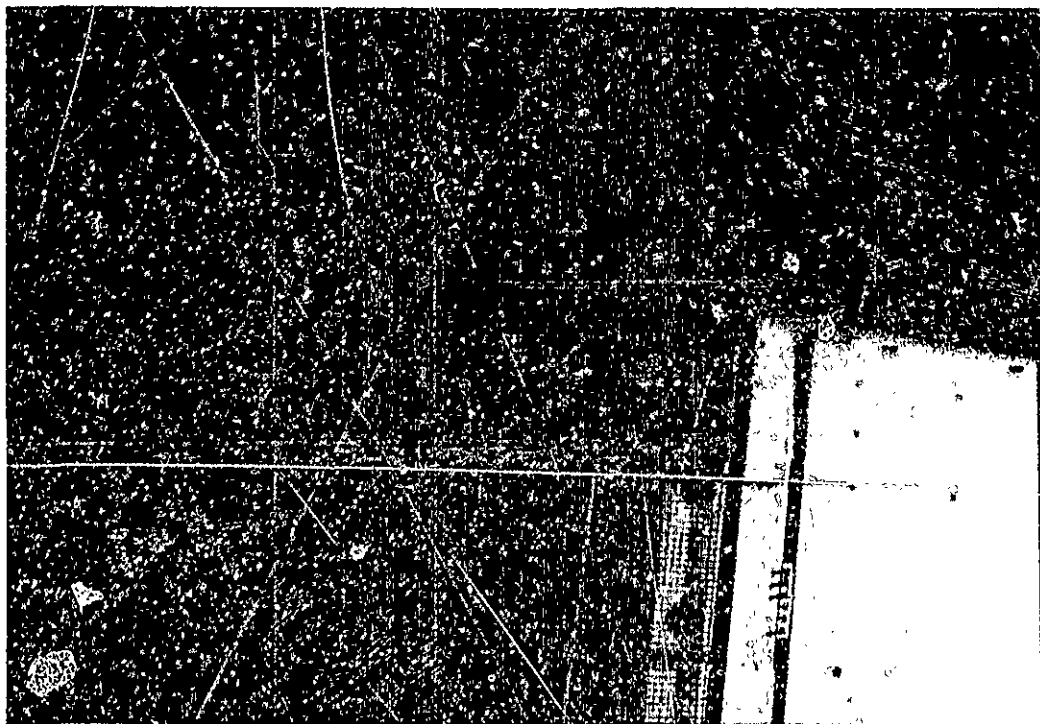
Below
Finishing mill for production of special steel strip at
Firth Cleveland Steel Strip



Above
550 tonne swivel fairlead made by Ansell Jones ready
for shipment to a dockyard in Italy



Left
High level cantilever stacking system at Macreadys



**"organic growth and
acquisitions led to a sales
increase of 34%"**

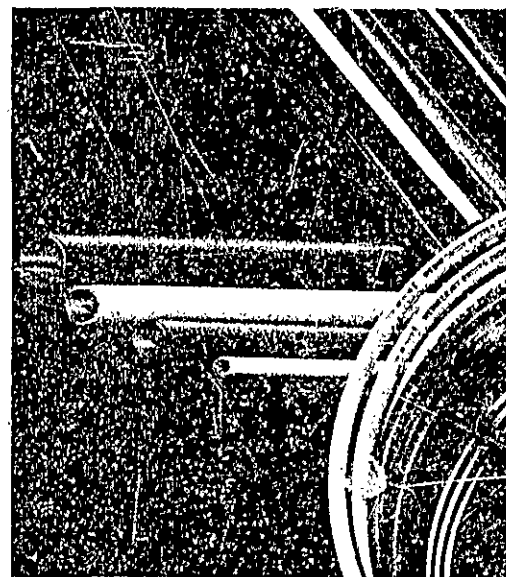
	1987 £million	1986 £million
Turnover	188.8	140.6
Operating profit	23.1	16.7

The year began with a major group reorganisation which brought all the group's overseas plastics operations into the division. Several significant acquisitions were made during the middle and latter part of 1987 which expanded both product range and capacity in all areas. This, coupled with organic growth, led to a sales increase of 34%.

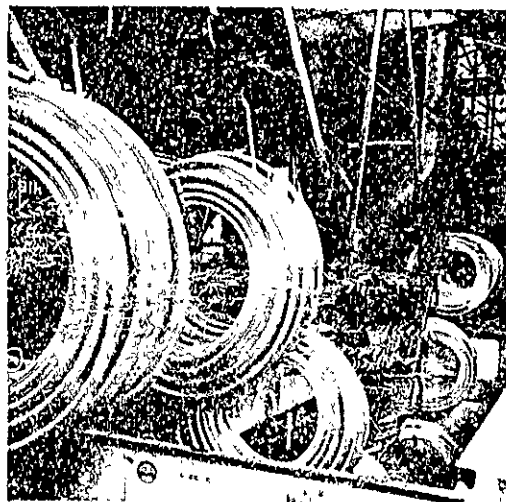
Copper

The UK and world wide markets for copper plumbing tube continued to be strong, showing yet further growth during the year. The demand for higher added value engineering tube was also encouraging, with *Wednesbury Tube* enjoying increased market penetration.

J Baguley & Sons Limited was bought during the last quarter of the year and is the second largest manufacturer of copper hot water cylinders in the UK will further enhance our position in the important construction materials market.



Also
Welded and painted
pipes and fittings



1250-37700

Steel Tube

Steel Tube The *Steel Tube* and *Monmore Tubes* were the first to be produced in the UK. The first, named *Wooden*, which was produced in the UK, was the first to be produced in the UK.

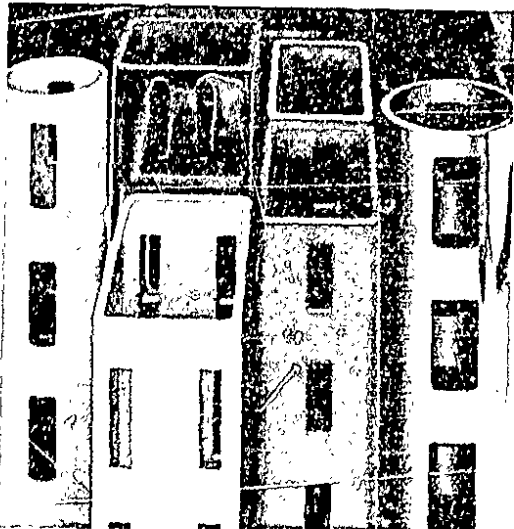
Newman-Tipper Tubes The *Newman-Tipper Tubes* were the first to be produced in the UK. The first, named *Wooden*, which was produced in the UK, was the first to be produced in the UK.

Wask Engineering The *Wask Engineering* was the first to be produced in the UK. The first, named *Wooden*, which was produced in the UK, was the first to be produced in the UK.

Tipper Fittings The *Tipper Fittings* were the first to be produced in the UK. The first, named *Wooden*, which was produced in the UK, was the first to be produced in the UK.

Glynwed Tubestock The *Glynwed Tubestock* were the first to be produced in the UK. The first, named *Wooden*, which was produced in the UK, was the first to be produced in the UK.

1974-75
1976-77
1978-79



Plastics

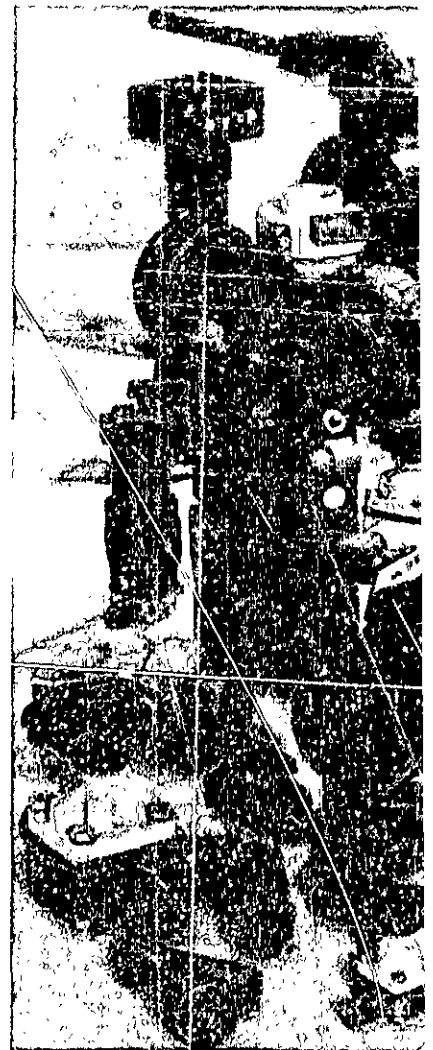
Early in the year, a new sub-division, Glynwed Plastics International, was created to bring together the direction and strategic development of our world wide interests in plastics manufacturing and specialist distribution. In June *FIP Formatura Iniezione Polimeri SpA* of Genoa, Italy, was purchased, providing a major extension of both our competitive position and our product ranges, particularly in Europe. FIP also contains established distribution companies in the UK and Germany. In August a successful bid was made for the specialist plastics distributor and fabricator, *Plastic Constructions plc*, whilst in September, Certex Limited, our small window profiler, was sold to its management.

Durapipe saw continued strong volume and profit growth to a record level. Sales of new products, such as the Durafuse electrofusion system, grew steadily with strong demand from the European gas and water industries.

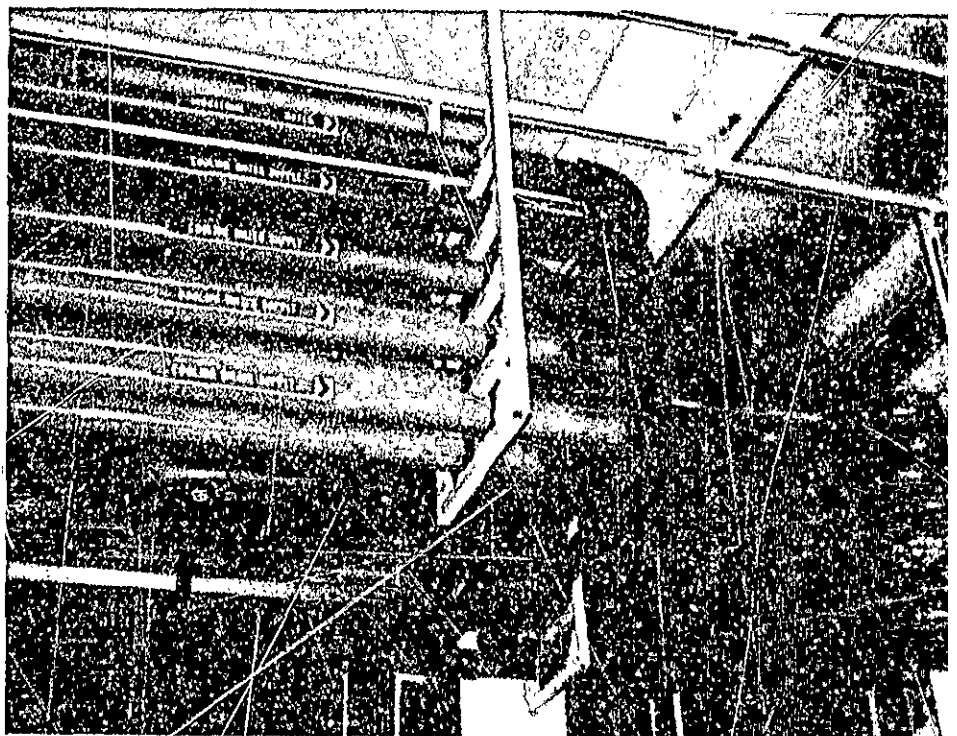
Vulcathene and *Townsend Rubber Products* both had good years. Steady performance in the traditional areas of chemical waste drainage products, custom moulding and vacuum forming was added to by exceptional growth in Vulcathene's Gascoil electrofusion products and in rubber products made by new techniques introduced in 1986.

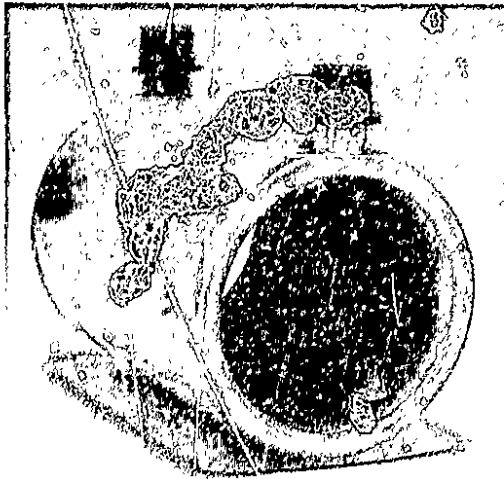
Capper Plastics experienced a period of slacker demand at the end of 1986, and early 1987 saw some re-organisation of the branch outlets. The resulting ten branches then came back strongly in the second half of the year in what is becoming an increasingly competitive area.

Below:
Actuated and manual valves and accessories
Durapipe distributed by Capper Plastics and
Construction plc

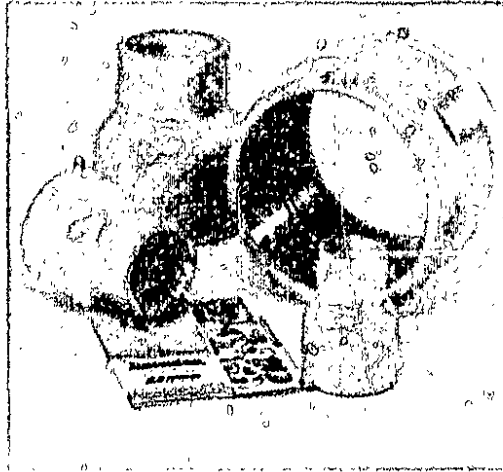


Below:
Durapipe ABS system in a sewage treatment plant





Above
Gaseco electrofusion coupler from Vulcatheno



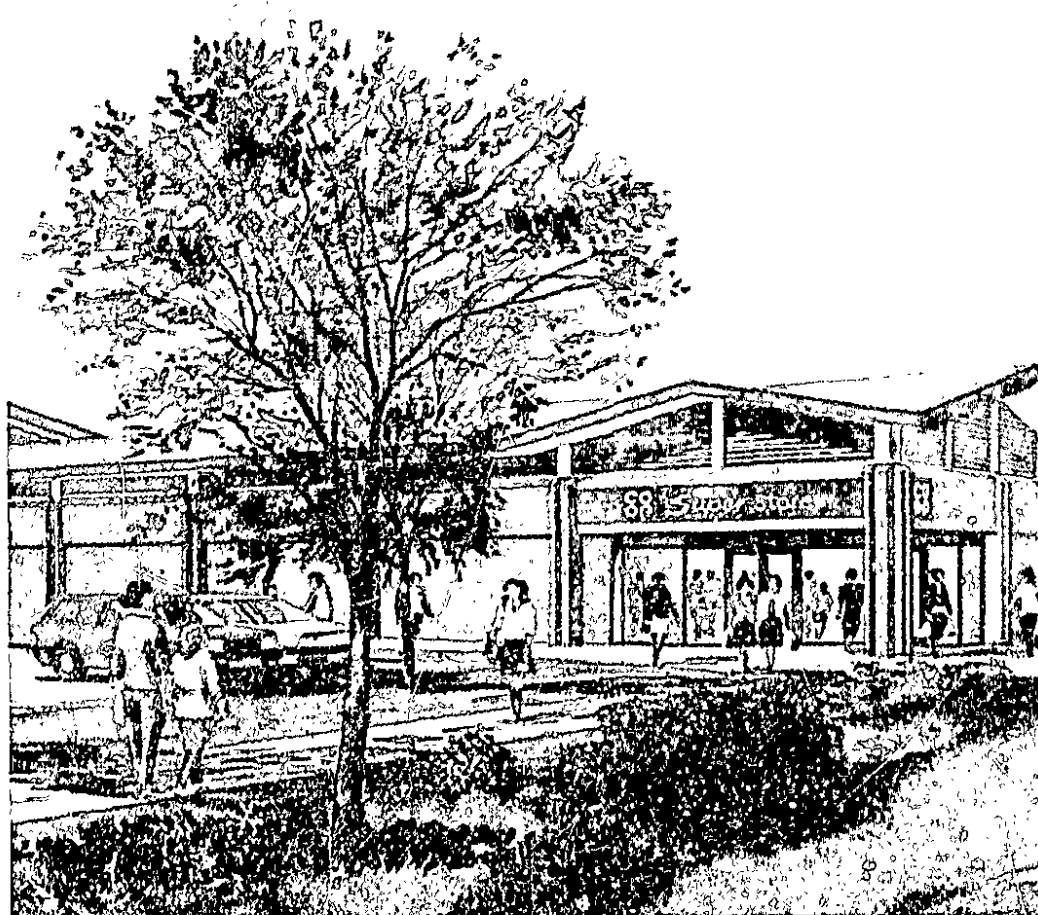
Above
"Durafuse" electrofusion components for water distribution from Durapipe

In the USA, **Enfield Industrial Corp.**, our specialist distributor both of some of the division's own plastic products and of other ranges specially factored, had another good year, with continued gains in market share. **Slocumb Plastic Pipe and Products Inc** made further significant volume gains and although the market remained highly competitive the company achieved a substantial improvement in operating results over the previous year. **Plastimatic Inc** also showed considerable improvement in operating results although it remained a difficult year for the company in the manufacturing and technical areas.

In Australia, **Philmac Pty Limited**, went from strength to strength. Water handling and distribution products were in strong demand throughout Australia and in the UK, and the company fully exploited this with volume growth of over 20%. Further new products were introduced, and a new distribution company in Canada is beginning to pick up sales momentum following key approvals by the Canadian Standards Authority.

Below
Pipe fittings manufactured in Australia by Philmac.





Artist's impression of the retail superstore now under construction and due to open in summer 1988

With an upturn in the industrial property market *Glynwed Properties Limited* had a very successful year enabling it to obtain a satisfactory level of rental income from group companies and external tenants, especially on the two trading estates in the West Midlands which were fully let. Surplus properties were either profitably sold or re-let at advantageous rents.

The former foundry site at Kirkintilloch near Glasgow is currently being redeveloped by *Glynwed Property Developments Limited*. The company successfully achieved a change of use planning permission from industrial to

retail and residential use for the redevelopment of the site, and a contract for the sale and construction of a retail food superstore was entered into with the Co-operative Wholesale Society. The residential acreage has been sold to the local authority and a small amount of land has been retained for further development.

	1987 £million	1986 £million
Turnover	2.0	0.4
Operating profit	6.5	5.7

South Africa

In the last review reference was made to the impact of the political situation on the national economy, and on the house building industry in particular. That situation has not improved and as a result *Falkirk Industries (Pty) Limited* suffered a loss for the second year in succession. Action has been taken to reduce productive capacity in selected areas which should result in substantial savings.

	1987 £million	1986 £million
Turnover	5.8	5.1
Operating loss	(1.0)	(1.0)

Foundry operation at Falkirk Industries



REPORT OF THE DIRECTORS

The directors of Glynwed International plc present their annual report, together with the accounts of the company, for the 52 weeks ended 26th December 1987. These will be submitted to members at the annual general meeting to be held at Headland House, New Coventry Road, Sheldon, Birmingham, at 12 noon on Monday, 23rd May 1988.

Activities and business review

Glynwed International plc is the group holding company and its principal activities of its subsidiaries are shown on pages 40 and 41.

A review of the activities and prospects of the group and of the principal subsidiaries is given on pages 4 to 20.

Dividends and reserves

The earnings for the period after taxation, minority interests and preference dividends were £39.1 million (1986 £29.9 million). Extraordinary items amounted to £1.9 million (1986 £3.8 million), leaving £37.2 million (1986 £26.1 million) available to the ordinary shareholders. An interim dividend of 4.32p per share was paid on 16th December 1987. The directors recommend a final dividend of 7.80p per share payable on 7th July 1988 making a total for the period of 12.12p per share (1986 10.10p per share).

After ordinary dividends of £13.8 million (1986 £11.3 million), the profit retained of £23.4 million (1986 £14.8 million) remains to be added to reserves.

Capital of the company

Allotments of ordinary shares of 25p each of the company were made during 1987 as indicated in note 23 on page 39.

At an extraordinary general meeting of the company to be held immediately after the annual general meeting on 23rd May 1988 resolutions will be proposed to authorise a capitalisation issue of new ordinary shares of 25p each, to increase the authorised share capital of the company, and to grant to the board, until the next following annual general meeting, authority and power to allot new securities under sections 80 and 95 of the Companies Act 1985. Further details relating to the resolutions are contained in the letter to shareholders and the notice of extraordinary general meeting which accompany this report.

Shareholders

At 26th December 1987, ordinary shareholders totalled 14,342 (1986—13,131). Their holdings are analysed below

Number of shares	% of shareholders	% of shares in issue
1—5,000	92.45	11.65
5,001—50,000	5.19	9.91
50,001—250,000	1.64	23.62
Over 250,000	0.72	54.82
	<u>100.00</u>	<u>100.00</u>

Notification has been received from Britannic Assurance Public Limited Company that it is interested in 6,196,920 ordinary shares (being 5.43% of the issued ordinary capital) of the company.



REPORT OF THE DIRECTORS

Directors

The members of your board at the date of this report are shown on pages 2 and 3

In accordance with the Articles of Association Mr G Davies and Mr JD Eccles retire by rotation and, being eligible, offer themselves for re-election. Mr WJ Biffen, having been appointed a director by the board on 4th November 1987, retires and, being eligible, offers himself for election

Mr Davies has a service contract with the company which expires on 13th February 1991. Neither Mr Eccles nor Mr Biffen has a service contract.

Directors' interests

The share interests of the directors of the company according to the register kept under section 325 of the Companies Act 1985 were in the following quantities of ordinary shares of 25p each on the dates shown and were all beneficial

	26th December 1987			28th December 1986*		
		Options under the Senior Executive Share Option Scheme			Options under the Senior Executive Share Option Scheme	
	Shares	at 300.8pps	at 396pps	Shares	at 120pps	at 300.8pps
G Davies	100,000	37,500	25,000	1,562	187,500	37,500
DL Milne	63,750	25,000	16,000	1,250	125,000	25,000
D Gripton	30,000	37,125	18,500	—	62,500	37,125
T O'Neill	50,000	25,000	20,000	—	100,000	25,000
DW Richardson	50,000	25,000	20,000	—	100,000	25,000
WJ Biffen	—	—	—	—	—	—
JD Eccles	1,250	—	—	1,250	—	—
Sir Eric Fountain	9,000	—	—	7,000	—	—

Additionally, the undermentioned directors held options under the group's Savings-Related Share Option Scheme to acquire ordinary shares of the company as indicated below

	26th December 1987		28th December 1986*
	at 146.4pps	at 358pps	at 146.4pps
G Davies	5,053	—	5,053
DL Milne	505	1,860	505
D Gripton	—	—	—
T O'Neill	5,053	—	5,053
DW Richardson	5,053	—	5,053

The company has not been notified of any change in the above interests since 26th December 1987.

The directors had no interests in any contract with group companies with the exception of service contracts.

*Or date of subsequent appointment

Tangible fixed assets

The movements of tangible fixed assets are set out in note 13 on page 34 and include a net book value of £8.6 million arising from the acquisition of new businesses.

Acquisitions and disposals

Principal acquisitions during the period

June	Hub & Gillespie (Holdings) Limited for £7.5 million.
June	FIP Formatura Iniezione Polimeri SpA in Italy for £14.1 million.
August	Plastic Constructions plc (81.8%) for 1.1 million ordinary shares and £3.2 million.
November	J Baguley & Sons Limited for £3.4 million.

Disposals during the period

March	MBS Distribution for £4.2 million.
September	Certex Limited for £0.5 million.
September	J Burns for £1.1 million.
October	Rudge Roberts for £1.1 million.

Research and development

Research and development appropriate to the needs of the group's individual businesses is proceeding and such expenditure is written off in the period in which it is incurred. The group's policy is to have research and development facilities as an integral part of individual manufacturing operations rather than as a central group undertaking.

Employees

Recruitment policies are designed to ensure equal opportunity of employment, regardless of race or sex. Appropriate consideration is given to disabled applicants in offering employment. The practice continues of providing training, career development and promotion for disabled persons as the case warrants, and special attention is given to the particular needs of individuals who become disabled whilst in employment.

Good communications and relations with employees are maintained, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept abreast of group developments in financial, commercial, strategic and personnel matters and are thereby enabled to inform and discuss with employees as appropriate at our individual operating units.

The group operates pensions and share option schemes for employees, to good and regularly-reviewed current standards, together with an Educational Scholarship Scheme; under the latter 78 awards were made in 1987 by the independent selection committee.

Political and charitable donations

During the period the group gave £59,377 for charitable purposes in the UK, and £30,000 for political purposes to the Conservative Party.

Capital gains tax

The official price of Glynwed International plc ordinary shares on 6th April 1985, adjusted for the rights issue made in 1976 and the bonus issue made in 1986, was 108.60p. On 31st March 1987, the official price for the shares, adjusted for the bonus issue made in 1986, was 108.30p.

**South Africa—
EEC Code of Conduct**

A report has been made in 1987 to the Department of Trade and Industry on Falkirk Industries (Pty) Limited under the terms of the Government's White Paper (Cmd 9860) published in July 1986. Copies of the report are available on request to the undersigned.

'Close' company status

The company is not a 'close' company within the meaning of the Income and Corporation Taxes Act 1970.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board
JC Blakeley
Secretary



Birmingham
28th March, 1988

SOURCE AND DISTRIBUTION OF VALUE ADDED

For the 52 weeks ended 26th December 1987

	1987 £million	1986 £million		
Source of value added				
Turnover	556.2	478.9		
Cost of materials and services used	(366.4)	(319.2)		
Total value added	189.8	159.7		
	£million	%	£million	%
Distribution of value added				
Employees — wages, salaries, pension and national insurance contributions and other employee costs	116.1	61.2	101.0	63.2
Taxation — UK and overseas	21.1	11.1	16.1	10.1
Providers of capital				
Interest payable on borrowings	2.1	1.1	2.7	1.7
Dividends to shareholders	13.9	7.3	11.4	7.1
Minority shareholders in subsidiaries	0.1	0.1	—	—
Total cost of capital provided	16.1	8.5	14.1	8.8
Re-investment in the business				
Depreciation	11.2	5.9	9.9	6.2
Profit retained	23.4	12.3	14.8	9.3
Total re-invested	34.6	18.2	24.7	15.5
Extraordinary items (net)	1.9	1.0	3.8	2.4
Total value added	189.8	100.0	159.7	100.0

SOURCE AND APPLICATION OF FUNDS

For the 52 weeks ended 26th December 1987

	1987 £million	1986 £million
Funds generated		
Profit before taxation	60.4	46.1
Adjustment for items not involving the movement of funds		
Depreciation	11.2	9.9
Profit on sale of fixed assets	(0.5)	(1.9)
Funds generated from operations	71.1	54.1
Funds from other sources		
Issue of shares	1.5	—
Issue of shares for acquisition of subsidiary	5.6	21.7
Disposal of tangible fixed assets	3.3	7.1
Disposal of investments	0.1	0.1
Proceeds of sale of subsidiary companies and businesses	6.9	9.8
Total funds from other sources	17.4	38.7
Total funds generated	88.5	92.8
(Increase)/decrease in working capital		
Stocks	(12.7)	2.5
Debtors	(7.9)	2.5
Creditors	17.7	(7.5)
Total increase in working capital	(2.9)	(2.5)
Net funds generated	85.6	90.3
Application of funds		
Acquisition of tangible fixed assets	(14.0)	(14.7)
Acquisition of subsidiary companies and businesses	(33.8)	(41.0)
Purchase of investments	(2.1)	—
Dividends paid	(12.3)	(9.7)
Taxation paid	(17.6)	(11.4)
Extraordinary items – rationalisation and termination costs (note 10)	(0.8)	(4.3)
Currency translation movement	(2.4)	(0.7)
Total application of funds	(83.0)	(81.8)
Increase in funds	2.6	8.5
Statement of borrowings (Note 20)		
At 27th December 1986	7.6	16.1
At 26th December 1987	5.0	7.6
Decrease in net borrowings	2.6	8.5

The effects on the Source and Application of Funds of the acquisitions and disposals of subsidiary companies and businesses are summarised below

	1987 £million	1986 £million
(Increase)/decrease of net assets		
Fixed assets — tangible	(5.8)	(6.4)
— investments	—	(0.2)
Stocks	(9.4)	(3.2)
Debtors	(17.7)	(10.7)
Operating creditors	21.5	12.2
Taxation	(0.7)	2.2
Minority interests	0.3	—
Losses on disposals (note 10)	(1.7)	(1.1)
Goodwill on acquisition of subsidiaries	(13.4)	(24.0)
Total increase of net assets	(26.9)	(31.2)
Financed by		
Issue of shares	(5.6)	(21.7)
Cash paid and payable	(15.6)	(18.0)
Net borrowings taken over on acquisitions	(12.6)	(1.3)
Cost of acquisitions	(33.8)	(41.0)
Cash received and receivable for disposals	6.9	9.8
Net payments	(26.9)	(31.2)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 26th December 1987

	Notes	1987 £million	1986 £million
Turnover	2	556.2	478.9
Net operating costs	3	(493.7)	(430.1)
Operating profit	2	62.5	48.8
Interest payable (net)	6	(2.1)	(2.7)
Profit on ordinary activities before taxation		60.4	46.1
Tax on profit on ordinary activities	7	(21.1)	(16.1)
Profit on ordinary activities after taxation		39.3	30.0
Minority interests		(0.1)	—
Profit on ordinary activities after taxation and minority interests		39.2	30.0
Preference dividends	8	(0.1)	(0.1)
Earnings for period		39.1	29.9
Extraordinary items	10	(1.9)	(3.8)
Ordinary dividends	8	(13.8)	(11.3)
Profit retained	11 & 24	23.4	14.8
Earnings per share	12	34.89p	27.47p

Notes on the accounts, pages 29 to 41.

Movements on reserves are set out in note 24.

CONSOLIDATED BALANCE SHEET

26th December 1987

Assets employed

	Notes	1987 £million	1986 £million
Fixed assets			
Tangible assets	13	85.1	81.0
Investments	15	5.4	3.1
Total fixed assets		<u>90.5</u>	<u>84.1</u>
Current assets			
Stocks	16	108.9	86.8
Debtors	17	137.5	111.9
Cash at bank and in hand	20	27.0	16.3
Total current assets		<u>273.4</u>	<u>215.0</u>
Creditors — amounts falling due within one year			
Operating creditors	18	(177.0)	(132.1)
Short term borrowings	20	(6.8)	(1.7)
Total amounts falling due within one year		<u>(183.8)</u>	<u>(133.8)</u>
Net current assets		<u>89.6</u>	<u>81.2</u>
Total assets less current liabilities		<u>180.1</u>	<u>165.3</u>
Creditors — amounts falling due after more than one year			
Operating creditors	18	(10.9)	(11.9)
Medium and long term borrowings	20	(25.2)	(22.2)
Provisions for liabilities and charges			
Deferred taxation	21	—	(1.3)
Total net assets employed		<u>144.0</u>	<u>129.9</u>

Capital and reserves and minority interests

Capital and reserves			
Ordinary shares	23	28.5	27.9
Preference shares	23	1.3	1.3
Called up share capital		<u>29.8</u>	<u>29.2</u>
Share premium account	24	22.3	15.8
Revaluation reserve	24	7.5	6.3
Profit and loss account	24	83.9	78.5
Total capital and reserves		<u>143.5</u>	<u>129.8</u>
Minority interests		<u>0.5</u>	<u>0.1</u>
Total capital and reserves and minority interests		<u>144.0</u>	<u>129.9</u>

G Davison Chairman

ID Eccles Deputy chairman

DL Milne Finance director

Notes on the accounts, pages 29 to 41.

COMPANY BALANCE SHEET

26th December 1987

Assets employed

	Notes	1987 £million	1986 £million
Fixed assets			
Investments	15	189.1	184.5
Current assets			
Debtors	17	12.1	10.7
Cash at bank and in hand	20	5.2	0.6
Total current assets		17.3	11.3
Creditors — amounts falling due within one year			
Operating creditors	18	(15.8)	(13.3)
Short term borrowings	20	(1.1)	(15.5)
Total amounts falling due within one year		(16.9)	(28.8)
Net current assets/(liabilities)		0.9	(17.5)
Total assets less current liabilities		190.0	167.0
Creditors — amounts falling due after more than one year			
Medium and long term borrowings	20	(20.4)	(21.3)
Provisions for liabilities and charges			
Deferred taxation	21	(0.2)	(0.2)
Total net assets employed		169.4	145.5

Capital and reserves

Capital and reserves			
Ordinary shares	23	28.5	27.9
Preference shares	23	1.3	1.3
Called up share capital		29.8	29.2
Share premium account	24	22.3	15.8
Other reserves	24	20.2	20.2
Profit and loss account	24	97.1	80.3
Total capital and reserves		169.4	145.5

G Davies Chairman

JD Eccles Deputy chairman

DL Milne Finance director

Notes on the accounts, pages 29 to 41.

Gareth Davis
JD Eccles
DL Milne

Accounting policies

The following statements outline the main accounting policies of the group

Basis of accounting

The historical cost convention is used for the preparation of the accounts except where adjusted for revaluations of certain fixed assets

Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the parent company and all its subsidiaries made up to the end of the financial period. The profit and loss account also includes the results of subsidiaries and businesses acquired and sold during the period from or up to their effective date of acquisition or sale. The consolidated accounts also include the group's share of post acquisition earnings and reserves of related companies

Acquisitions

Shares issued as consideration for the acquisition of companies have a fair value attributed to them, which is normally their market value at the date of acquisition. Net tangible assets acquired are consolidated at a fair value to the group. Differences arising between the purchase consideration and the net tangible assets acquired are dealt with through consolidated reserves.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Foreign currencies

The profit and loss account items of overseas subsidiaries and related companies are translated into sterling using average exchange rates. Assets and liabilities in foreign currencies are translated at the mid-market rates of exchange ruling at the balance sheet date unless matched by forward contracts. Where the translation of overseas subsidiaries and related companies, and any foreign currency borrowings used to finance them, gives rise to an exchange difference, this is taken direct to reserves. Other exchange differences are dealt with through the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all appropriate production overheads and full provision is made for obsolete and slow moving items.

Depreciation

Depreciation is calculated using the straight line method on the gross values of fixed assets after deduction of Government grants as follows

- (i) Freehold buildings at 2% per annum.
- (ii) Leasehold land and buildings over 50 years or the period of the lease whichever is the less.
- (iii) Plant and machinery and fixtures, fittings, tools and equipment over a period of 4 to 10 years.

No depreciation is charged on freehold land or on assets in course of construction.

Deferred taxation

Deferred taxation is taken into account to the extent that a liability will probably arise in the foreseeable future and is calculated at taxation rates expected to apply at that time.

Leases

Assets held under finance leases and hire purchase contracts are integrated with owned tangible fixed assets and the obligations relating thereto, excluding finance charges, are included in creditors. Costs in respect of operating leases are charged in arriving at the operating profit.

NOTES ON THE ACCOUNTS

2 Principal activities

Turnover and operating profit

	Turnover		Profit	
	1987 £million	1986 £million	1987 £million	1986 £million
By division				
Consumer & Building Products	138.2	115.8	19.0	20.5
Steel & Engineering	217.8	212.9	17.3	18.5
Tubes & Fittings	188.8	149.5	23.1	16.7
Properties	2.0	0.4	6.5	5.7
Other operations	9.4	9.3	(1.5)	(1.2)
Central costs	—	—	(1.0)	(1.8)
Total turnover and operating profit	556.2	478.9	62.5	48.8
Geographically				
United Kingdom and Europe	517.2	443.4	59.7	47.0
United States of America	22.9	23.2	0.4	0.6
Australia	10.3	7.2	3.4	2.2
South Africa	5.8	5.1	(1.0)	(1.0)
Total turnover and operating profit	556.2	478.9	62.5	48.8

Turnover by customer location	1987		1986	
	£million	%	£million	%
North and South America	31.9	5.7	32.5	6.8
Europe	32.8	5.9	21.0	4.4
Middle East	9.7	1.7	8.8	1.8
Southern Africa	2.8	1.4	6.6	1.4
Asia and Australasia	10.8	2.0	8.5	1.8
Total overseas	93.0	16.7	77.4	16.2
United Kingdom	463.2	83.3	401.5	83.8
Total turnover	556.2	100.0	478.9	100.0

Sales value of direct exports from the United Kingdom during the year was £41 million (1986 £38 million).

The group is a supplier to many major United Kingdom companies, and its products form a part of their exports.

NOTES ON THE ACCOUNTS

3 Operating costs

	1987 £million	1986 £million
Net operating costs		
Raw materials and consumables	276.4	234.6
Staff costs (see note 5)	116.1	101.0
Other operating charges	79.1	63.1
Change in stocks of finished goods and work in progress	(7.2)	3.3
Own work capitalised	(0.3)	(0.1)
Other operating income	(4.0)	(6.1)
Other external charges	31.6	24.7
Depreciation and other amounts written off tangible fixed assets	11.2	9.9
Share of profits of related companies	(0.2)	(0.3)
Total net operating costs	493.7	430.1

Net operating costs include the following

Operating lease rentals		
Hire of plant, equipment and vehicles	1.6	1.3
Other operating leases	2.0	1.1
Total operating lease rentals	3.6	2.4
Auditors' remuneration	0.7	0.6

	£000	£000
Emoluments of directors of Glynwed International plc		
As directors	27	61
As executives	558	199
Payment in connection with retirement from office	50	—
Total directors' emoluments	635	260

4 Directors' emoluments

Directors' emoluments are disclosed in accordance with Part V of Schedule 5 to the Companies Act 1985, and exclude pension contributions.

The chairman and chief executive's emoluments for 1987 were £135,302 compared to £106,757 as chief executive and highest paid director in 1986. The non-executive chairman's emoluments were £39,038 in 1986.

Other directors £	Number of directors	
	1987	1986
80,001 to 85,000	3	—
75,001 to 80,000	1	—
70,001 to 75,000	—	1
15,001 to 20,000	1	—
10,001 to 15,000	—	1
5,001 to 10,000	1	1
Up to 5,000	1	—

NOTES ON THE ACCOUNTS

5 Employee information

	1987	1986
	Number of employees	Number of employees
Average number of employees		
United Kingdom and Europe	9,767	9,658
South Africa	1,016	1,138
United States of America	266	372
Australia	241	174
Total (including executive directors)	11,290	11,342
	£million	£million
Staff costs		
Wages and salaries	100.8	88.4
Social security costs	8.6	7.1
Other pension costs	6.7	5.8
Total	116.1	101.3
The number of UK employees other than directors who received emoluments, excluding pension contributions, in excess of £30,000 is as follows		
	Number of employees	
£		
65,001 to 70,000	—	2
60,001 to 65,000	—	1
55,001 to 60,000	2	—
50,001 to 55,000	1	1
45,001 to 50,000	4	—
40,001 to 45,000	2	1
35,001 to 40,000	18	8
30,001 to 35,000	25	12

6 Interest payable (net)

	1987	1986
	£million	£million
Interest payable and similar charges		
On borrowings wholly repayable within five years	0.8	1.1
On all other borrowings	2.3	2.2
On finance leases	0.3	0.4
Total interest payable and similar charges	3.4	3.7
Less other interest receivable and similar income	1.3	1.0
Interest payable (net)	2.1	2.7

7 Taxation

	1987	1986
	£million	£million
On the profit of the period		
United Kingdom corporation tax at 35% (1986 36.25%)	19.5	16.4
Transfer to/(from) deferred taxation	0.1	(1.9)
United Kingdom taxation	19.6	14.5
Overseas taxation	1.5	1.4
Taxation on the profit of the period	21.1	15.9
Previous year adjustments	—	0.2
Total tax on profit on ordinary activities	21.1	16.1

NOTES ON THE ACCOUNTS

Dividends

	1987 £million	1986 £million
Preference dividends @ 4.25%	0.1	0.2
Ordinary dividends		
Interim dividend paid of 4.32p per share (1986 3.60p)	4.9	4.0
Proposed final dividend of 7.80p per share (1986 6.50p)	8.9	7.3
Total ordinary dividends of 12.12p per share (1986 10.10p)	13.8	11.3

Profit for the period

Group profit after taxation, minority interests and extraordinary items for the period was £37.3 million (1986 £26.2 million). Glynwed International plc has taken advantage of section 228(7) of the Companies Act 1985 and has not included its own profit and loss statement in these accounts: its corresponding profit was £36.2 million (1986 £20.7 million). Included in the group operating profit are the net profits of companies acquired or disposed of during the period amounting to £2.1 million.

10 Extraordinary items

	1987 £million	1986 £million
Losses on disposals of subsidiaries and businesses	1.7	1.1
Industry rationalisation costs and termination costs of discontinued businesses	0.8	4.3
Total	2.5	5.4
Taxation applicable	(0.6)	(1.6)
Net extraordinary items	1.9	3.8

11 Profit retained

	1987 £million	1986 £million
Glynwed International plc	22.3	9.3
Subsidiary companies	1.1	5.4
Related companies	—	0.1
Total profit retained	23.4	14.8

2 Calculations of earnings per share

The calculations of earnings per ordinary share are based on earnings of £39.1 million (1986 £29.9 million) and an average of 112.2 million (1986 108.8 million) ordinary shares of 25p each in issue.

13 Tangible fixed assets

	Land and buildings			Plant, fixtures and fittings		1987 Total tangible fixed assets	1986 Total tangible fixed assets
	Freehold million	Leasehold million	Leasehold million	million	million	million	million
Cost and valuation							
At beginning of period	39.9	2.6	0.8	12.8	29.4	155.5	150.3
Exchange adjustments	(0.9)		(0.1)	(1.4)	(0.4)	(2.8)	(1.0)
Businesses acquired	2.7	1.0	0.8	11.4	4.3	20.2	16.0
Additions at cost	0.8	0.4	0.1	7.3	5.4	14.0	14.7
Disposals	(2.4)		(0.6)	(4.2)	(4.7)	(11.9)	(23.4)
At end of period	40.1	4.0	1.0	95.9	34.0	175.0	156.6
Cost	3.8	1.1	1.0	94.7	33.8	134.4	114.6
Professional valuations							
1987	2.4					2.4	
1986	4.0	0.3				4.3	4.3
1985	29.6	2.6				32.2	35.0
Previous years	0.3					0.3	0.3
Directors' valuations							
1970 and earlier				1.2	0.2	1.4	1.4
At end of period	40.1	4.0	1.0	95.9	34.0	175.0	156.6
Accumulated depreciation							
At beginning of period	0.9		0.1	56.3	17.2	74.5	74.1
Exchange adjustments				(0.9)	(0.2)	(1.1)	(0.5)
Businesses acquired		0.1	0.4	8.4	2.7	11.6	8.5
Provision for the period	0.6			6.5	4.1	11.2	9.9
Disposals	(0.1)			(3.0)	(3.2)	(6.3)	(14.5)
At end of period	1.4	0.1	0.5	67.3	20.6	89.9	74.5
Net book value							
At end of period	38.7	3.9	0.5	28.6	13.4	85.1	
At beginning of period	39.0	2.6	0.7	26.5	12.2		81.0

Certain land and buildings were revalued during the period by Chartered Surveyors. These valuations were based on vacant possession, open market value.

Included in the cost of tangible fixed assets is £1.3 million (1986 £3.5 million) in respect of assets in course of construction.

The historical cost of assets amounts to £173.8 million (1986 £157.7 million) and the accumulated depreciation thereon is £96.7 million (1986 £82.1 million), giving a net historical book value of £77.1 million (1986 £75.6 million).

The net book value of tangible fixed assets includes £3.4 million (1986 £3.6 million) in respect of assets held under finance leases. Depreciation for the year on those assets was £1.3 million (1986 £1.5 million).

NOTES ON THE ACCOUNTS

14 Commitments

	Group	
	1987 £million	1986 £million
Capital commitments		
Authorised by the board but not contracted for	3.5	1.3
Contracted for but not provided in the accounts	3.7	1.2
Total capital commitments	7.2	2.5
Operating lease commitments for 1988		
	Land and buildings 1987 £million	Other operating leases 1987 £million
	1986 £million	1986 £million
Leases expiring		
Within one year	0.1	0.1
Between one and two years	0.2	0.3
Between two and five years	0.4	0.2
After more than five years	1.1	0.6
Total operating lease commitments	1.8	0.9

Glynwed International plc had no commitments (1986: nil).

15 Investments

Group	Share of net assets of related companies £million	Other investments £million	Total £million
At beginning of period	2.9	0.2	3.1
Revaluations in related companies	0.3	—	0.3
Movement during period	—	2.0	2.0
At end of period	3.2	2.2	5.4
Listed (market value £9.4 million)	2.9	2.2	5.1
Unlisted	0.3	—	0.3
At end of period	3.2	2.2	5.4

Company	Amounts due from (to)				Total £million
	Cost of shares £million	Pro- visions £million	subsidi- aries £million	subsidi- aries £million	
Subsidiaries					
At beginning of period	98.5	(18.2)	170.0	(68.3)	182.0
Acquisitions	16.4	—	—	—	16.4
Disposals	(0.2)	—	—	—	(0.2)
Movements during period	—	2.9	(16.7)	0.1	(13.7)
	114.7	(15.3)	153.3	(68.2)	184.5
Other investments					
At beginning of period	2.6	(0.1)	—	—	2.5
Acquisitions	2.1	—	—	—	2.1
At end of period	4.7	(0.1)	—	—	4.6
Total investments					
At end of period	119.4	(15.4)	153.3	(68.2)	189.1
At beginning of period	101.1	(18.3)	170.0	(68.3)	184.5

NOTES ON THE ACCOUNTS

16 Stocks

	1987 £million	1986 £million
Raw materials and consumables	34.6	25.8
Work in progress	17.7	16.1
Finished goods and goods for re-sale	56.6	45.2
Total stocks	108.9	86.8

17 Debtors

	Group		Company	
	1987 £million	1986 £million	1987 £million	1986 £million
Amounts falling due within one year				
Trade debtors	123.8	101.8	—	—
Other debtors	8.2	5.8	0.2	0.1
Prepayments and accrued income	5.5	4.3	0.1	0.1
Advance corporation tax	—	—	3.7	6.5
Total debtors falling due within one year	137.5	111.9	4.0	6.7
Amounts falling due after more than one year				
Advance corporation tax	—	—	8.1	4.0
Total debtors	137.5	111.9	12.1	10.7

18 Creditors

	Group		Company	
	1987 £million	1986 £million	1987 £million	1986 £million
Amounts falling due within one year				
Trade creditors	95.1	71.4	—	—
Bills of exchange payable	9.1	5.4	—	—
Social security	1.8	1.5	—	—
Dividends payable	8.9	7.3	8.9	7.3
Accruals and deferred income	18.9	11.7	0.2	0.2
Taxation	18.6	15.0	4.3	3.5
Other creditors	23.3	18.7	2.4	2.3
Finance leases	1.3	1.1	—	—
Total creditors falling due within one year	177.0	132.1	15.8	13.3
Amounts falling due after more than one year				
Taxation	9.0	9.5	—	—
Finance leases	1.9	2.4	—	—
Total creditors falling due after more than one year	10.9	11.9	—	—

19 Obligations under finance leases

	1987 £million	1986 £million
Payable after five years	—	0.1
Payable between two and five years	0.9	1.6
Payable between one and two years	1.0	0.7
Total payable after more than one year	1.9	2.4
Payable within one year	1.3	1.1
Total obligations under finance leases	3.2	3.5

NOTES ON THE ACCOUNTS

20 Borrowings

Group	1987				1986			
	Bank Borrowings	Secured Borrowings	Unsecured Borrowings	Total Borrowings £million	Bank Borrowings	Secured Borrowings	Unsecured Borrowings	Total Borrowings £million
Total falling due within one year	5.9 ¹	0.7	0.2	6.8	1.7			1.7
Amounts falling due after more than one year								
Wholly repayable within five years	2.7 ²	1.7	—	4.4	0.6	—	0.3	0.9
Repayable over more than five years other than by instalments	—	2.0	—	2.0	—	2.2	—	2.2
7.5% Debenture Stock 1989/94	—	—	5.9	5.9	—	—	5.9	5.9
10.75% Loan Stock 1994/99	10.0	2.9	—	12.9	13.1	0.1	—	13.2
*Other	—	—	—	—	—	—	—	—
Total falling due over more than five years	10.0	4.9	5.9	20.8	13.1	2.3	5.9	21.3
Total falling due after more than one year	12.7	6.6	5.9	25.2	13.7	2.3	6.2	22.2
Total borrowings	18.6	7.3	6.1	32.0	15.4	2.3	6.2	23.9
Cash at bank and in hand				(27.0)				(16.3)
Total net borrowings				5.0				7.6
Company								
Total falling due within one year	1.1	—	—	1.1	15.5	—	—	15.5
Amounts falling due after more than one year								
Wholly repayable within five years	2.5	—	—	2.5	0.2	—	—	0.2
Repayable over more than five years other than by instalments	—	2.0	—	2.0	—	2.2	—	2.2
7.5% Debenture Stock 1989/94	—	—	5.9	5.9	—	—	5.9	5.9
10.75% Loan Stock 1994/99	10.0	—	—	10.0	13.0	—	—	13.0
*Other	—	—	—	—	—	—	—	—
Total falling due over more than five years	10.0	2.0	5.9	17.9	13.0	2.2	5.9	21.1
Total falling due after more than one year	12.5	2.0	5.9	20.4	13.2	2.2	5.9	21.3
Total borrowings	13.6	2.0	5.9	21.5	28.7	2.2	5.9	36.8
Cash at bank and in hand				(5.7)				(0.6)
Total net borrowings				15.8				36.2

Short term borrowings of Glynwed International plc from UK clearing banks are set off, in the group accounts, against cash balances held by UK companies in those banks.

*Interest rates are not more than the appropriate market rate.

¹ Includes £2.5 million secured.

² Includes £2.0 million secured.

20 Borrowings
(continued)

	Group		Company	
	1987 £million	1986 £million	1987 £million	1986 £million
Listed debt, bank and other borrowings				
Listed debt				
7.5% Debenture Stock 1989/94	2.0	2.2	2.0	2.2
10.75% Loan Stock 1994/99	5.9	5.9	5.9	5.9
Total listed debt	7.9	8.1	7.9	8.1
Total other borrowings	5.5	0.4	—	—
Total listed debt and other borrowings	13.4	8.5	7.9	8.1
Total bank borrowings	18.6	15.4	13.6	28.7
Total borrowings	32.0	23.9	21.5	36.8
Cash at bank and in hand	(27.0)	(16.3)	(5.7)	(0.6)
Total net borrowings	5.0	7.6	15.8	36.2

All loan capital is repayable at par at maturity.

Analysis of maturity of borrowings

	1987			1986		
	Bank £million	Other £million	Total £million	Bank £million	Other £million	Total £million
Group						
Repayable after five years	10.0	9.3	19.3	13.1	8.2	21.3
Repayable between two and five years	2.5	2.3	4.8	0.1	—	0.1
Repayable between one and two years	0.2	0.9	1.1	0.5	0.3	0.8
Total repayable after more than one year	12.7	12.5	25.2	13.7	8.5	22.2
Repayable within one year	5.9	0.9	6.8	1.7	—	1.7
Total borrowings	18.6	13.4	32.0	15.4	8.5	23.9
Company						
Repayable after five years	10.0	7.9	17.9	13.0	8.1	21.1
Repayable between two and five years	2.5	—	2.5	0.1	—	0.1
Repayable between one and two years	—	—	—	0.1	—	0.1
Total repayable after more than one year	12.5	7.9	20.4	13.2	8.1	21.3
Repayable within one year	1.1	—	1.1	15.5	—	15.5
Total borrowings	13.6	7.9	21.5	28.7	8.1	36.8

The 7.5% Debenture Stock 1989/94 (including accrued interest) is secured by floating charges on the assets and undertakings of Glynwed International plc and certain of its wholly owned subsidiaries. The sinking fund requirement has been satisfied to date by the purchase and cancellation of stock.

Subsidiaries' secured borrowings are secured on the property and assets of those subsidiaries.

21 Deferred taxation

The provision made in the accounts for deferred taxation, and the additional potential unprovided liability, are set out below

	Provided		Potential unprovided	
	1987	1986	1987	1986
	£million	£million	£million	£million
Timing differences mainly between tax allowances and depreciation	—	1.3	5.5	7.8
Corporation tax payable if properties were disposed of at revalued amounts	—	—	1.9*	1.6
Total deferred taxation	—	1.3	7.4	9.4

The deferred taxation in the accounts of Glynwed International plc arises from short term timing differences.

*The Finance Act 1988 may remove this potential liability

22 Contingent liabilities

The parent company has given a number of guarantees on behalf of subsidiaries; the relevant liabilities are included in the consolidated balance sheet.

23 Share capital

	Ordinary shares of 25p each		5.425% Cumulative preference shares of £1 each	
	1987	1986	1987	1986
	£million	£million	£million	£million
Value				
Authorised	40.0	37.6	1.3	1.3
Issued	28.5	27.9	1.3	1.3
	million	million	million	million
Number				
Authorised	160.2	150.0	1.3	1.3
Issued	114.0	111.8	1.3	1.3

The following allotments of ordinary shares of 25p each were made during the period—

- 1.1 million shares, at an aggregate value of £5.6 million, in exchange for 4.1 million ordinary shares of 10p each in Plastic Constructions plc.
- 1.1 million shares at 120p per share under the Senior Executive Share Option Scheme.

Under the Glynwed International Senior Executive Share Option Scheme, at 26th December 1987 options had been granted and were outstanding, in respect of 918,375 ordinary shares at 300.8p per share exercisable in the seven years to May 1996 and 494,500 ordinary shares at 396p per share exercisable in the seven years to April 1997. Under the Glynwed International Savings-Related Share Option Scheme, at 26th December 1987 options had been granted and were outstanding, in respect of 692,418 ordinary shares at 146.4p per share exercisable ordinarily in the six months to November 1990 and 471,444 ordinary shares at 358p per share exercisable ordinarily in the six months to April 1992.

24 Reserves

Group	Share premium £million	Revaluation reserve £million	Other reserves £million	Profit and loss account £million	Total £million
At beginning of period	15.8	6.3	—	78.5	100.6
Exchange differences	—	0.1	—	(3.8)	(3.7)
Premium on shares issued	6.5	—	—	—	6.5
Goodwill written off	—	—	—	(13.4)	(13.4)
Transfer between reserves	—	0.8	—	(1.8)	—
Revaluations in related companies	—	0.3	—	—	0.3
Profit retained	—	—	—	23.4	23.4
At end of period	22.3	7.5	—	83.9	113.7
Company					
At beginning of period	15.8	—	20.2	80.3	116.3
Exchange differences	—	—	—	(5.5)	(5.5)
Premium on shares issued	6.5	—	—	—	6.5
Profit retained	—	—	—	22.3	22.3
At end of period	22.3	—	20.2	97.1	139.6

25 Trading subsidiaries and related companies

The following is a list of the company's principal subsidiaries and related companies at 26th December 1987 which traded during the period, and a brief description of their current activities.

The capital in each case consists wholly of ordinary shares or common stock. Where subsidiaries are not wholly owned the percentage of capital owned is stated in brackets.

Subsidiaries

Registered in England and operating in the United Kingdom (except where stated)

Consumer & Building Products Division

*Glynwed Consumer & Building Products Limited†

- Aga-Rayburn — multi-fuel cooking and heating appliances.
- Falcon Catering Equipment — commercial and institutional catering equipment.
- Flavel-Leisure — gas/electric cookers and gas fires.
- Leisure — sinks, basins and showers.
- Glynwed Foundries — cast iron building products.
- Drainage Systems — cast iron building products.

Rawnsley Foundry Limited† — ironmongery castings.

*Cooper & Turner Inc (USA) — multi-fuel cooking and heating appliances.

*Glynwed Australia Pty Limited† (Australia) — stockists of group consumer products.

Steel and Engineering Division

*Glynwed Steels Limited

- Ductile Hot Mill — hot, re-rolled flat products.
- Dudley Port Rolling Mills — hot re-rollers.
- George Cadd & Co — steel re-rollers.
- W. Wesson — hot and cold finished steels.
- Joseph Gillott & Sons — steel re-rollers.
- Steel Parts — cold finished steel.
- Longmore Brothers — bright drawn steels, steel conduit and precision tubes.
- Storrbridge Rolling Mills — cold rolled strip.
- Ductile Sections — cold formed light sections.
- Ductile Cold Mill — cold rolled strip.
- Ductile Steel Processors — coil slitting and pickling.
- Firth Cleveland Steel Strip — special steels.
- Macreadys — stockholders of carbon and alloy steels.
- Cashmores Stainless — stockholders and processors of stainless steel.
- Cashmores Scrap — scrap metals.
- Barlow Bright Steels — bright drawn steel.

Leabrook Steel Stock 1985 Limited — turned and ground bright bar.

*Firth Cleveland Steels Inc (USA) — special steels.

*Glynwed Engineering Limited

- Cooper & Turner — railway, structural and general engineering fastenings.
- Steelway-Fensecure — steel flooring, stairways, security fencing and fabrications.
- Tower Manufacturing — cable clips, masonry nails and rivets.
- Ansell Jones — special lifting equipment.

NOTES ON THE ACCOUNTS

25 Trading subsidiaries and related companies (continued)

*Glynwed Distribution Limited

Midland Bearings (formerly Oddball) -- special bearings
Oddbolt -- non-standard fastenings.

Paul Fabrications Limited -- high technology metal fabrications

*La Dauphinoise SA (France) -- fastenings, eyelets and rivets

*Automation Service Equipment Inc (USA) -- automated material handling systems

*Pandjiris Inc (USA) -- automatic welding positioning equipment

Tubes & Fittings Division

*Glynwed Tubes & Fittings Limited

Wednesbury Tube -- copper tube.

Glynwed Plant -- plant and toolmakers.

Monmore Tubes -- ERW, flo-coat and spectra-coat steel tube.

Newman-Tipper Tubes -- steel tube.

Glynwed Tubestock -- stockists of ERW, cold drawn, seamless and structural steel tube

Tipper Fittings -- pipe fittings and flanges for gas, steam and water services.

Wask Engineering -- pipe fittings and equipment for gas, oil and water industries.

Vulcathene -- chemical waste drainage and electrofusion pipework systems.

Townsend Rubber Products -- precision rubber mouldings.

Copper Plastics -- distribution of thermoplastic pipework products.

Durapipe -- thermoplastic pipework systems.

FIP (UK) Limited -- distribution of thermoplastic pipework products.

Hub & Gillespie (Holdings) Limited -- steel tubes and aluminium products.

Plastic Constructions plc† (81.8%) -- industrial plastics and thermoplastic pipework systems.

J Baguley & Sons Limited† -- copper hot water cylinders.

*Enfield Industrial Corp (USA) -- thermoplastic pipework systems.

*Plastimatic Inc (USA) -- injection moulding of thermoplastic and thermosetting materials.

*Slocomb Plastic Pipe and Products Inc (USA) -- plastic piping.

*Philmac Pty Limited† (Australia) -- plastic pipe fittings.

*FIP Formatura Iniezione Polimeri SpA† (Italy) -- thermoplastic pipework systems.

Corporate Services

Glynwed Group Services Limited -- management services.

Glynwed Properties Limited -- owner and manager of UK land and buildings.

Glynwed Property Developments Limited -- property developers.

*Headland Insurance Limited (Bermuda) -- insurance services.

Glynwed Computing Limited† -- computer hardware and software systems.

South Africa

*Falkirk Industries (Pty) Limited† -- consumer and engineering products in cast iron and pressed steel.

Related Companies	Country of incorporation and operation	Total voting capital	% interest held
Raglan Property Trust plc Property development and investment	UK	£1,196,018	27.7
Dauphinoise Thomson SA Manufacturers of thermostats	France	Frs 1m	50
Vulcathene South Africa (Pty) Limited Distributors of plastic pipework systems	South Africa	R32,000	50
*Atcor Inc Manufacturers of decontamination systems for the electronics industry	USA	\$1,169,900	33.7

†Subsidiary companies not audited by Coopers & Lybrand. The aggregate turnover of such companies in the period amounted to 31.0% of the group's turnover.

*Investments held by subsidiaries of Glynwed International plc.



AUDITORS' REPORT

To the members of Glynwed International plc

We have audited the accounts on pages 25 to 41 in accordance with approved Auditing Standards

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 26th December 1987 and of the profit and source and application of funds of the group for the period then ended and comply with the Companies Act 1985

Coopers & Lybrand
Chartered Accountants
Birmingham
28th March 1988

SUMMARY OF COMPARATIVE FIGURES

Trading results

	1987 £million	1986 £million	1985 £million	1984 £million	1983 £million
Turnover	556.2	478.9	464.1	514.1	487.2
Operating profit	62.5	48.3	39.6	35.6	29.6
Interest payable (net)	(2.1)	(2.7)	(4.0)	(4.1)	(8.4)
Profit before taxation	60.4	46.1	35.6	26.5	21.2
Taxation	(21.1)	(16.1)	(12.3)	(8.2)	(6.1)
Profit after taxation	39.3	30.0	23.3	18.3	15.1
Minority interests	(0.1)	—	—	0.6	(0.8)
Preference dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Earnings for the period	39.1	29.9	23.2	18.8	14.2
Extraordinary items	(1.9)	(3.8)	(2.3)	(3.9)	(4.6)
Ordinary dividends	(13.8)	(11.3)	(8.8)	(7.7)	(6.5)
Profit retained	23.4	14.8	12.1	7.2	3.0

Operating assets

Fixed assets	90.5	84.1	79.3	91.1	95.3
Stocks	108.9	86.8	86.1	85.8	95.4
Debtors less creditors	(13.9)	(0.3)	(3.8)	1.6	11.2
Taxation and dividends	(36.5)	(31.8)	(23.0)	(16.4)	(9.8)
Net operating assets	149.0	138.8	138.6	162.1	192.1
Total net borrowings	(5.0)	(7.6)	(16.1)	(40.1)	(62.9)
Deferred taxation	—	(1.3)	(3.2)	(4.6)	(5.3)
Total net assets employed	144.0	129.9	119.3	117.4	123.9

Financed by

Ordinary shares	28.5	27.9	20.9	20.9	20.9
Reserves	113.7	100.6	97.0	95.1	93.8
Ordinary share capital and reserves	142.2	128.5	117.9	116.0	114.7
Preference shares	1.3	1.3	1.3	1.3	1.3
Minority interests	0.5	0.1	0.1	0.1	7.9
Total funds	144.0	129.9	119.3	117.4	123.9
Net decrease of funds arising from property revaluations	—	—	5.9	—	—

Statistics

Operating profit to turnover	%	11.2	10.2	8.5	6.9	6.1
Operating profit to net operating assets	%	41.9	35.2	28.6	22.0	15.4
Turnover to net operating assets	x	3.7	3.5	3.3	3.2	2.5
Earnings per share	p	34.89	27.47	22.15	17.96	13.60
Dividend per ordinary share	p	12.12	10.10	8.40	7.40	6.28
Dividend cover	x	2.8	2.6	2.6	2.4	2.2
Interest cover	x	29.2	18.1	9.9	3.9	3.5
Debt/equity ratio	%	3.5	5.8	13.5	34.2	50.7
Net assets per ordinary share	p	124.7	115.0	112.6	110.8	109.8

Notice is hereby given that the forty seventh annual general meeting of Glyward International public limited company will be held at Headland House, New Coventry Road, Sheldon, Birmingham, on Monday, 23rd May 1988 at 12 noon to transact the following business

1 To receive and adopt the annual report and accounts for the 52 weeks ended 25th December 1987

2 To declare a final dividend

3 To elect directors

4 To reappoint the auditors and to authorise the directors to fix their remuneration

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member

By order of the board

JC Blakeley

Secretary

Birmingham

26th April 1988

Notes

- 1 A form of proxy accompanies the report and accounts and is for the use of shareholders who are unable to attend the meeting in person. This form should be completed, signed and returned so that it arrives at the office of the company's registrars not less than 48 hours before the time of the meeting. By signing and returning the form of proxy a shareholder will not be precluded from attending and voting in person should he subsequently find it possible to be present.
- 2 Copies of the contracts of service of directors will be available for inspection at the company's registered office between 9.00am and 4.30pm on any weekday (Saturday and public holidays excluded) from the date of this notice up to and including the day before the meeting, and also at the place of the meeting for 15 minutes prior to the meeting and during the meeting.

FINANCIAL CALENDAR 1988

Annual general meeting	23rd May
Half year end	25th June
Final ordinary dividend payable	7th July
Interim ordinary dividend payable	21st December
Preference dividend payable	30th June, 31st December
1988 year end	31st December

Interest payments:

7.5% debenture stock	6th June, 6th December
10.75% unsecured loan stock	31st March, 30th September

PLEASE NOTE THAT
DUE TO THE POOR
QUALITY OF THE
FICHE SOME OF THE
FOLLOWING IMAGES
ARE ALSO OF POOR
QUALITY.