354715
25.12.93

GLYNWED INTERNATIONAL PLC

REPORT AND ACCOUNTS 1993

GLYNWED IS A MAJOR PROCESSOR OF METALS AND PLASTICS, PROVIDING A VITAL LINK BETWEEN PRODUCERS OF BASIC MATERIALS AND MANUFACTURERS OF COUNTLESS FINISHED PRODUCTS.

WITH LEADING BRANDS OF ITS OWN, GLYNWED ALSO CREATES QUALITY IN FINISHED PRODUCTS FOR THE HOME AND FOR INDUSTRY.

THROUGH ITS DISTRIBUTION OF METALS AND PLASTICS, GLYNWED DELIVERS VALUE IN SPECIALIST MATERIALS TO A MULTIPLICITY OF CUSTOMERS WORLDWIDE.

CONTENTS

I stated in the 1993 Interim Report to shareholders that the Group would not see any significant benefit from recovery in the UK until the final quarter of the year. In the event, a moderate improvement in activity in both the UK and the USA has enabled the Group to achieve a 47% increase in pre-tax profits, from £30.9m (restated for FRS 3) in 1992, to £45.5m. The continuing activities of the Group showed an increase of 30.1%.

Similarly, the reported earnings per share under FRS 3 rose by 62% to 14.91p, while the increase on continuing activities was 40%, to 14.57p.

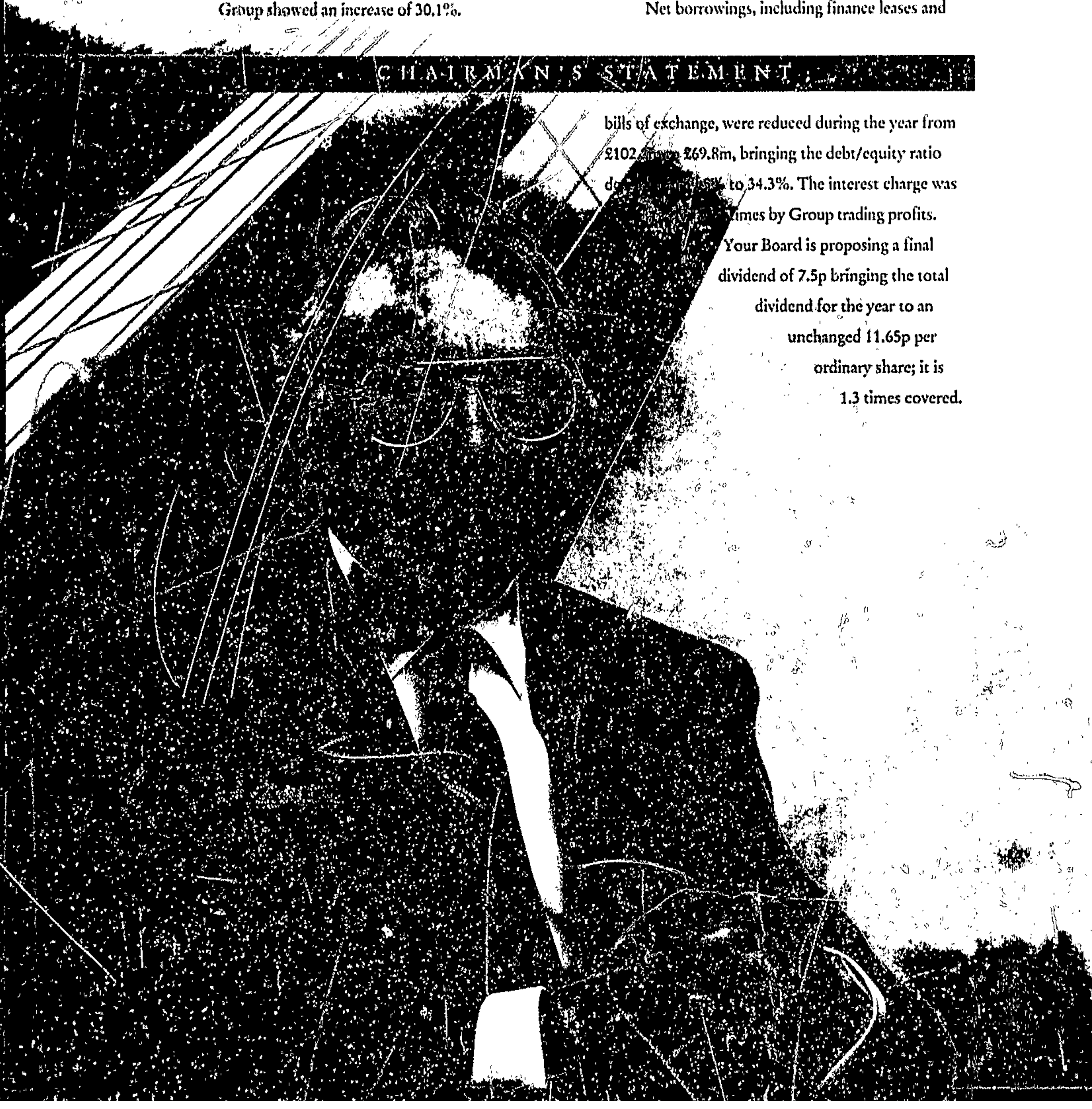
The continuing activities of the Group had a turnover 1.2% higher at £900m, and operating profit at £55.1m was 19% ahead of the previous year; interest costs fell to £9.7m (£11.4m), and the tax charge, at 33.5%, was a little higher.

Net borrowings, including finance leases and

CHAIRMAN'S STATEMENT

bills of exchange, were reduced during the year from £102.[illegible] £69.8m, bringing the debt/equity ratio do[illegible] to 34.3%. The interest charge was [illegible] times by Group trading profits.

Your Board is proposing a final dividend of 7.5p bringing the total dividend for the year to an unchanged 11.65p per ordinary share; it is 1.3 times covered.



The most pleasing aspect of the 1993 results was that there was a continuing improvement in profitability in all the Group's trading operations, despite the slow conditions which existed in the UK and in Continental Europe throughout much of the year.

This improvement in profitability is a tribute to the efforts of the heads of our operating divisions, who strive hard for improvements in operational efficiencies, cash generation, higher operating returns and international market growth: in particular it is pleasing that direct exports grew by 17% and made a significant contribution to the progress in the year, a reward for development work in previous years.

PEOPLE

Bruce Ralph joined Glynwed on 1 February 1993 as Group Managing Director, he became Group Chief Executive on 4 August and succeeded me as Chairman of our Group Operations Board. His first review, which outlines the developments which have taken place during the year, appears on pages 14 to 28 of this Report; I believe it gives us much encouragement for the future.

During the year we were pleased to secure the services of Kit Farrow, Director General of the British Merchant Banking and Securities Houses Association, as a non-executive director; he has a most valuable contribution to make to the Board.

Derrick Richardson, who had been Chief Executive of both our Tubes & Fittings and Plastics divisions, retired on 27 July 1993 after nineteen years' service with the Group, six of them as a member of the Board. Derrick, together with other colleagues, played a major part in the development and growth of the Group.

Alex Miller, the Chief Executive of the Metal Services division, will be retiring from the Board immediately following the 1994 AGM. He joined the Group in 1988 with the acquisition of Amari plc and has been a member of the Board since January 1990. Through his knowledge and experience of the metals distribution industry and his qualities of leadership, he has made a major contribution to the development and profitability of his division during, and despite, the recession.

I thank them both for their valued contribution and wish them well in their retirements. I also wish to thank my Board colleagues and all our employees worldwide for their loyalty and support during another challenging year.

I am myself presently Executive Chairman of the Group and will continue in that position for a further year. Thereafter, at the request of the Board, I have agreed to continue my service to the Company as its Chairman in a non-executive capacity.

CORPORATE GOVERNANCE

Your directors welcome the Cadbury Committee's recommendations on Corporate Governance and this year our Annual Report contains on page 33 a Statement of Compliance with the Committee's Code of Best Practice.

AGM BUSINESS

Accompanying our report is a separate letter to shareholders explaining our proposals to introduce new share option schemes to replace the present schemes, which are nearing the end of their ten-year lives, and to amend the Company's Memorandum and Articles of Association. I commend these proposals for your approval.

OUTLOOK

There is evidence that the UK economy is recovering, albeit slowly, and although the effects of the new tax increases have yet to be felt, the Board is confident that our progress over the last five half-years will continue into 1994. However, we still believe that the outcome for the first half of the year is likely to depend more on our own efforts than on any underlying improvement in our major markets.

With a new and confident management team in place, ready to seize any opportunities for volume improvement, we look forward to another year of solid progress.

GARETH DAVIES
CHAIRMAN
7th April 1994

DIRECTORS AND OFFICERS

GARETH DAVIES CBE, FCA (AGE 64)
Executive Chairman, joined a Glynwed subsidiary, Steel Parts, as accountant in January 1957. He became Group Computer Manager in 1964 and was appointed to the Glynwed Board as Group Finance Director in 1969. He was appointed Deputy Chairman in 1975, Managing Director in 1981, Group Chief Executive in 1984 and Chairman and Chief Executive in December 1986. Mr. Davies is also a non-executive director of Midlands Electricity plc and Midland Independent Newspapers plc.

BRUCE RALPH (AGE 54)
Chief Executive, joined Glynwed in February 1993, having previously been Chief Executive of Dowty Group plc which he had joined, as Managing Director of its industrial division, 10 years earlier. His previous career was with Ever Ready Ltd, where he had responsibility for international operations, and Hanson plc, with whom he worked on mergers and acquisitions.

JOHN ECCLES* CBE (AGE 62)
Deputy Chairman, is Chief Executive of the Commonwealth Development Corporation, Chairman of Chamberlin and Hill plc and a director of Courtaulds Textiles plc. He was appointed to the Glynwed Board in June 1972 and chairs its Remuneration Committee.

THE RT HON JOHN BIFFEN* MP (AGE 63)
Became a director in November 1987. He is the Member of Parliament for Shropshire North and has held government office as Chief Secretary to the Treasury, Secretary of State for Trade, Lord President of the Council, Lord Privy Seal and Leader of the House of Commons.

DAVID MILNE CA (AGE 57)
Finance Director, joined the Board of Glynwed in May 1979, from Wilmot Breeden Holdings Ltd. His responsibilities include Glynwed's property operation.

JOHN BLAKELEY (AGE 51)
Corporate Services Director joined the Group in 1978 as legal adviser. In 1979 he became Group Secretary and held this post until his appointment to the Glynwed Board in October 1992. His responsibilities now include insurance, management personnel, pensions and public relations as well as legal and other central services. He chairs the Group's Health & Safety and Environmental Committees.

BERNARD DOYLE (AGE 54)
Operations Director, joined the Group's Steels division in 1985 from the BSG International group as Managing Director of W Wesson. In January 1987 he was appointed Managing Director of the Hot Rolled sub-division of the Steels & Engineering division. He was appointed Chief Executive of the division and to the Board of Glynwed in December 1990. He took on his present broader group role in November 1992.

ALEXANDER MILLER (AGE 61)
Chief Executive of the Metal Services division, joined the Group in July 1988 following the acquisition of Amari plc, of which he was Deputy Group Managing Director. He was appointed to the Glynwed Board in January 1990.

CHRISTOPHER (KIT) FARROW* (AGE 56)
Joined the Board of Glynwed in July 1993 and chairs its Audit Committee. He is Director General of the British Merchant Banking and Securities Houses Association, a Director of the London Metal Exchange and a member of the Financial Reporting Review Panel. He is a former Under Secretary at the DTI, has been an Assistant Director of the Bank of England and is a former director of Kleinwort Benson's Corporate Finance department.

IAN SHEARMAN (AGE 62)
Group Secretary, joined Glynwed from the Serck Group in 1983, as Legal Manager. He became Assistant Group Secretary in 1987, and was appointed to his present position in October 1992.

* Non Executive

BALCONY LEFT TO RIGHT
Ian Shearman, John Blakeley, John Biffen, Alexander Miller, Kit Farrow
STAIRS BOTTOM TO TOP
Bruce Ralph, David Milne, Bernard Doyle, John Eccles

INTRODUCTION

This review provides an analysis of the financial information in these accounts and highlights certain aspects of the Group's financial performance, which are not immediately evident from the Group accounts.

ACCOUNTING STANDARDS

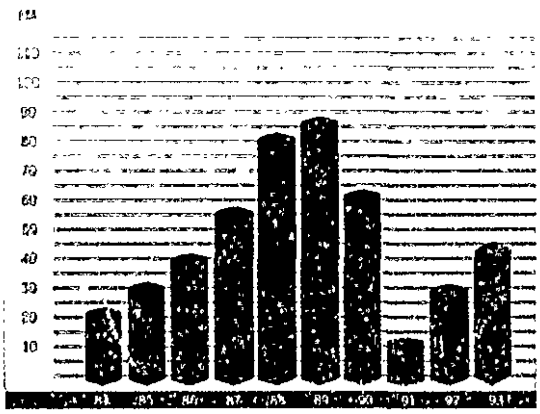
In preparing the accounts for 1993 the Group has adopted Financial Reporting Standard No. 3 (FRS 3) "Reporting Financial Performance" issued by the Accounting Standards Board. The main effect of this in the Group accounts is to change the reporting in relation to discontinued activities, which are now shown separately in the profit and loss account. They have previously been shown as extraordinary items. In addition the standard requires three new statements, namely a Statement of Total Recognised Gains and Losses, a Note of Historical Cost Profits and Losses, and a Reconciliation of Movement in Shareholders' Funds, all of which are shown on page 37 of the accounts.

Financial Reporting Standard No. 2 (FRS 2) "Accounting for Subsidiary Undertakings", which was adopted last year, has had a major impact this year as set out in detail in this review under the heading "Discontinued Activities".

FINANCIAL REVIEW

Although FRS 4 "Capital Instruments" is not yet in force, in order to comply with recognised best practice the Group has classified as borrowings all finance leases and bills of exchange that have a cost to the Group, and has included all costs of such financial ...ments in the interest charge.

As a result of these changes in reporting, ...year's figures have been restated. ...ails of the changes to the 1992 ...ures are shown in notes 33 and 34 to the accounts. The ten year financial record on pages 68 and 69 of



P R O F I T S   B E F O R E   T A X

the accounts has also been restated, where appropriate, to comply with the new standards.

SALES AND PROFITS

In the latter half of 1993 the UK economy began to recover from the recession of the previous years, as did the economy of the USA. However, no such recovery was experienced in Continental Europe, another of the main economies in which Glynwed operates. Total sales were £965.8 million of which *£65.9 million were from discontinued activities.* Turnover of continuing activities was £899.9 million compared with £837.4 million in 1992, an increase of 7.5%. Changes to metal prices had the effect of reducing sales by £4.8 million and profits by £1.5 million. The effect of changes in exchange rates was to reduce sales by £1.2 million and profits by an insignificant amount.

With markets flat in most of our areas of operation until the final quarter, Group activities were characterised by driving for market share and cash flow and by keeping a very tight control on costs. As a result of these policies the operating profit of our continuing activities increased by £8.8 million (19.0%) to £55.1 million. A segmental analysis of the Group's results is set out in note 2 to the accounts.

The continuing activities of the Group's overseas operations had sales of £180.8 million (1992 £156.6 million) and trading profits of £12.0 million (1992 £9.1 million). Export sales from the United Kingdom were £98.7 million (1992 £84.3 million), an increase of 17.1%.

Sales to overseas customers were 30.3% of turnover (1992 27.9%). An analysis of sales and profits of the overseas operations is shown in note 2 to the accounts.

During the year pension costs were £2.3 million.

Interest costs of our continuing activities were reduced by 14.9% from £11.4 million to £9.7 million due to falling interest rates and reduced borrowings in all our areas of operation.

Profit before tax of the continuing activities increased by 30.1% to £45.4 million.

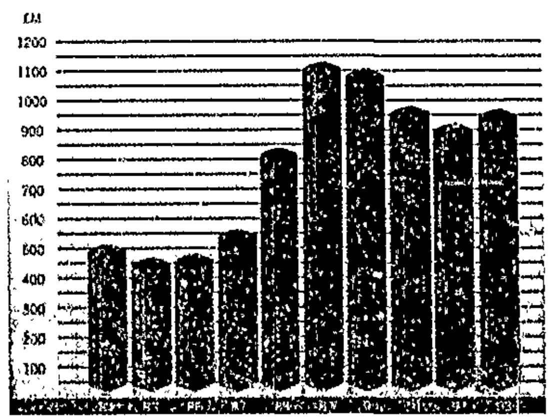
TAXATION

The Group's taxation charge on continuing activities increased by 38.2%, excluding the 1992 exceptional tax charge, to £15.2 million, reflecting the increase in profit before tax. The effective tax rate slightly increased from 31.5% to 33.5%.

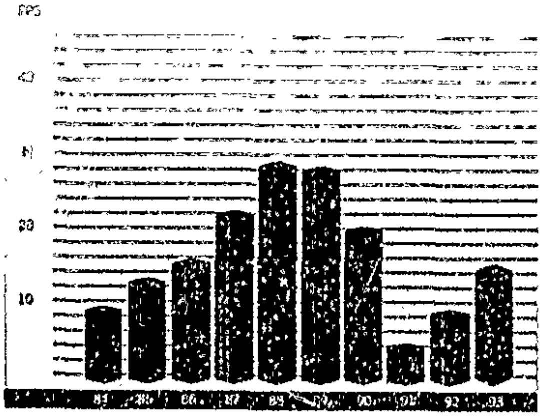
DISCONTINUED ACTIVITIES

During the year, the Group discontinued three businesses. Most of the assets of our Amari metals distribution network in the USA, were sold to Samuel Son & Co., a Canadian company, La Dauphinoise SA in France, a manufacturer of plastic and metal components, was closed, as was the steel and [illegible] section of Cassart Special Products SA in Belgium. The turnover of all these businesses during the year was £65.9 million and they incurred operating losses of £2.0 million. Provisions for further costs were made in respect of the discontinued activities amounting to £5.0 million. The assets of the metals distribution network in the USA were sold at £2.9 million below book value which, together with payments of £1.4 million in respect of closures in 1992, totalled £4.3 million. Provisions of £1.7 million had been made against the 1992 closures; payments were £1.4 million, and so there was a net release in respect of prior years of £0.3 million.

FRS 2 requires that the amount included in the profit and loss account in respect of the profit or loss on discontinuance of a previously acquired business should be determined by including the attributable amount of purchased goodwill where it has not previously been eliminated through the profit and loss account. In the case of Amari in the USA, the amount of purchased goodwill is a negative figure of £10.1 million, which is shown in the accounts as an acquisition discount realised. This represents the discount to net assets at which the business was purchased by Glynwed. For the most part it has been derived by apportioning the goodwill arising on the



T U R N O V E R



EARNINGS PER SHARE

acquisition of Amari plc in 1988 over its various businesses. The apportionment has been based on Glynwed's knowledge of the profitability of Amari plc's businesses at the time of its acquisition. The US metals distribution businesses had been loss-making at the time of their acquisition by Amari plc and were purchased at a discount to net assets. They were mostly still loss making when Amari plc itself was purchased by Glynwed. Accordingly "negative goodwill" has been attributed to them at the time of acquisition by Glynwed. A relatively small component of the businesses, Gulf Coast Supply Co (LA) Inc. was purchased at a later date, and the goodwill arising has been taken into account within the total £10.1 million. The goodwill relating to Amari plc was written off against reserves in accordance with the Group's accounting policy.

Thus the credit of £10.. million in the profit and loss account will have no effect on the Group's reserves but is passed through the profit and loss account to demonstrate the profit or loss on disposals which, in total, is a profit of £0.5 million before interest.

In summary, profit before interest of the discontinued activities arises from the following businesses:

	£m
USA metals distribution business	3.6
La Dauphinoise	(3.1)
Cassart steel and tools business	(0.3)
Release of previous year's provisions	0.3
Total	0.5

The interest cost in the year is allocated to discontinued activities on the basis set out under Change in Accounting Presentation in note 1 of the Accounting Policies on page 40 and shows the additional interest cost that the Group has borne as a result of operating the discontinued businesses up to the time of their disposal or closure.

A tax credit arises on the discontinued activities since the acquisition discount realised is not taxable and because certain of the operating losses and costs of disposal can be offset against profits arising from the continuing activities.

EARNINGS PER SHARE

Total earnings per share as shown in note 11 to the accounts increased from 9.20p to 14.91p an increase of 62.1%, and earnings per share for continuing activities increased from 10.41p to 14.57p an increase of 40.0%.

Earnings per share have also been calculated using the method prescribed by the Institute of Investment Management and Research, which is the method that will be adopted by the London Share Service of the Financial Times. This calculation is also given in note 11 and shows earnings per share of 13.70p which are close to those for the continuing activities.

NET OPERATING ASSETS

The Group's net operating assets were reduced by £35.0 million to £273.5 million. The return on average capital employed increased to 18.5% (1992 13.8%), the net margin was 5.8% (1992 4.7%), and the capital turn 3.2 times (1992 2.9 times).

Capital expenditure was £19.2 million (1992 £17.1 million) and the depreciation charge was £20.2 million (1992 £20.9 million).

Working capital, being stocks and trade debtors less trade creditors, decreased by £17.2 million to £175.6 million. The current ratio is a measure of the Group's ability to pay its debts in the short term. It is calculated by dividing current assets (including cash) by creditors falling due within one year (including short term borrowings) and has marginally reduced to 1.3 from 1.4 in 1992.

SHAREHOLDERS' FUNDS

Shareholders' funds reduced by £2.7 million from £205.6 million to £202.9 million. This reduction contained the following elements:

	£m
Profit retained	6.6
Less acquisition discount realised (already contained in the reserves)	(10.1)
Net effect of Profit and Loss Account on reserves	(3.5)
Currency translation differences	(1.3)
New share capital subscribed	3.1
Goodwill written off arising from acquisitions	(1.0)
Total	(2.7)

Assets per share fell from 99.4p to 97.5p.

CASH FLOW

The cash flow statement is set out on page 35. This shows that net borrowings (including finance leases and bills of exchange which have a cost to the Group) fell from £102.2 million to £69.8 million. As shown below the cash flow after payment of tax and interest covered the dividend more than twice. A summarised cash flow is shown below:

	£m
Net cash inflow from operations	88.8
Investing activities	(11.1)
Taxation	(12.8)
Interest	(10.4)
Cash flow before dividends	54.5
Dividends	(24.1)
Net cash inflow before changes in financing	30.4
Cash from shares issued	3.1
Cost of fixed assets funded with finance leases	(1.1)
Decrease in net borrowings	32.4

FINANCIAL NEEDS AND RESOURCES

The funding of the Group's capital employed of £273.5 million is shown below, as is the cost of servicing those funds:

	Funds	Cost of funds
	£m	£m
Ordinary shareholders' funds	201.6	24.1
Preference shares	1.3	0.1
Glynwed shareholders' funds	202.9	24.2
Minority shareholders' interests	0.8	0.1
Total shareholders' funds	203.7	24.3
Net borrowings including bills of exchange and finance leases	69.8	10.1
Total funds	273.5	34.4

The Group debt/equity ratio (net borrowings as a percentage of total shareholders' funds) at the end of 1993 was 34.3% (1992 49.5%). The Group's ability to pay its interest costs is measured by the interest cover (operating income divided by the net interest cost) and in 1993 this was 5.5 times (1992 3.6 times).

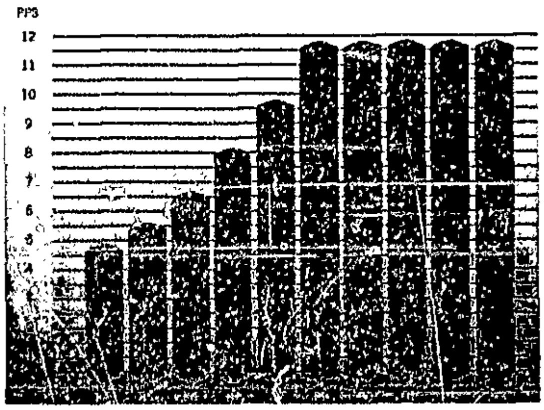
The Group's ability to pay its dividend out of current earnings is measured by the dividend cover which is calculated by dividing the profit after taxation, preference dividends and minority interests by the ordinary dividend for the year. In 1993 the dividend cover was 1.3 times (1992 0.8 times), and the dividend is also more than twice covered by cash flow as can be seen from the previous section of this review.

The Group has borrowing facilities of approximately £229 million, of which 59% are committed and of those committed facilities 80% are for more than one year. Average net borrowings during the year were £117 million which is less than the facilities committed for more than one year and 51% of the total facilities. The average interest rate paid by the Group was 8.6%. The Group can clearly meet all its short term requirements from its existing borrowing facilities and is comfortably within all its borrowing covenants.

There are no restrictions on the Group moving its funds to or from its subsidiaries overseas, except that withholding tax may arise on certain transfers and the Group's wholly owned subsidiary Headland Insurance maintains a minimum cash balance of £6.0 million to comply with Bermudian insurance laws.

SHAREHOLDERS' RETURN AND VALUE

The return on equity is calculated by taking the profit before tax of £45.5 million as a percentage of the shareholders' funds at the end of the year of £203.7 million. For 1993 the return on equity was 22.3% and for 1992 was 16.0%.



DIVIDENDS PER SHARE

At the date of the directors' report the ordinary shares had a value of 359p per share (1992 £284p) valuing the Group at £743 million on the London Stock Market compared with a value of £201.6 million of ordinary shareholders' funds which is 97.5 pence per share.

A maintained dividend of 11.65 pence per share proposed by your board gives a yield of 4.1% based on the market value of the shares.

DAVID MILNE
FINANCE DIRECTOR
7th April 1994

OPERATIONS BOARD

BRUCE RALPH, Chief Executive (above) chairs the Group's Operations Board; this also includes main board members (see pages 6 & 7) Gareth Davies, David Milne, Bernard Doyle and John Blakeley. The Operations Board is completed by Glynwed's seven divisional managing directors who are as follows:-

JOHN STALKER (AGE 47) Managing Director of the Tubes & Fittings division, joined Glynwed in 1977, as Works Director and later Managing Director of W. Wesson. In 1983, he became Managing Director of the Cold Rolled sub-division of the Steels division. In 1989 Glynwed's engineering activities were added to his portfolio, as was steel tube in 1991. In 1992 he became Managing Director of Tubes & Fittings following the decision to consolidate Glynwed's copper tube manufacturing operations.

TONY BAGSHAWE (AGE 47) is Managing Director of the Foundry Products division. He came to Glynwed in 1976 with industrial fastener manufacturer James H Smith, becoming its Director & General Manager. In 1983 he moved to J. Burns, and then joined the Steels & Engineering division in 1987, becoming Managing Director of the bright bar operations in 1989 and progressing to be Managing Director of the Bright Bar and Engineering sub-division in 1991. He became Foundry Products divisional Managing Director in 1993.

TREVOR BARNES (AGE 49) is Managing Director of the Properties division. Joining Glynwed in 1976, with substantial technical and management experience in the construction field, he initially worked with Glynwed Overseas and subsequently became a director of Crackley, the forerunner of Glynwed Properties which was formed in 1982. He became its Managing Director in 1986.

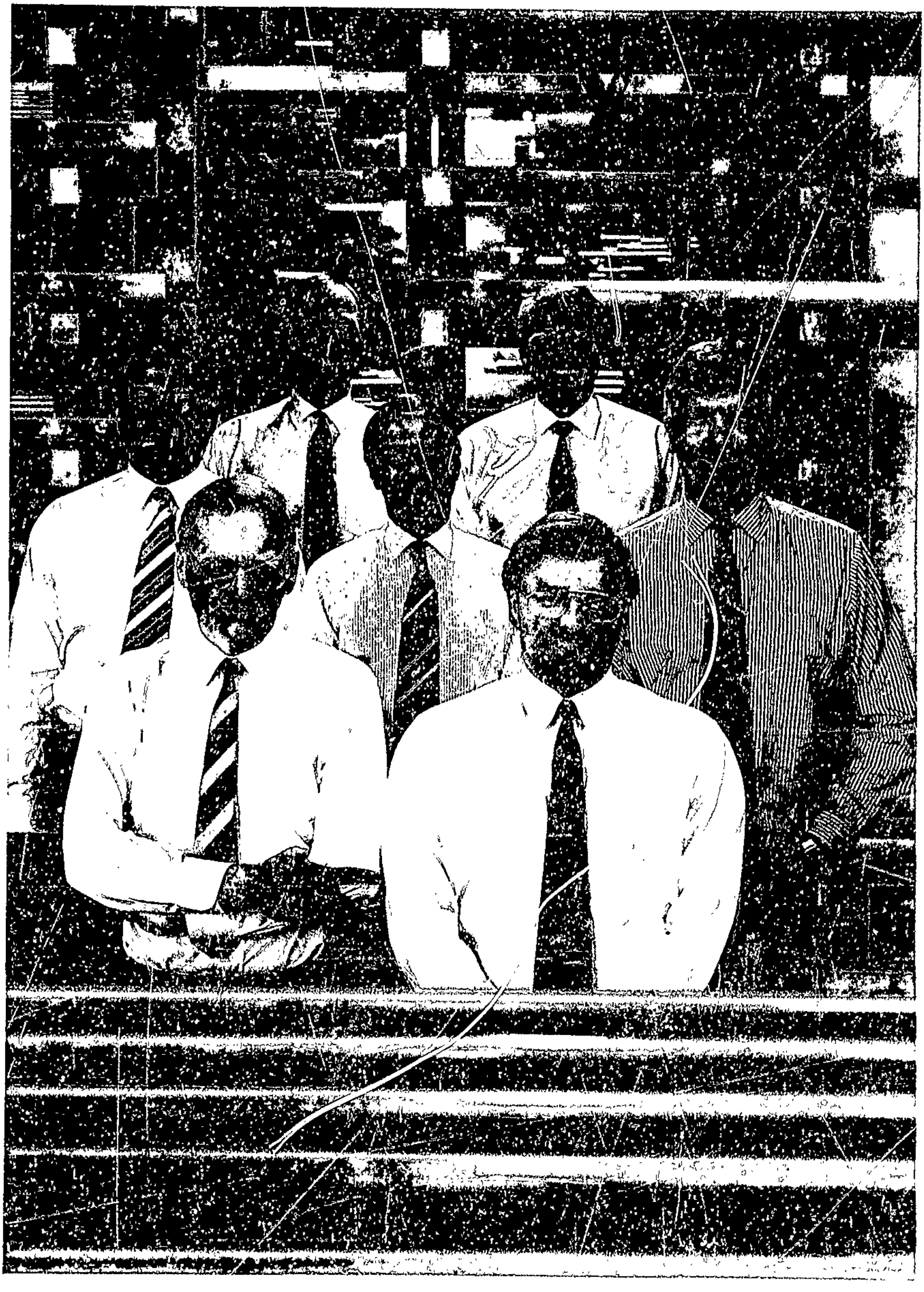
DAVID TAYLOR (AGE 57) is Managing Director of the Metal Services division. He was Managing Director of Aalco Ltd, with whom he had spent much of his working career, when Glynwed took over Aalco's parent, Amari plc. In 1992 he became Managing Director of Glynwed Metal Services' UK operations and the division's Managing Director in 1993.

DAVID TRACEY (AGE 51) is the Plastics division's Managing Director. A chemical engineer, he joined Glynwed from Warner Lambert, having previously spent 21 years with Courtaulds. He was appointed Managing Director of the Glynwed Plastics International sub-division in 1987 and of the Plastics division in 1993.

TONY WILSON (AGE 49) is Managing Director of the Steels & Engineering division. Joining Glynwed's steel stockholding business in 1974, he progressed within the growing Steels division to become its Director of Administration and Finance in 1987 and Finance Director of the Metals and Engineering sub-group in 1991. He was also Managing Director of the Cold Rolled and Steel Tube sub-division during 1992. In 1993 he took up his present role.

STEPHEN RENNIE (AGE 39) is Managing Director of the Consumer Products division. He joined Flavel-Leisure in 1979, from Calor, becoming Sales Manager and then Sales Director. In 1987 he became Managing Director of Falcon. He took up his present position in 1993 when a separate Consumer Products division was formed.

BACK ROW LEFT TO RIGHT
John Stalker · Tony Bagshawe
MIDDLE ROW LEFT TO RIGHT
Trevor Barnes · David Taylor · David Tracey
FRONT ROW LEFT TO RIGHT
Tony Wilson · Stephen Rennie



All of our operating divisions made good progress in 1993 despite difficult markets which were generally flat or, in some cases, in decline. This was achieved through a combination of productivity improvements, increased exports and gains in market share. Productivity, as measured by added value per employee, rose by 10% to just over £24,000. Exports from the UK were increased by 17% overall to a new record level for our continuing businesses and by a larger percentage in respect of our construction-related and consumer products. Further useful volume increases were achieved in a number of product areas by greater market penetration through both existing and new products, to which I will refer again in my detailed divisional reviews on pages 16 to 28. As a result of these achievements profitability improved in all of the divisions.

CHIEF EXECUTIVE'S REVIEW

Consumer Products, in its first year of separation from Foundry Products, was able to report a 26% improvement in operating profits, from £8.6m to £10.8m, with all units showing higher returns despite little or no improvement in their market sectors. Higher sales were achieved through gains in market share in a number of product areas and higher exports. We are hopeful that there may be more help from the market in 1994 with an upturn in housing starts and a rising trend in transactions. A high proportion of discretionary home improvement expenditure occurs within three years of a house move, giving us cause for some optimism.

Foundry Products, our building materials division, achieved an even greater percentage improvement, raising its profits from £0.5m to £2.6m despite the deep recession and very competitive margins in the construction industry throughout Europe. This industry has suffered the worst in this recession, with the UK market being greatly influenced by a 42% fall in commercial construction since 1990. However, improved efficiency and deeper market penetration, together with steady infrastructure activity and stronger exports, helped us to an improved 1993 result.

Metal Services' gross margins were reduced by depressed aluminium and stainless steel prices, but as a result of branch rationalisation, refocusing of businesses and increases in market share, the division was able to produce a slightly higher profit of £6.5m. The disposal of the loss-making US business was satisfactorily concluded and the division's Continental European businesses held up well considering the turmoil in their markets.

The Plastics division achieved a 6% increase in profits to £16.8m, although most of its markets also continued to be difficult. In particular the UK gas and water companies' spend on their distribution systems remained low. Recovery in the USA helped our figures, as did exports from UK and a resilient performance from our Continental European businesses.

The Steels & Engineering division saw another good increase in profits from £14.2m to £16.2m, helped by further cost reductions and a welcome if erratic recovery in UK demand. It was encouraging to see UK manufacturing output, and the engineering sector within it, begin to recover. Amongst the keys to our 1993 improvement were increased exports in higher value-added, cold rolled steels and in steel tube, where product diversification was also important.

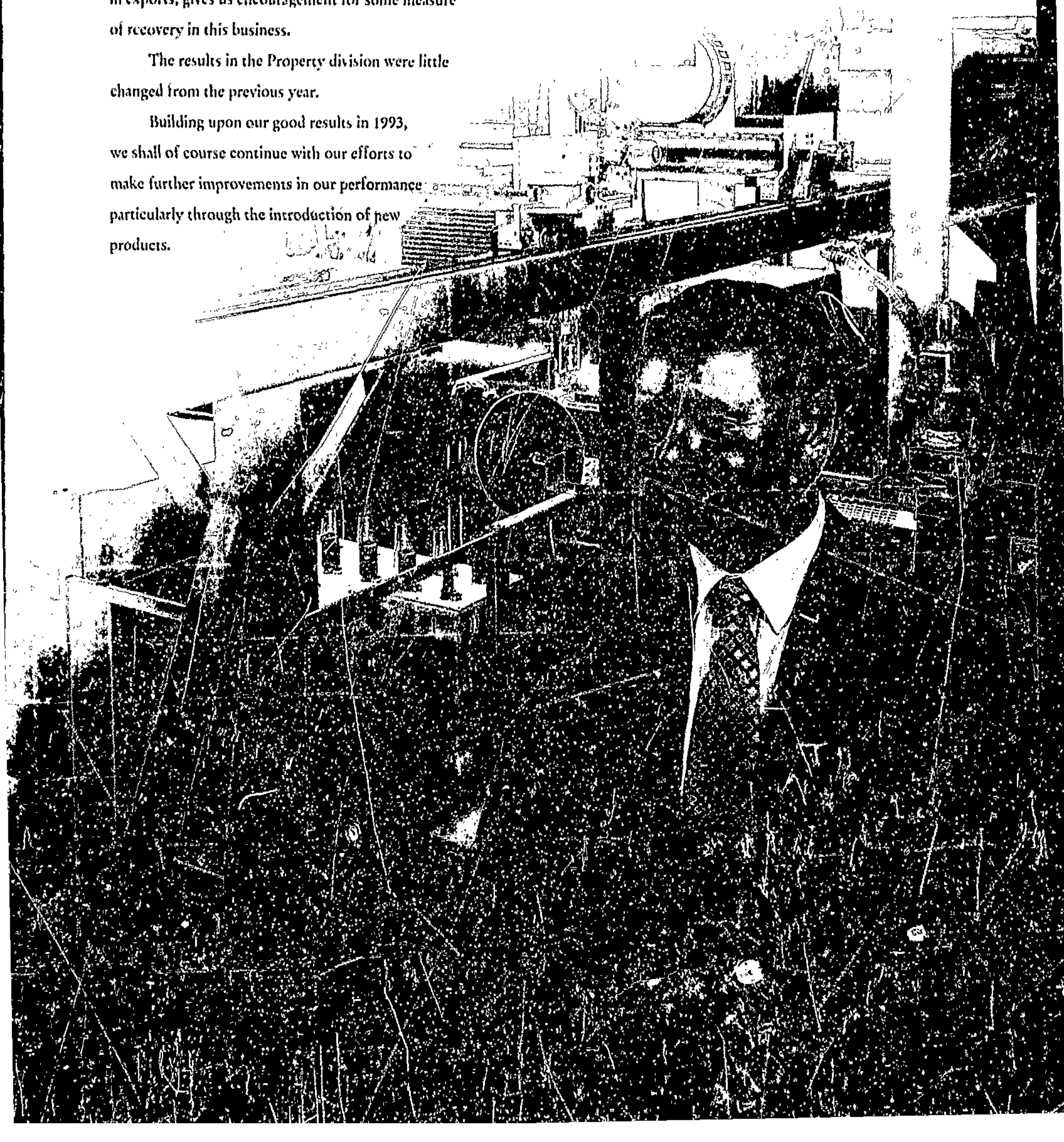
The Tubes & Fittings division had another difficult year as the UK market for copper tube showed little sign of recovery and import penetration put pressure on margins. However, tube exports increased by 32% and accounted for 36% of sales. The installation of the new production process at Wednesbury Tube progressed well and this, together with its lower costs and the progress in exports, gives us encouragement for some measure of recovery in this business.

The results in the Property division were little changed from the previous year.

Building upon our good results in 1993, we shall of course continue with our efforts to make further improvements in our performance particularly through the introduction of new products.

We are hopeful that we shall also see upturns in our various markets to provide a sound platform for further progress in 1994.

The following pages deal with the divisions in more detail.



The division's performance has been most encouraging. All the businesses made significant gains in their three main objectives – an increase in sales and marketing effort, enhanced new product development and further cost reductions.

In a year when total UK gas cooker sales fell by 13%, Flavel-Leisure produced its best [illegible] several years and increased its market share by more than 40% due mainly to the effective marketing of an excellent product range. Gas fire sales also increased enabling Flavel-Leisure to produce the division's largest percentage profit increase. The current product ranges are well matched to present market needs and several further new products are being launched early in 1994.

Aga-Rayburn had an exceptionally busy year,

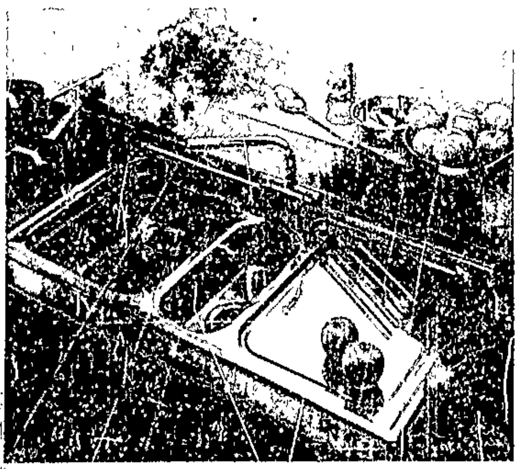
REVIEW OF CONSUMER PRODUCTS

Aga, Britain's most popular range cooker, is now also available through THE AGA SHOPS increasing its penetration in export markets, and moving into retail trading under the banner of "THE AGA SHOP". In addition, 1993 saw new model launches and the opening of a new technical centre. As a result Aga-Rayburn was able to increase its profits substantially, while improved technical and production resources should ensure continued profit growth.

Falcon's Chief Designer with the CAD system tailor make designs to meet customer needs.

The developments in its retail operation have enabled the business not only to advance the sale of Aga and Rayburn products but also to establish Aga Care, a specialised service network to provide a more comprehensive back-up for customers. The retail operation now comprises eleven Aga Shop outlets and has given the business a close understanding of customer requirements.

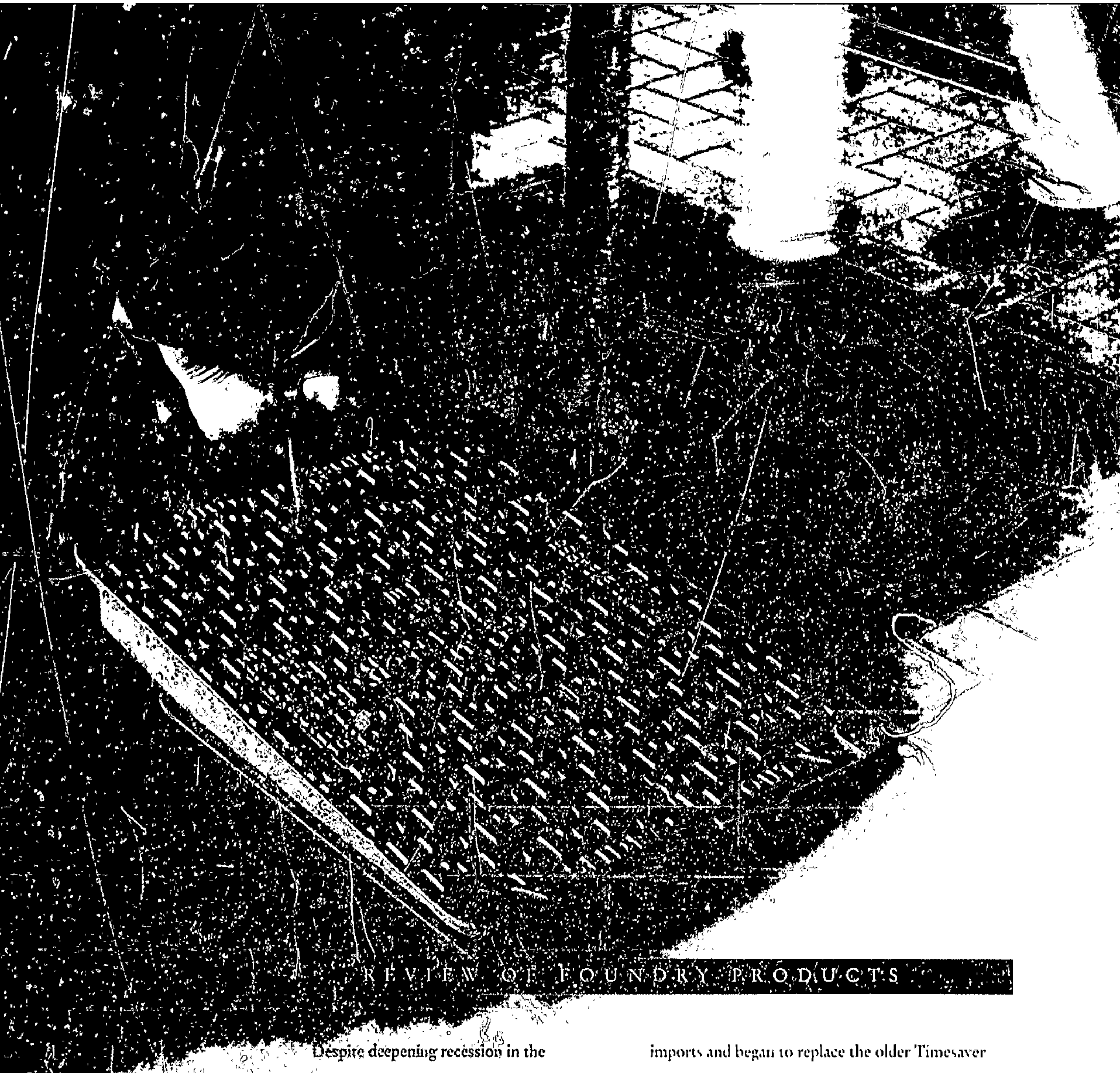
In the commercial catering sector, both Falcon Catering Equipment, in manufacturing, and Wholesale Catering Equipment, in distribution, coped well with difficult trading conditions. A shortfall of orders from two important customer sectors, which were in considerable distress, was offset by tight cost control, coupled with increased sales and marketing activities. Falcon's research and development department was considerably strengthened during the year and an extensive product replacement programme is to be undertaken during 1994 and 1995.



Leisure's new Proline chefcentre, designed for professional cooks

The Leisure sinks business once again produced exceptional results and continued the trend of the last three years by increasing its market shares both in the UK and overseas. Leisure was particularly successful in exporting to Germany and its share of that market was a highly creditable 15%. Significant gains were also made in several other overseas markets and Leisure is now being promoted as a genuinely world-wide brand. As with Falcon, several important product launches are planned both at home and overseas and further significant growth is forecast.

Several key managerial appointments were made during the year and the division is now effectively staffed and motivated for the substantial opportunities that exist for its products in existing and new markets.



REVIEW OF FOUNDRY PRODUCTS

Under the [illegible]

Despite deepening recession in the construction industry throughout Europe, and the pressure on costs caused by a substantial increase in the price of scrap, the Foundry Products division was able to improve its performance considerably over 1992.

One of the success stories of the year was the progress of the Ensign range of cast iron soil pipes and fittings, which was originally designed specifically for the European market. It continued to gain market share both in Europe and other world markets. In the UK it took sales from imports and began to replace the older Timesaver range. Certain export markets, however, still specify the heavier Timesaver products and significant orders were received during the year from Africa.

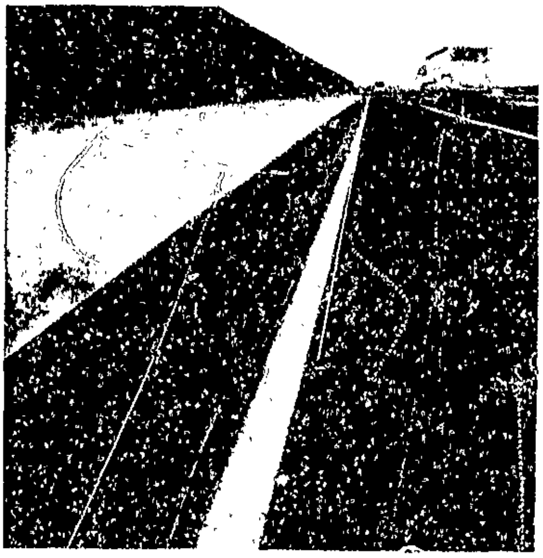
Reduced demand in the UK for new commercial and industrial properties, which are the main market for cast iron pipework systems, means that further growth over the next few years must come from overseas. These markets are continually demanding higher quality, and more environmentally friendly, products at reasonable cost, which is favourable to the Ensign range.

Glynwed Brickhouse, which manufactures access covers and gratings, benefited from greater UK road building activity. Our foundry at Risca in South Wales, which supplies heavy duty ductile products, moved to five-day, double-shift working in the second half of the year, despite lower demand from the UK telecommunications industry.

In Hampshire, the Fareham foundry, which produces lighter weight ductile products, continued to have a difficult time. However increased demand from the housing sector in the latter part of the year caused an improvement.

Following the closure of the Cradley Heath site, the nearby West Bromwich foundry, with its low cost base, attracted increased business, which also helped it to compete internationally for the heavier duty grey iron products. Modest expansion of its production facilities is planned for 1994.

To offset the increased price of scrap steel and iron, continued development of both products and processes has taken place during the year. Plans are also in hand to upgrade the metal melting facilities at Telford and West Bromwich to meet the requirements of the Environmental Protection Act, with which Risca and Fareham already comply.

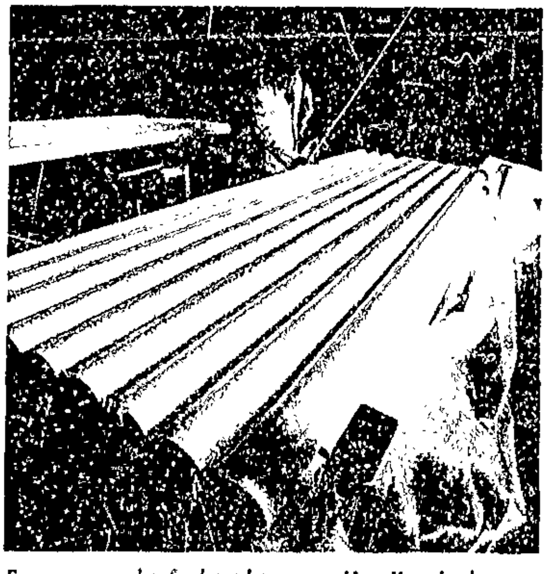


A UK motorway application of the Aquadrain linear drainage system

Following the closure of several depots in 1992 and a change in structure early in 1993, Drainage Systems, the distribution business of the Foundry Products division, experienced a year of consolidation. New products together with the benefits of reorganisation, allowed the business to achieve a modest profit.

Recession in the Continental European construction industry adversely affected Cassart Special Products, the division's European distributor with depots in Belgium and France. Both prices and volumes fell significantly. It has been decided to close the steel and tools operation in Brussels; the other two sites in Belgium have fared better. The French operation in Grenoble suffered reduced demand and alternative arrangements have been made to distribute the division's products in France from the beginning of 1994.

With a low cost base and high product quality, the division is now well placed for further profitable growth in 1994.



Ensign pipes in white for dispatch to a major Hong Kong development.

SLATER METALS

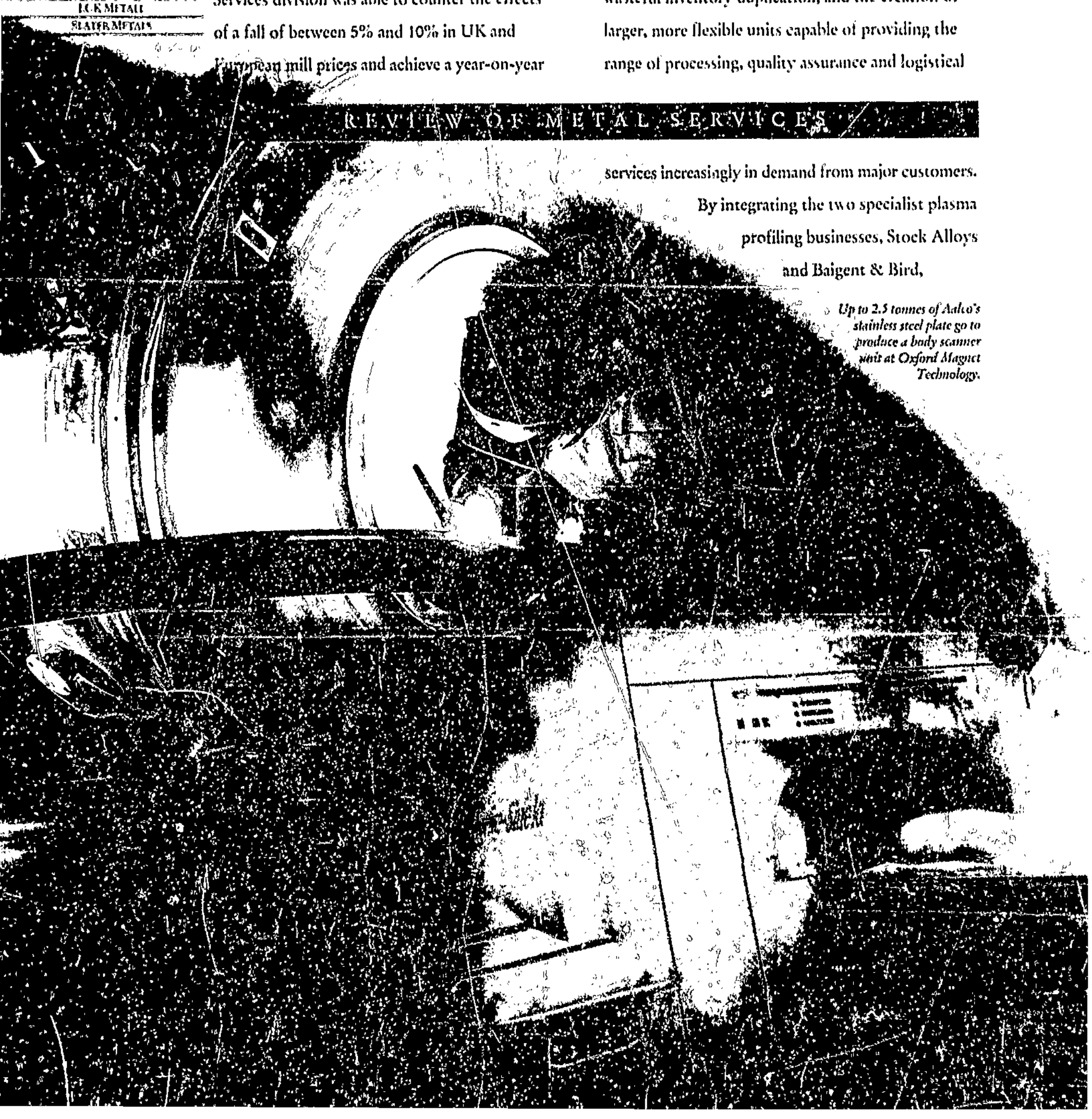
Recession in most leading economies and global over-supply continued to depress aluminium and stainless steel prices and hence distributors' gross margins during 1993.

Through the combined actions of business *re-focusing and increasing market share, the* Metal Services division was able to counter the effects of a fall of between 5% and 10% in UK and European mill prices and achieve a year-on-year improvement in operating profit.

The branch rationalisation programme continued with the merger of eight Aalco and Amari branches into four operating units. The cumulative effect was a 25% reduction in their overheads, with virtually no loss of business, the elimination of wasteful inventory duplication, and the creation of larger, more flexible units capable of providing the range of processing, quality assurance and logistical

REVIEW OF METAL SERVICES

services increasingly in demand from major customers. By integrating the two specialist plasma profiling businesses, Stock Alloys and Baigent & Bird,



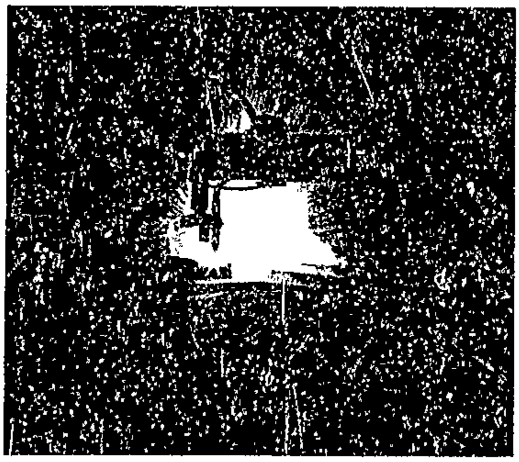
Up to 2.5 tonnes of Aalco's stainless steel plate go to produce a body scanner unit at Oxford Magnet Technology.

on a new and more efficient site in Barnsley, where the business is known as Baigent Stock Alloys, the division has reinforced its position as the leading independent supplier of stainless steel plate and profiles. Increased sales, combined with lower unit costs, have resulted in a significant improvement in profitability.

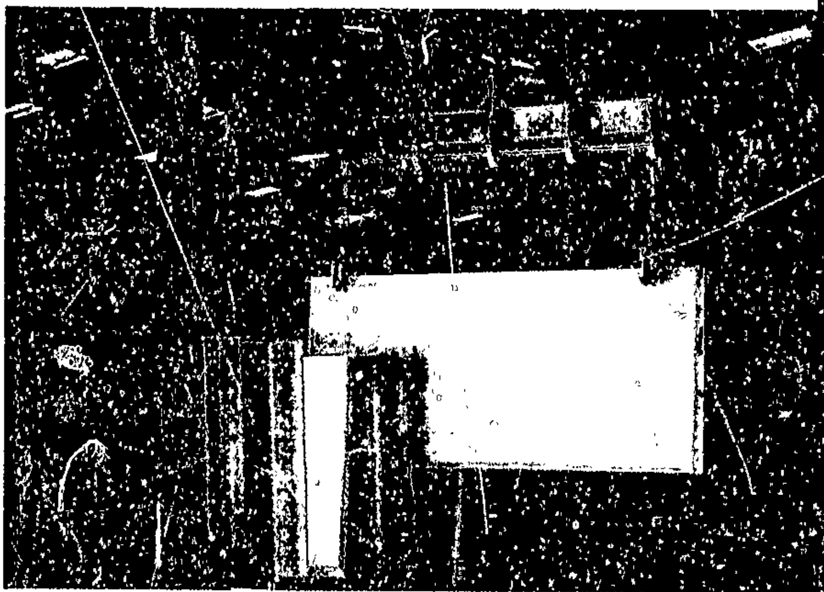
Re-focusing at Cashmores Stainless has enabled the business to streamline its customer base in favour of large processed coil users and to re-direct its more fragmented sheet and long product sales to the Aalco branches. This has led to a substantial saving in costs and inventory and the release of valuable floor space for future expansion.

The sale of the Amari metals distribution network in the USA has eliminated a £2m p.a. lossmaker. In future the division's North American activities will be concentrated on specialist exports through Amari Metals BV in Holland, which has already accumulated a substantial order book for 1994. By selling the unprofitable part of its UK processed tube stock at cost, the division has also extracted itself from another marginal activity.

These divestments, and the positive cash flow generated from normal trading, enabled the division to strengthen its core UK business. In May the stocks of the former C Walker aluminium



Plasma profiling stainless steel plate at Baigent Stock Alloys



Stainless Steel plate is taken from stock.

stockholding business were purchased from Avesta Sheffield and in December the division acquired the complementary trade and assets of RTZ Metal Stockholders.

In Germany, despite recession and depressed metal prices, the Jera Metall and LCK Metall branches maintained their profit at a level close to that of 1992 through planned product diversification in the North, expansion of aluminium plate sawing in the South and increased sales in the East.

In Ireland, good progress was made by Amari Dublin in combating adverse economic conditions, while increased exports by the Dutch company helped to compensate for lower domestic demand. Aalco SA in Barcelona improved its performance by concentrating on anodised extrusions.

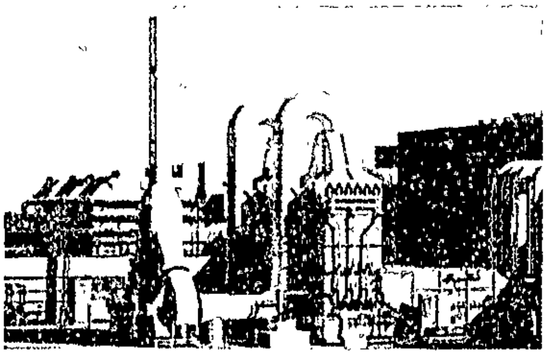
The start of 1994 has seen hardening LME and mill producer prices and the beginning of stock rebuilding in Europe. Whilst it is too early to predict whether these firmer conditions can be sustained, the rationalisations and acquisitions of the last year have made the division fitter than ever to take advantage of improved markets.

Capper PC
Durapipe
Enfield Industrial
FIP Formatura Iniezione Polimeri
Harrington Industrial Plastics
Innoge
MCA Calder
Philmac
Townsend Polymer Engineering
Vulcathene

Amari Plastics
Port Plastics

The year for our Plastics operations was one in which most markets continued to be difficult. Despite this background, virtually all businesses made progress which was a credit to their marketing and market development efforts.

Glynwed Plastics International (GPI), a world leader in thermoplastic pressure pipework systems, accounts for the major part of our plastics operations' turnover. It experienced flat and extremely competitive domestic and export markets throughout the year.

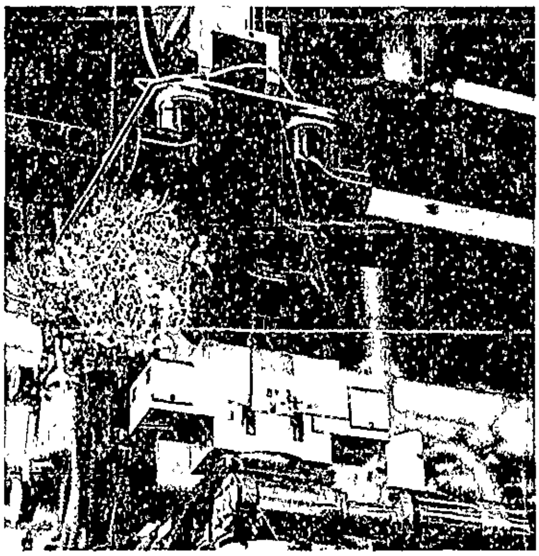


A major environmental equipment installation in California supplied by Harrington.

REVIEW OF PLASTICS

Its project-based business, due to the long lead times associated with such work, went into recession relatively late and even by the end of 1993 had not generally re-emerged. In the UK, gas and water companies' spend on distribution systems – a major area of work – remained low, while the German and other key central European markets contracted. Even the general recovery in the USA failed to reach California, which is the key market for our North American businesses.

Total GPI sales increased by more than 10% and reached their second highest level ever – only just short of the pre-recession peak in 1990. Operating profits were also increased, in spite of fierce margin pressure which was more than offset by effective cost reductions and volume gains.



In a robotised cell at FIP pipe fittings are removed from the injection moulding machines.

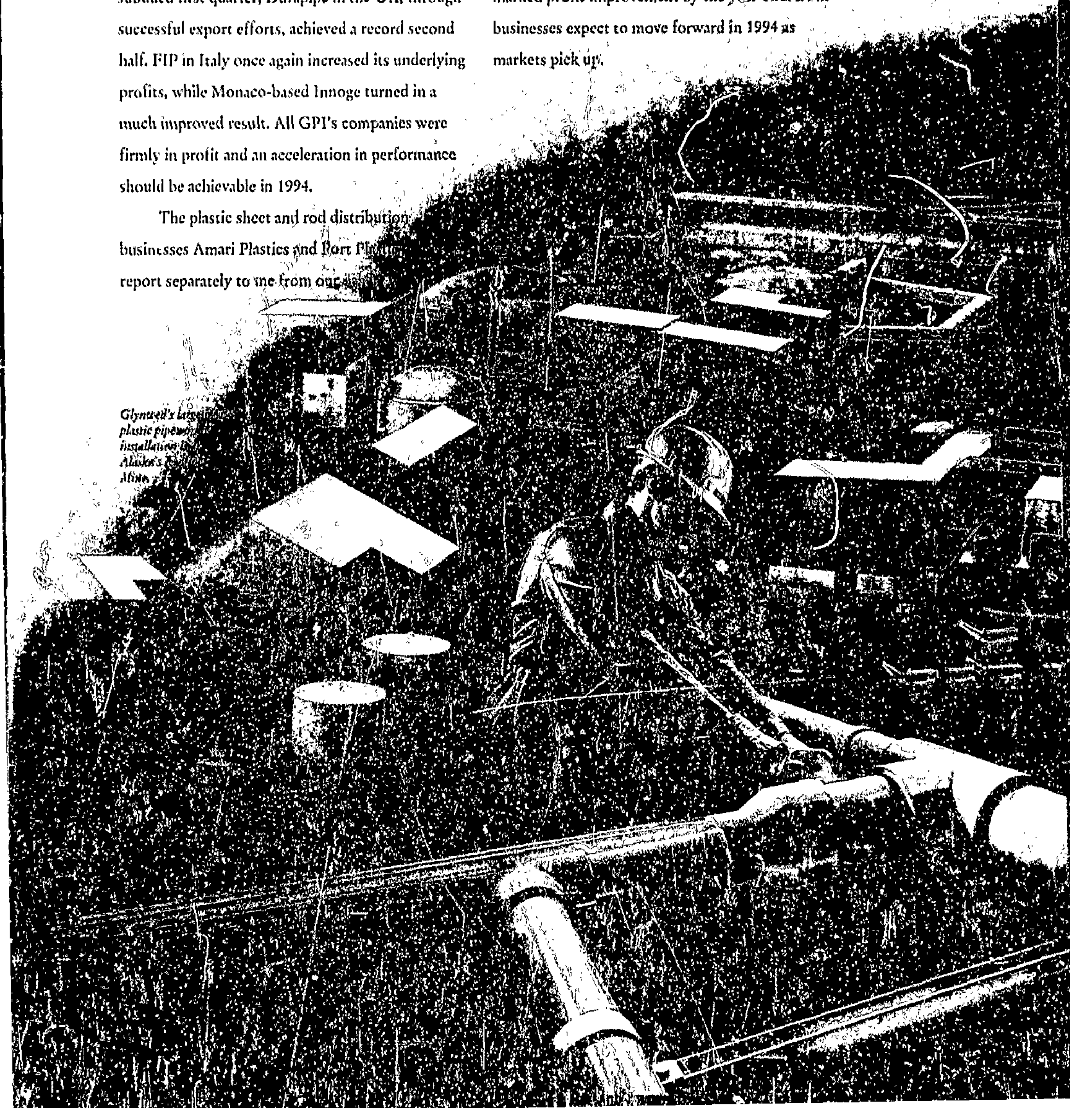
These results were achieved alongside substantially higher capital investment designed to achieve still greater cost efficiency, and further capital commitments were made which should give impetus to sales and profit growth in 1994 and 1995 as our markets in the world's key economies resume their underlying expansion.

Two small but important acquisitions were made during the year although these had little impact on the results due to their timing. SED Ventilsysteme in Germany specialises in plastic and metal diaphragm valves, one of the key components of process plant flow control systems. Flowline Systems will provide the core technology from which we will quickly develop flow sensors and other process monitoring and control equipment.

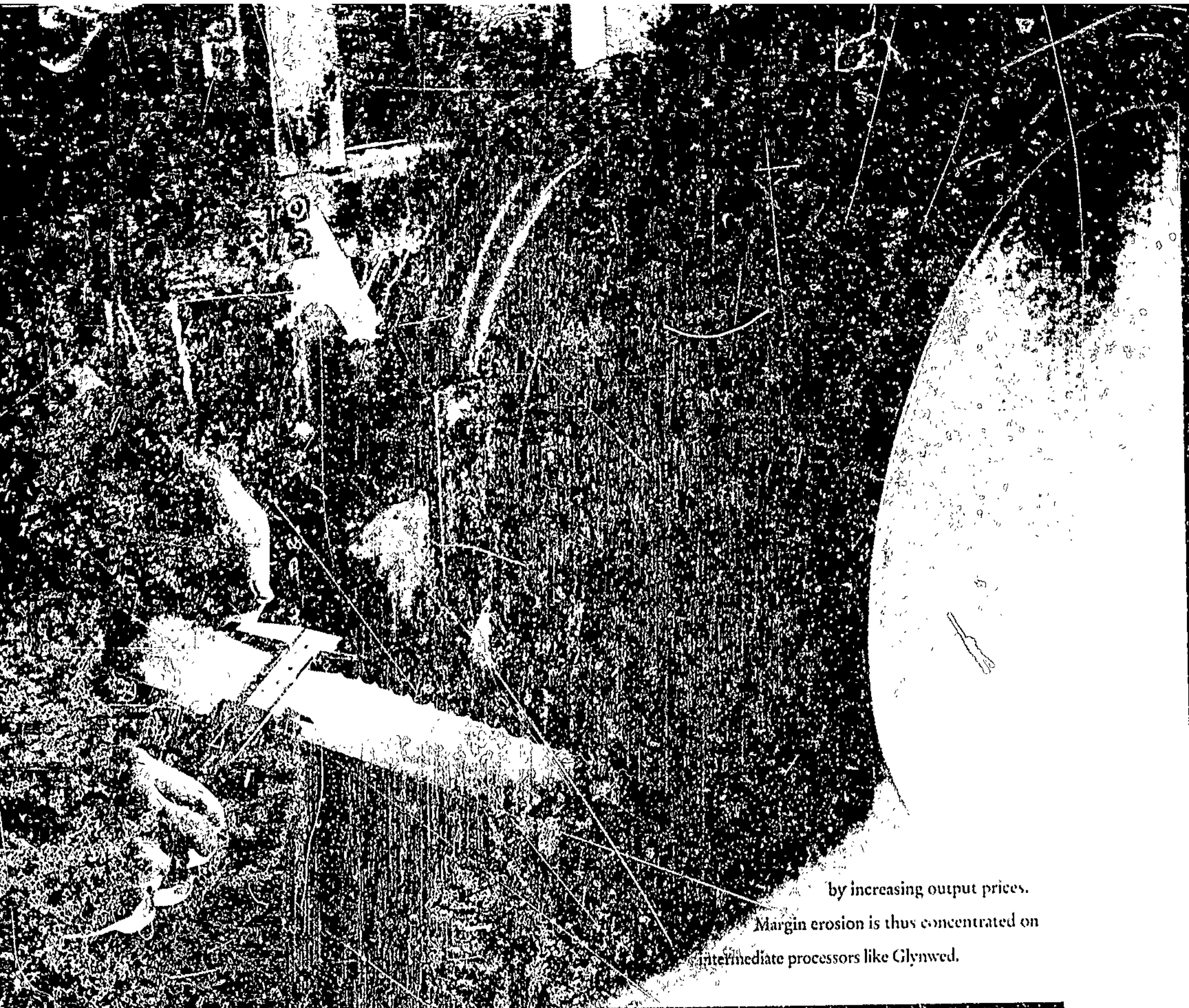
GPI's distribution companies – Harrington, Capper-PC and Enfield – led the way on profit improvement. Harrington, based in the western United States, saw volumes rise by over 20% and the company continued to open new branches, the most recent and largest of which is in Chicago. In the UK Capper-PC's improvement came in part from higher volumes, but mainly from greater overall efficiency.

In manufacturing, Philmac in Australia had another tough year but gained ground in the last quarter, as did Vulcathene in the UK. In spite of a subdued first quarter, Durapipe in the UK, through successful export efforts, achieved a record second half. FIP in Italy once again increased its underlying profits, while Monaco-based Innoge turned in a much improved result. All GPI's companies were firmly in profit and an acceleration in performance should be achievable in 1994.

The plastic sheet and rod distribution businesses Amari Plastics and Port Pl[illegible] report separately to me from our [illegible] plastics operations; 1993 saw a continuing depressed market for Amari Plastics in the UK, but an improving economic situation for Port Plastics in the USA. Strategic marketing and tight control of costs enabled Amari Plastics to achieve a creditable operating profit whilst Port Plastics registered a marked profit improvement by the year-end. Both businesses expect to move forward in 1994 as markets pick up.



Glynwed's large[illegible] plastic pipew[illegible] installation [illegible] Alaska's [illegible] Mine [illegible]



by increasing output prices. Margin erosion is thus concentrated on intermediate processors like Glynwed.

[illegible] STEELS & ENGINEERING

Glynwed's [illegible]

[illegible] overall improvement in the [illegible]on's 1993 results was attributable to a combination of further cost reduction and a recovery, albeit somewhat erratic in the UK. However, the complexity of the steel sector continues to create unique challenges.

Continental Europe remains in recession and the European Union still fails to address adequately State subsidies and over-capacity. Unabated increases in scrap prices drove raw material costs upwards, but manufacturers have remained reluctant to prejudice the fragile recovery

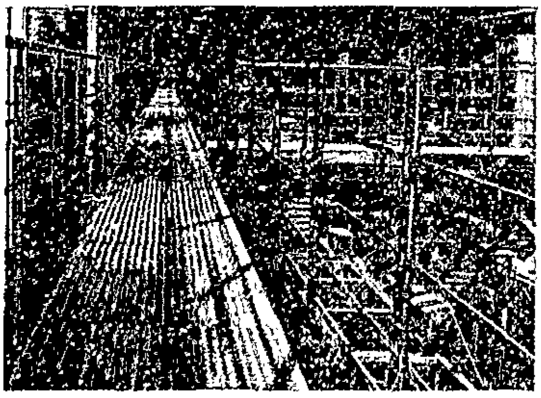
Nevertheless the division faced up to these challenges during the year, improved its key business ratios and was able to make a substantial contribution to Group results.

The Hot Rolling businesses saw some volume improvement, but margins were weak. Exports continued to be a strong feature, though parts of the product range were excluded from the USA by penal trade barriers. Investment in rolling mill development at George Gadd has significantly broadened the product range and will open new markets. Joseph Gillott, the Rotherham-based re-roller, was closed and the order book transferred to George Gadd.

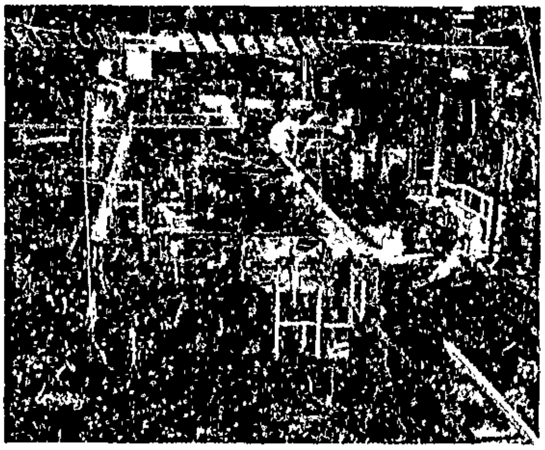
The strong vertical links between hot rolling, bright drawing and distribution again proved a strategic strength. Macreadys saw the benefit of its investment in the Rugby central distribution facility, taking increased volumes from bright drawers G B Steel Bar and Longmore Brothers, who in turn procured improved volumes from the Hot Rollers. Although some improvement has been achieved, the overall returns remain unexciting.

The specialist Cold Rolling businesses, J B & S Lees and Firth Cleveland, built further on their previous excellent export achievements, more than offsetting continued weakness among UK construction industry customers. The traditional Cold Rolling businesses, Ductile Cold Mill and Stourbridge Rolling Mills, suffered weak markets as vehicle component customers were unable fully to offset the declining European demand with the improving UK vehicle market. Nevertheless, stringent capital and cost controls enabled acceptable returns to be maintained.

Having entered 1993 with modest order loads, the UK Steel Tube businesses Monmore, Newman-Tipper and Hub improved productivity and reduced unit costs, finishing the year with an encouraging level of activity. Columbia in Canada



Steelway-Fensecure's stainless steel walkways, handrailing, stairways, ladders and platforms at a major brewery's canning plant



Large square steel bars being produced on the new 500mm mill at George Gadd.

still awaits an improvement in economic activity, with the key construction sector still in deep recession. Although it made a loss for the year, significant re-structuring and cost reductions produced an operating profit in the final quarter.

The engineering businesses produced mixed results. Tower Manufacturing had to contend with the continuing weakness in the UK building products market, but increased its exports to achieve marginally higher profits. Ansell Jones saw little recovery in the marine sector, but profits were improved through cost reductions.

Ductile Sections also suffered from weak construction orders and its business is being re-directed towards new markets. Paul Fabrications was affected by the aerospace industry's weakness, while restrictions on local authority spending constrained sales of its catering and kitchen equipment. Steelway-Fensecure widened its metal forming and fabricating facilities which helped cushion it against declining volumes in traditional products.

La Dauphinoise in France, which had failed for some time to contribute financially to the Group, ceased trading at the year-end, while Cashmores Scrap, the division's scrap metal reclamation business, was closed early in the year.

WEDNESBURY TUBE

Galvanised copper domestic hot water systems, an essential part of modern living.

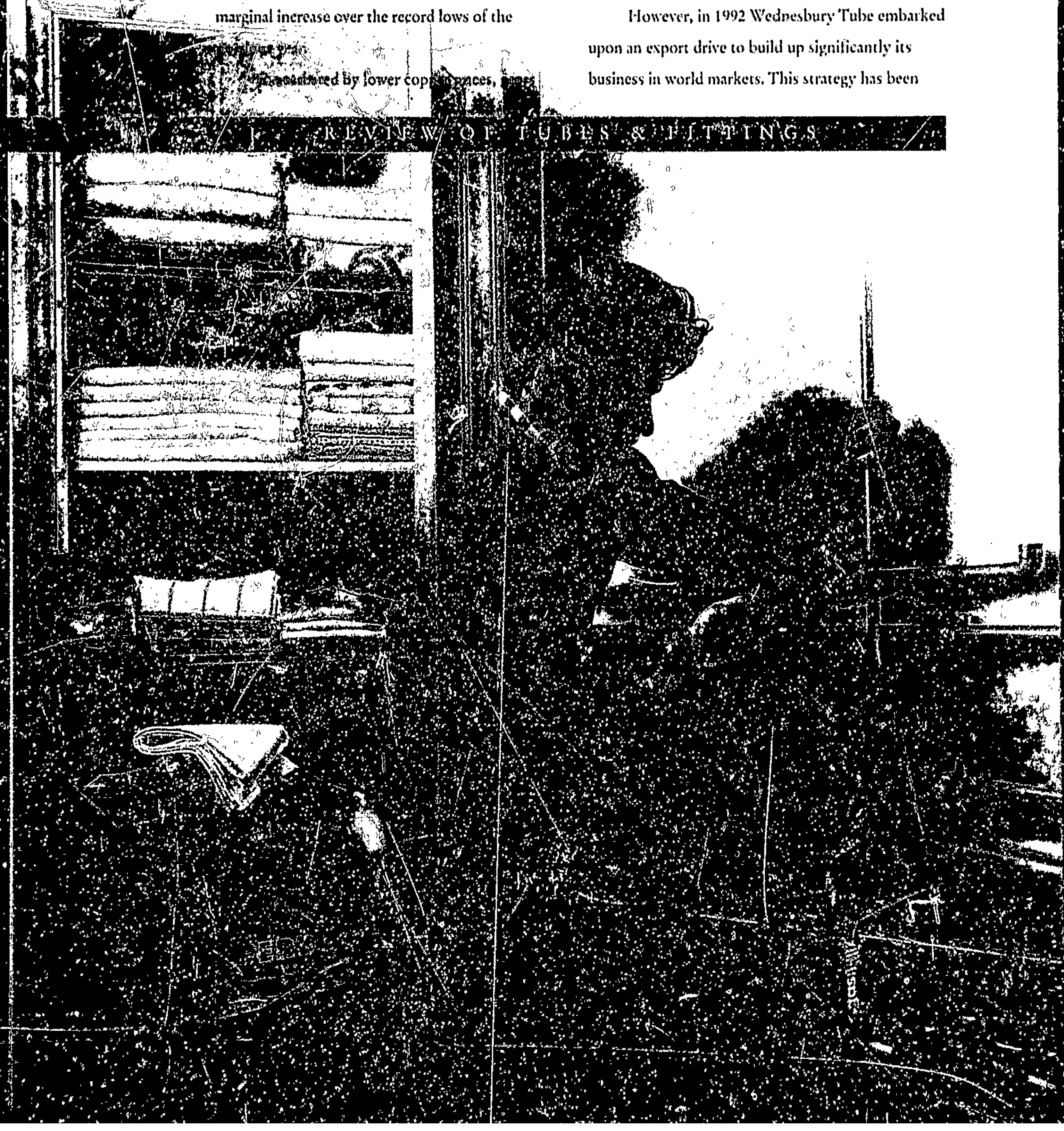
Continued weakness in the UK housing and construction markets, plus stronger competition from importers, brought increased pressure on margins and made 1993 another difficult year for the division.

Demand for copper tube did show some marginal increase over the record lows of the previous year.

[illegible] by lower copper prices, [illegible] margins fell to a new low in the autumn. Although they were recovering somewhat by the year-end, the average margins achieved in the UK during 1993 were even lower than they had been in the previous year, with consequent adverse effects on profitability.

However, in 1992 Wednesbury Tube embarked upon an export drive to build up significantly its business in world markets. This strategy has been

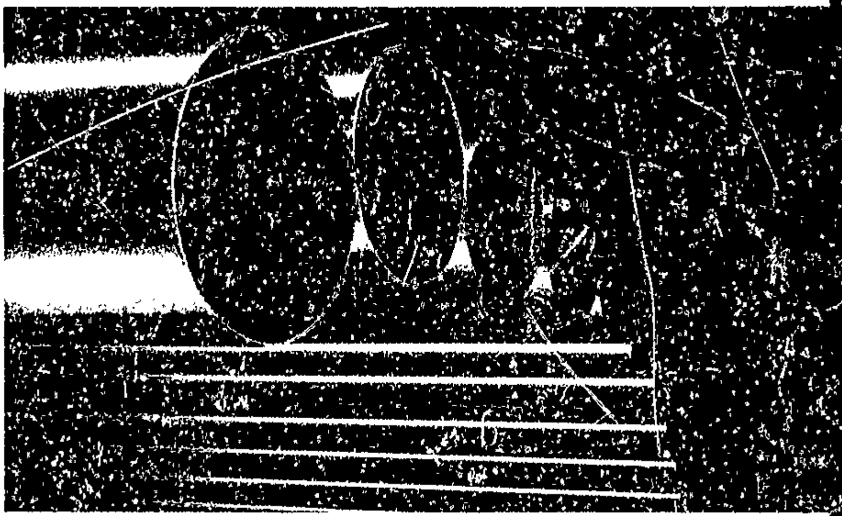
REVIEW OF TUBES & FITTINGS



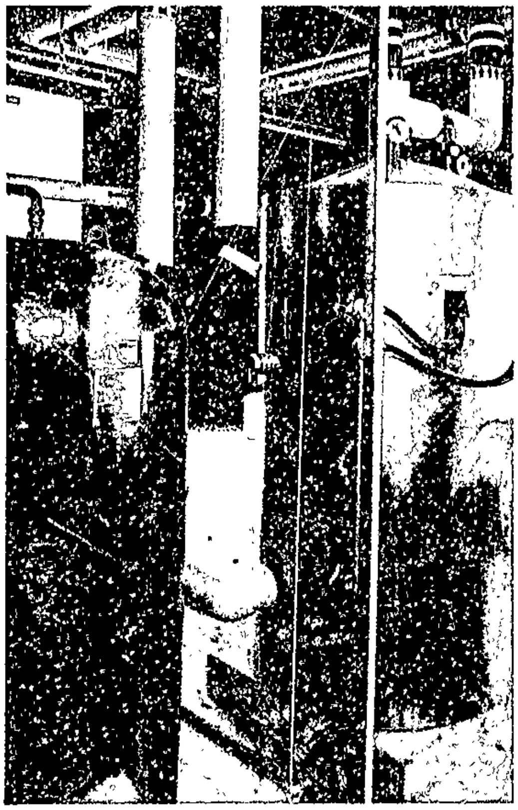
proving very successful in 1993 with export sales increasing by 32% and now accounting for 36% of total sales. This advance in exports included substantial growth in previously unexploited markets.

Commissioning of the new equipment for tube manufacture at the Bilston site, West Midlands (previously located at a nearby site in Great Bridge) commenced on schedule during the latter part of the year and early trials were encouraging. Engineering modifications undertaken during the transfer of the plant to its new site have resulted in greatly improved flexibility and better overall performance. The new production process is being made fully operational early in 1994.

As a consequence of the deterioration in margins during the year and the cost of relocating plant and equipment from the closed Great Bridge site, the financial performance of Wednesbury Tube in 1993 did not improve as much as had been anticipated.



Wednesbury Tube's range is BSI quality approved



Albion calorifier, at Green Bank Leisure Centre, Swadlincote, in Derbyshire, supplying hot water for showers and other washing facilities.

The business is now well placed, as a high quality, low cost producer, to meet any upturn in demand in the UK and to compete effectively in world markets.

The performance of Albion, the division's manufacturer of copper storage cylinders, was also affected by the continuing recession in the housing and construction sectors.

Sales of Albion's traditional hot water cylinders remained depressed and selling prices and margins were low. This was offset, however, by increased demand for the recently introduced new model ranges of Saturn and Superduty cylinders and by continuing steady demand for Albion's range of industrial calorifiers.

In spite of the very difficult trading conditions, overall performance showed a further improvement over the previous year. The division is poised for positive progress in 1994.

Glynwed Properties

Glynwed Property Management

Glynwed Property Developments

Leavlite Group

A solid performance was achieved by the Properties division during a year in which the value of the property portfolio was maintained.

The property investments are held primarily to support Glynwed's manufacturing and distribution businesses which continued to provide most of the rental income. The range of properties held is generally for industrial and warehouse use which has not suffered the same fall in value as other property sectors.

Bargent Stock Alloys' new Barnsley warehouse

premises into a more cost effective property on land owned by the Group.

The other operations, mainly comprising the Leavlite group of companies, are largely dependent on construction and related markets. As a result 1993 was a patchy year and proved somewhat disappointing. Nevertheless the flexible and responsive Leavlite businesses have new product and strategic marketing plans for 1994 which are expected to have a beneficial

REVIEW OF PROPERTIES AND OTHER OPERATIONS

An amount of £1.5m was invested during the year to acquire new, and improve existing, property. This investment provided a new warehouse and office building for Bargent Stock Alloys at Barnsley, improvements for [illegible] to accommodate their expanding business and additional offices for Glynwed [illegible]. A [illegible] facility was built for [illegible] which allowed this business to be transferred from [illegible] premises into a more cost effective property on land owned by the Group.

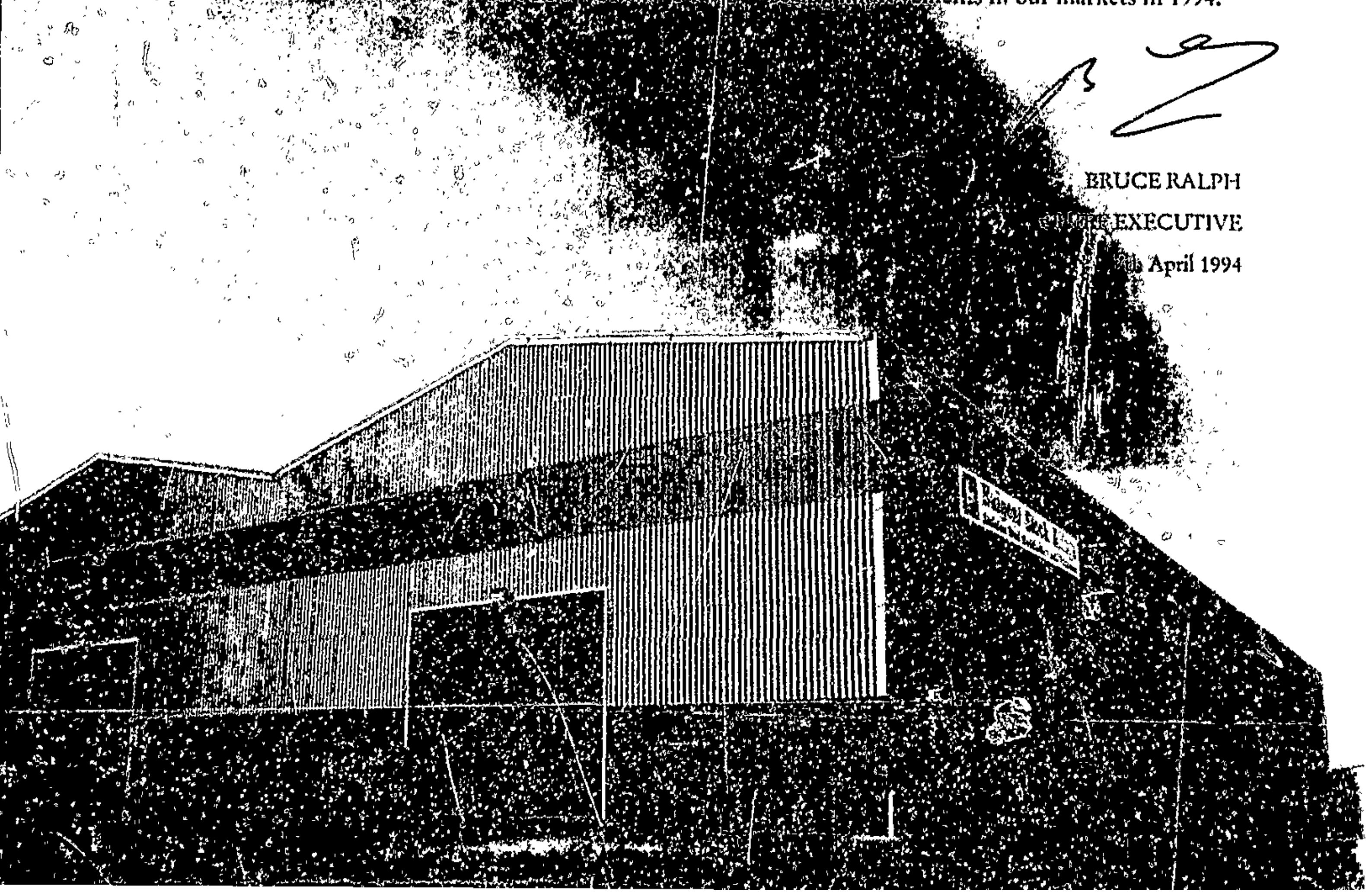
effect on their progress. In particular Timbron, the polystyrene-based substitute for wood, continues to be developed in relation to a range of new applications and markets.

In this, my first review for shareholders, I am pleased to be able to record some encouraging progress and look forward to continuing improvements in our markets in 1994.

BRUCE RALPH

CHIEF EXECUTIVE

[illegible] April 1994



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 25th December 1993. These will be submitted to members at the annual general meeting to be held at **Headland House, 54 New Coventry Road, Sheldon, Birmingham, B26 3AZ, at 12 noon on Thursday, 2nd June 1994.**

ACTIVITIES AND BUSINESS REVIEW

Glynwed International plc is the Group holding Company and its principal subsidiaries and their activities are shown on pages 63 to 65.

A review of the activities and prospects of the Group and of the principal subsidiaries is given on pages 4 to 28.

DIVIDENDS AND RESERVES

The profit for the financial period was **£30.8** million (1992 £19.0 million). After dividends of **£24.2** million (1992 £24.1 million) the profit retained of **£6.6** million (1992 £5.1 million deficit) has been dealt with as shown on page 37.

Earnings for the period were **£30.7** million (1992 £18.9 million) as shown in note 11 on page 47, and earnings per share were **14.91p** (1992 9.20p).

An interim dividend of **4.15p** per ordinary share was paid on 8th December 1993. The directors recommend a final dividend of **7.50p** per ordinary share payable on 30th June 1994, making a total for the period of **11.65p** per ordinary share (1992 11.65p).

CAPITAL OF THE COMPANY

Allotments of ordinary shares of 25p each of the Company were made during 1993 as indicated in note 22 on page 55.

Resolutions will be proposed at the annual general meeting 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.

SHAREHOLDERS

At 25th December 1993, ordinary shareholders totalled 11,936 (1992 13,113). Their holdings are analysed below:

Number of shares	% of shareholders	% of shares in issue
1 – 5,000	89.99	6.25
5,001 – 50,000	7.23	5.76
50,001 – 250,000	1.61	10.71
Over 250,000	1.17	77.28
	100.00	100.00

At the date of this report, the following interests appear in the register maintained by the Company under section 211 of the Companies Act 1985:

Person notifying interest	Number of ordinary shares	% of issued ordinary capital
Britannic Assurance plc	10,330,000	4.97
Confederation Life Group	7,843,616	3.78
Murray Johnstone Limited	6,254,251	3.01

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 25th December 1993. These will be submitted to members at the annual general meeting to be held at **Headland House, 54 New Coventry Road, Sheldon, Birmingham, B26 3AZ, at 12 noon on Thursday, 2nd June 1994.**

ACTIVITIES AND BUSINESS REVIEW

Glynwed International plc is the Group holding Company and its principal subsidiaries and their activities are shown on pages 63 to 65.

A review of the activities and prospects of the Group and of the principal subsidiaries is given on pages 4 to 28.

DIVIDENDS AND RESERVES

The profit for the financial period was **£30.8** million (1992 £19.0 million). After dividends of **£24.2** million (1992 £24.1 million) the profit retained of **£6.6** million (1992 £5.1 million deficit) has been dealt with as shown on page 37.

Earnings for the period were **£30.7** million (1992 £18.9 million) as shown in note 11 on page 47, and earnings per share were **14.91p** (1992 9.20p).

An interim dividend of **4.15p** per ordinary share was paid on 8th December 1993. The directors recommend a final dividend of **7.50p** per ordinary share payable on 30th June 1994, making a total for the period of **11.65p** per ordinary share (1992 11.65p).

CAPITAL OF THE COMPANY

Allotments of ordinary shares of 25p each of the Company were made during 1993 as indicated in note 22 on page 55.

Resolutions will be proposed at the annual general meeting 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.

SHAREHOLDERS

At 25th December 1993, ordinary shareholders totalled 11,936 (1992 13,113). Their holdings are analysed below:

Number of shares	% of shareholders	% of shares in issue
1 – 5,000	89.99	6.25
5,001 – 50,000	7.23	5.76
50,001 – 250,000	1.61	10.71
Over 250,000	1.17	77.28
	100.00	100.00

At the date of this report, the following interests appear in the register maintained by the Company under section 211 of the Companies Act 1985:

Person notifying interest	Number of ordinary shares	% of issued ordinary capital
Britannic Assurance plc	10,330,000	4.97
Confederation Life Group	7,843,616	3.78
Murray Johnstone Limited	6,254,251	3.01

REPORT OF THE DIRECTORS

DIRECTORS

The members of the Board at the date of this report are shown on pages 6 and 7. Mr D W Richardson retired from the board on 27th July 1993.

In accordance with the articles of association Mr G Davies and Mr W J Biffen retire by rotation and, being eligible, offer themselves for re-election. Mr C J Farrow, having been appointed a director on 1st July 1993 retires and, being eligible, offers himself for election. Mr G Davies has a service contract with the Company which expires on 13th February 1995. Mr W J Biffen and Mr C J Farrow have no service contract with the Company.

Mr A Miller will be retiring from the Board immediately following the annual general meeting.

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:

	25th December 1993						27th December 1992					
		Options under the Senior Executive Share Option Scheme						Options under the Senior Executive Share Option Scheme				
	Shares	at 264pps	at 304pps	at 308pps	at 200pps	at 307pps	Shares	at 200.5pps	at 264pps	at 304pps	at 308pps	at 200pps
G Davies	172,379	37,500	60,000	125,000	50,000	–	157,973	56,250	37,500	60,000	125,000	50,000
BC Ralph	–	–	–	–	–	175,000	–	–	–	–	–	–
DL Milne	107,437	24,000	9,000	75,000	46,500	–	100,549	37,500	24,000	9,000	75,000	46,500
JC Blakeley	47,843	15,000	12,000	30,000	35,500	–	38,296	28,125	15,000	12,000	30,000	35,500
B Doyle	4,155	22,500	12,000	25,000	50,000	–	2,000	28,125	22,500	12,000	25,000	50,000
A Miller	114,767	–	–	40,000	50,000	–	114,767	–	–	–	40,000	50,000
WJ Biffen	–	–	–	–	–	–	–	–	–	–	–	–
JD Eccles	3,313	–	–	–	–	–	3,293	–	–	–	–	–
CJ Farrow	–	–	–	–	–	–	–	–	–	–	–	–

** or date of subsequent appointment*

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:

	25th December 1993		27th December 1992	
	at 244.0pps	at 182.0pps	at 244.0pps	at 182.0pps
G Davies	1,475	8,241	1,475	8,241
DL Milne	1,475	4,532	1,475	4,532
JC Blakeley	1,770	7,005	1,770	7,005
B Doyle	4,426	4,120	4,426	4,120
A Miller	4,426	4,120	4,426	4,120

In the period the following directors exercised options to acquire shares under the Senior Executive Share Option Scheme at the exercise price of 200.5 pps namely: G Davies 56,250 shares, D L Milne 37,500 shares, B Doyle 28,125 shares and J C Blakeley 28,125 shares. Since the end of the period purchases of ordinary shares of 25p each have been made as follows, namely: G Davies 18 shares, D L Milne 18 shares, J C Blakeley 36 shares and J D Eccles 2 shares.

No director had an interest in any contract of significance with any Group company.

The Company has purchased insurance to cover directors' and officers' liability as defined by section 310(3)(a) of the Companies Act 1985.

TANGIBLE FIXED ASSETS

The movements of tangible fixed assets are set out in note 12 on page 48 and include a net book value of £0.8 million arising from the acquisition of new businesses.

REPORT OF THE DIRECTORS

ACQUISITIONS AND DISPOSALS

Principal acquisitions during the period:

November	SFD Ventilsysteme, Germany.
December	RTZ Metal Stockholders, UK.

Principal disposal during the period:

November	Amari metals business, USA.

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

It is consistent with the Group's underlying management philosophy of vesting a large measure of operational autonomy, accompanied by accountability, in its divisional and business unit managers that responsibility within the Group in personnel matters lies primarily at an operating rather than a central level, albeit within the framework of a requirement that good, modern and consistent practices are adopted which are appropriate to local circumstances.

Exceptions to this general precept of devolved responsibility include the operation of pension and share option schemes, to good and regularly reviewed current standards, and the management of all aspects of the employment of the Group's most senior staff. A particularly significant feature of the latter function is the work done to improve the quality of top management in our business units and to open pathways of advancement for employees of exceptional ability. A comprehensive assessment programme is in existence, covering all levels of management from first line supervision to Operations Board membership, and is parallelled by a variety of individual and Group-wide management development initiatives aimed at realising the management potential which has been identified by the assessment procedure. A further aspect of the attention paid to management development and succession is the systematic recruitment of a small number of graduates, primarily for sales/marketing and production roles, which in the past year has been put on a co-ordinated, centrally-administered footing.

A part of the requirement mentioned in the first paragraph of this section of the report is that policies be followed which ensure that there is equal opportunity of employment, regardless of race or sex, and that appropriate consideration is given to disabled applicants in terms of 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 practice 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 individual operating units, a process which is supplemented and aided by the distribution of a regularly-published house newspaper.

HEALTH AND SAFETY AND ENVIRONMENT

General Principles

Amongst the issues over which particular care is taken in the Group's relationships with employees and with the community, are those relating to health and safety and the environment. The Group is conscious of the need for and aims to achieve high standards of operation under Health and Safety at Work and Environmental Protection legislation and through its senior management seeks to keep all concerned aware of, and to monitor adherence to, developments in terms both of good industrial practice and of statutory frameworks.

Policy Framework

To carry through this overall policy a Group Health and Safety Committee and a Group Environmental Committee have been established, each chaired by a director of the Company and comprising representatives from all the Group's operating divisions. Both committees meet at regular intervals during the year and are responsible for reviewing standards and encouraging improvements within their respective spheres of interest.

REPORT OF THE DIRECTORS

HEALTH AND SAFETY AND ENVIRONMENT (continued)

Health and Safety: Structure and Practice

Under the aegis of the Group Health and Safety Committee, a Policy Statement applies at Group level to set the parameters within which each division and business unit sets its own more detailed policies on health and safety issues: under those parameters responsibility for health and safety is clearly placed with divisional and unit managing directors. Operating sites in the UK (of which there are more than 170) are appraised by external consultants under a programme of regular visits, and management are made aware of the social and financial costs of failures to meet standards set by legislation and the Company.

Health and Safety: Group Award and other recent developments

Particular developments during the past year were the substantial completion of assessment work required by the six EC-origin Regulations which came into force at the start of the year, and the establishment of a Group Health and Safety Award: the latter will be made for the first time in 1994, by a panel comprising mainly independent experts and by reference to an operating unit's 1993 performance assessed on such criteria as training arrangements, accident record, implementation performance in relation to new legislation, initiatives taken to improve health and safety and the effectiveness of local health and safety committees.

Environment

In relation to environmental matters a statement of Group policy has been promulgated and forms the basis for more detailed policies appropriate to the varying circumstances of the Group's individual operating businesses and divisions. Managements have clearly-devolved responsibilities for policy implementation including that relating to the need to have regard to energy conservation. 1993 saw substantial development of Timbron, the Group's wood-substitute material derived from recycled polystyrene.

CHARITABLE DONATIONS AND COMMUNITY RELATIONS

During 1993 the Group gave £92,565 for charitable purposes in the UK. Amongst the principal beneficiaries were organisations concerned with medical research, the elderly, people with physical or mental disabilities and inner city projects. The Group's charitable giving is one aspect of its relationships with the communities within which it works: importance is attached to those relationships, which encompass the provision of help and support, in financial and other ways, not just to the organisations as already mentioned but also in the fields of education, the arts and sport.

POLITICAL CONTRIBUTION

The Group gave £40,000 in 1993 for political purposes to the Conservative Party.

CAPITAL GAINS TAX

The official price of Glynwed International plc ordinary shares on 31st March 1982, adjusted for the bonus issues made in 1986 and 1988, was 62.4p.

CLOSE COMPANY STATUS

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

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

By order of the Board
Ian Shearman
Secretary
Birmingham
7th April 1994

Ian Shearman

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

This statement has been reviewed by the auditors as set out in the Bulletin relating to Corporate Governance issued by the Auditing Practices Board in so far as it relates to those paragraphs of the Code which the London Stock Exchange has specified for the auditors' review. The auditors have reported to the directors that the statement appropriately reflects the Company's compliance.

The Company is complying with all those recommendations in the Code of Best Practice promulgated by the Cadbury Committee which are currently in effect. This has involved establishing certain new procedures during the year as described below. Those recommendations which are not yet in effect, because guidance continues to be awaited from accountancy professional bodies, cover reporting on the Company's system of internal control and on the Company as a going concern.

On 1st July 1993, a third non-executive director, Mr C J Farrow, was appointed to the Board. Subject to election at the annual general meeting his appointment is for a period of three years, but could be renewed.

An Audit Committee of the Board was established in June 1993 and is now under the chairmanship of Mr Farrow. Its membership comprises all the current non-executive directors of the Company. It has written terms of reference which follow closely the specimen terms recommended by the Cadbury Committee.

A Remuneration Committee was also established in June 1993 to take over from the Chairman's non-executive committee which had previously exercised a similar role. The Remuneration Committee meets under the chairmanship of Mr J D Eccles. It has as its members the other non-executive directors of the Company and the Group Chairman. Its principal remit is to make recommendations to the Board on all aspects of the remuneration, including bonuses, of executive directors and of certain other senior executives of the Group. It will also have responsibility for making grants under the Company's proposed new Senior Executive Share Option Scheme and for specifying the objective performance-related criteria which will have to be satisfied before options granted under the Scheme are exercised.

SOURCE AND DISTRIBUTION OF VALUE ADDED

For the 52 weeks ended 25th December 1993

	1993			1992		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
SOURCE OF VALUE ADDED						
Turnover	899.9	65.9	965.8	837.4	70.9	908.3
Cost of materials and services used	(637.4)	(59.3)	(696.7)	(592.1)	(65.3)	(657.4)
Total value added	262.5	6.6	269.1	245.3	5.6	250.9

DISTRIBUTION OF VALUE ADDED FROM CONTINUING ACTIVITIES

	1993 £m	1993 %	1992 £m	1992 %
Employees – costs	187.8	71.6	178.9	72.9
Taxation – UK and overseas	15.2	5.8	13.3	5.4
Providers of capital				
Interest payable on borrowings	9.7	3.7	11.4	4.7
Dividends to shareholders	24.2	9.2	24.1	9.8
Minority shareholders in subsidiaries	0.1	–	0.1	–
Total cost of capital provided	34.0	12.9	35.6	14.5
Re-investment in the business				
Depreciation	19.6	7.5	20.1	8.2
Profit retained/(transfer from reserves)	5.9	2.2	(2.6)	(1.0)
Total re-invested	25.5	9.7	17.5	7.2
Total value added	262.5	100.0	245.3	100.0

CASH FLOW STATEMENT

For the 52 weeks ended 25th December 1993

	Notes	1993 £m	1993 £m	1992 £m	1992 £m
Net cash inflow from operations	24		88.8		66.3
Net interest paid	25	(10.4)	(10.4)	(11.9)	(11.9)
Net cash inflow from operations after interest			78.4		54.4
Dividends		(24.1)	(24.1)	(24.1)	(24.1)
Net cash outflow in respect of returns on investments and servicing of finance		(34.5)		(36.0)	
Tax paid			(12.8)		(9.3)
Net cash inflow from operations after interest, tax and dividends			41.5		21.0
Net cash outflow from investing activities	26		(11.1)		(4.3)
Net cash inflow before financing			30.4		16.7
Movement in financing – cash outflow	27		(12.2)		(21.0)
Increase in net 3 month cash/(borrowings)	28		18.2		(4.3)

MOVEMENT IN NET BORROWINGS AND NET CASH FLOW

	Notes	1993 £m	1993 £m	1992 £m	1992 £m
Net cash inflow before financing			30.4		16.7
Purchase of fixed assets with finance leases	26	(1.1)		(2.1)	
Shares issued	22	3.1		0.1	
Funds inflow/(outflow)			2.0		(2.0)
Exchange adjustment: increase in sterling equivalent of foreign currency borrowings			–		(9.3)
Decrease in net borrowings			32.4		5.4
Opening net borrowings			102.2		107.6
Closing net borrowings			69.8		102.2
Decrease in net borrowings			32.4		5.4

Net 3 month cash/(borrowings) are borrowings repayable within three months from the date of advance less cash and equivalent to cash or cash equivalents as defined in FRS1.

Notes to the accounts are on pages 40 to 65.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 25th December 1993

	Notes	1993 52 weeks ended 25th December Continuing activities £m	1993 Discontinued activities £m	1993 Total £m	1992 52 weeks ended 26th December Continuing activities £m	1992 Discontinued activities £m	1992 Total £m
Turnover							
– acquisitions		0.3					
– other continuing activities		899.6					
Total turnover	2	899.9	65.9	965.8	837.4	70.9	908.3
Operating profit							
– acquisitions		–					
– other continuing activities		55.1					
Total operating profit/(loss)	2a & b	55.1	(2.0)	53.1	46.3	(2.5)	43.8
– prior period provisions written back		–	–	–	–	1.3	1.3
Provision for losses on discontinued activities		–	(5.0)	(5.0)	–	(2.7)	(2.7)
Profit/(loss) on disposals of discontinued activities							
– acquisition discount realised	32	–	10.1	10.1	–	–	–
– loss on disposal	32	–	(4.3)	(4.3)	–	(0.4)	(0.4)
Total profit/(loss) on disposals of discontinued activities	32	–	5.8	5.8	–	(0.4)	(0.4)
– prior period provisions written back		–	1.7	1.7	–	0.9	0.9
Profit/(loss) on ordinary activities before interest	2a & b	55.1	0.5	55.6	46.3	(3.4)	42.9
Interest payable (net)	6	(9.7)	(0.4)	(10.1)	(11.4)	(0.6)	(12.0)
Profit/(loss) on ordinary activities before taxation	2a & b	45.4	0.1	45.5	34.9	(4.0)	30.9
Tax on profit on ordinary activities	7	(15.2)	0.6	(14.6)	(11.0)	1.5	(9.5)
Exceptional tax charge	7	–	–	–	(2.3)	–	(2.3)
Profit/(loss) on ordinary activities after taxation		30.2	0.7	30.9	21.6	(2.5)	19.1
Minority interests		(0.1)	–	(0.1)	(0.1)	–	(0.1)
Profit/(loss) for the financial period		30.1	0.7	30.8	21.5	(2.5)	19.0
Dividends	9	(24.2)	–	(24.2)	(24.1)	–	(24.1)
Profit retained/(transfer from reserves)	10	5.9	0.7	6.6	(2.6)	(2.5)	(5.1)
		pence	pence	pence	pence	pence	pence
Earnings per share – net basis	11	14.57	0.34	14.91	10.41	(1.21)	9.20

Notes to the accounts are on pages 40 to 65.
Movements on reserves are set out in note 23

SUPPLEMENTARY STATEMENTS

For the 52 weeks ended 25th December 1993

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 52 weeks ended 25th December 1993

	Notes	1993 £m	1992 £m
Profit for the financial period		30.8	19.0
Currency translation differences on foreign currency net investments	23	(1.3)	1.5
Total recognised gains and losses relating to the period		29.5	20.5

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the 52 weeks ended 25th December 1993

	Notes	1993 £m	1992 £m
Reported profit on ordinary activities before taxation		45.5	30.9
Realisation of property revaluation gains/(losses) of previous periods		0.3	(0.4)
Difference between an historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amounts		0.3	0.3
Historical cost profit on ordinary activities before taxation		46.1	30.8
Tax on profit on ordinary activities	7	(14.6)	(9.5)
Exceptional tax charge		–	(2.3)
Minority interests		(0.1)	(0.1)
Dividends	9	(24.2)	(24.1)
Historical cost profit retained/(transfer from reserves)		7.2	(5.2)

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For the 52 weeks ended 25th December 1993

	Notes	1993 £m	1992 £m
Profit for the financial period		30.8	19.0
Dividends	9	(24.2)	(24.1)
Profit retained/(transfer from reserves)	23	6.6	(5.1)
Currency translation differences	23	(1.3)	1.5
New share capital subscribed	27	3.1	0.1
Goodwill (written off)/credit arising from acquisitions	23	(1.0)	0.5
Acquisition discount realised	23 & 32	(10.1)	–
Net reduction in shareholders' funds		(2.7)	(3.0)
Shareholders' funds at beginning of period		205.6	208.6
Shareholders' funds at end of period		202.9	205.6

Notes to the accounts are on pages 40 to 65.

CONSOLIDATED BALANCE SHEET

As at 25th December 1993

	Notes	1993 £m	1992 £m
Fixed assets			
Tangible assets	12	172.4	176.9
Investments	14	2.7	2.7
Total fixed assets		175.1	179.6
Current assets			
Stocks	15	137.1	159.0
Debtors	16	200.3	188.9
Cash at bank and in hand	19	29.7	29.3
Total current assets		367.1	377.2
Creditors – amounts falling due within one year			
Operating creditors	17	(248.0)	(222.4)
Short term borrowings	19	(33.9)	(46.1)
Total amounts falling due within one year		(281.9)	(268.5)
Net current assets		85.2	108.7
Total assets less current liabilities		260.3	288.3
Creditors – amounts falling due after more than one year			
Operating creditors	17 & 19	(12.5)	(14.3)
Medium and long term borrowings	19	(42.4)	(66.8)
Provisions for liabilities and charges	21	(1.7)	(0.9)
Total net assets employed		203.7	206.3
Capital and reserves			
Ordinary shares	22	51.7	51.4
Preference shares	22	1.3	1.3
Called up share capital		53.0	52.7
Share premium account	23	13.1	10.3
Revaluation reserve	23	34.0	34.2
Profit and loss account	23	102.8	108.4
Total capital and reserves		202.9	205.6
Minority interests		0.8	0.7
Total capital and reserves and minority interests		203.7	206.3

G Davies Chairman
JD Eccles Deputy Chairman
DL Milne Finance Director

Notes to the accounts are on pages 40 to 65.

COMPANY BALANCE SHEET

As at 25th December 1993

	Notes	1993 £m	1992 £m
Fixed assets			
Investments	14	108.0	114.9
Current assets			
Debtors	16	279.8	272.5
Cash at bank and in hand	19	2.5	4.5
Total current assets		282.3	277.0
Creditors – amounts falling due within one year			
Operating creditors	17	(145.3)	(111.0)
Short term borrowings	19	(26.9)	(36.2)
Total amounts falling due within one year		(172.2)	(147.2)
Net current assets		110.1	129.8
Total assets less current liabilities		218.1	244.7
Creditors – amounts falling due after more than one year			
Medium and long term borrowings	19	(35.2)	(58.2)
Total net assets employed		182.9	186.5
Capital and reserves			
Ordinary shares	22	51.7	51.4
Preference shares	22	1.3	1.3
Called up share capital		53.0	52.7
Share premium account	23	13.1	10.3
Profit and loss account	23	116.8	123.5
Total capital and reserves		182.9	186.5

G Davies Chairman
JD Eccles Deputy Chairman
DL Milne Finance Director

Notes to the accounts are on pages 40 to 65.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The following statements outline the main accounting policies of the Group.

Change in accounting presentation

(i) FRS3 presentation

The accounts comply with the new accounting standard FRS3 – Reporting Financial Performance. The 1992 comparatives have been restated in accordance with this standard (notes 33 & 34) and the main effects are:

a) The consolidated profit and loss account has been analysed between continuing and discontinued activities. The principle used in allocating interest is that the interest cost or credit of discontinued activities is the additional interest cost or credit arising during the period as a result of retaining the discontinued activity up to the date of discontinuance. The taxation charge or credit on discontinued activities is that which directly arises as a result of their trading operations and discontinuance.

b) Items previously treated as extraordinary have been reclassified to the relevant profit and loss account heading.

c) Earnings per share previously published have been restated to comply with FRS3.

(ii) Borrowings

All financial instruments with a cost to the Group with the exception of share capital have been included in borrowings. Consequently, finance leases and bills of exchange which have a cost to the Group are now included in total net borrowings (note 19). The cost of bills and finance leases have been included in net interest. Prior year comparatives have been restated accordingly.

Basis of accounting

The accounts are prepared under the historical cost convention except where adjusted for revaluations of certain fixed assets, and in accordance with applicable Accounting Standards.

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 and 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 associated undertakings.

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 fair value of the net tangible assets acquired are dealt with through consolidated reserves. In the Company accounts, where advantage can be taken of the merger relief rules, shares issued as consideration for acquisitions are accounted for at nominal value.

Research and development

Research and development expenditure is written off in the year in which it is incurred (note 3).

1. ACCOUNTING POLICIES (continued)

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 associated undertakings, and any foreign currency borrowing 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 cost or valuation of fixed assets 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. In the holding company and its subsidiaries the liability is assessed with reference to the individual company. On consolidation the liability is assessed with reference to the Group as a whole. No deferred taxation is provided for withholding tax on reserves retained in overseas subsidiaries, as double taxation relief is available from all the countries concerned.

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 borrowings. Costs in respect of operating leases are charged in arriving at the operating profit.

Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACTIVITIES

Segmental Analysis
a) By division 1993

	Turnover Gross £m	Turnover Inter-divisional £m	Turnover Net £m	Profit £m	Net operating assets £m
Consumer Products	108.6	(0.6)	108.0	10.8	15.2
Foundry Products	56.9	(0.7)	56.2	2.6	9.3
Metal Services	178.7	(2.3)	176.4	6.5	25.6
Plastics	214.6	(4.8)	209.8	16.8	57.3
Steels & Engineering	261.7	(0.5)	261.2	16.2	61.5
Tubes & Fittings	63.9	(0.1)	63.8	(2.2)	26.7
Properties	13.0	(12.4)	0.6	7.0	90.7
Other operations	24.0	(0.1)	23.9	(0.2)	2.7
Central costs	–	–	–	(2.4)	6.9
Total continuing activities	921.4	(21.5)	899.9	55.1	295.[illegible]
Discontinued activities	65.9	–	65.9	0.5	1.7
Total activities	987.3	(21.5)	965.8	55.6	297.2
Interest	–	–	–	(10.1)	–
Tax and dividends	–	–	–	–	(23.7)
Net borrowings	–	–	–	–	(69.8)
Total Group	987.3	(21.5)	965.8	45.5	203.7

The total figures for continuing activities in 1993 include the following amounts relating to acquisitions. Turnover £0.3 million, operating profit £ nil.

By division 1992

	Turnover Gross £m	Turnover Inter-divisional £m	Turnover Net £m	Profit £m	Net operating assets £m
Consumer Products	97.4	(0.2)	97.2	8.6	17.1
Foundry Products	54.8	–	54.8	0.5	10.7
Metal Services	170.9	(1.8)	169.1	6.2	32.9
Plastics	191.6	(0.1)	191.5	15.8	57.1
Steels & Engineering	243.9	(1.3)	242.6	14.2	66.5
Tubes & Fittings	62.5	(1.5)	61.0	(2.7)	26.5
Properties	13.2	(12.6)	0.6	7.2	97.4
Other operations	20.6	–	20.6	(1.5)	4.4
Central costs	–	–	–	(2.0)	4.1
Total continuing activities	854.9	(17.5)	837.4	46.3	316.7
Discontinued activities	70.9	–	70.9	(3.4)	13.7
Total activities	925.8	(17.5)	908.3	42.9	330.4
Interest	–	–	–	(12.0)	–
Tax and dividends	–	–	–	–	(21.9)
Net borrowings	–	–	–	–	(102.2)
Total Group	925.8	(17.5)	908.3	30.9	206.3

An analysis of net operating assets by category of asset is given on page 68.
The cost of bills of exchange used as borrowing instruments of £0.5 million (1992 £0.3 million) has been included in interest, as stated in note 1.
The above tables reflect the changes to the management structure of the Group at the beginning of the year. The effect of the change is to reclassify certain operations from the Consumer & Building Products division into the Consumer Products division, the Foundry Products division and other operations.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACTIVITIES (continued)

Segmental Analysis

b) Geographically 1993

	Turnover Gross £m	Turnover Inter region £m	Turnover Net £m	Profit £m	Net operating assets £m
United Kingdom	728.8	(9.7)	719.1	43.1	240.8
Europe (except United Kingdom)	67.1	(0.7)	66.4	4.2	21.7
North America	95.1	(0.6)	94.5	4.1	21.2
Australia	20.5	(0.6)	19.9	3.7	11.8
Total continuing activities	911.5	(11.6)	899.9	55.1	295.5
Discontinued activities	65.9	–	65.9	0.5	1.7
Total activities	977.4	(11.6)	965.8	55.6	297.2
Interest	–	–	–	(10.1)	–
Tax and dividends	–	–	–	–	(23.7)
Net borrowings	–	–	–	–	(69.8)
Total Group	977.4	(11.6)	965.8	45.5	203.7

Geographically 1992

	Turnover Gross £m	Turnover Inter-region £m	Turnover Net £m	Profit £m	Net operating assets £m
United Kingdom	689.2	(8.4)	680.8	37.2	257.4
Europe (except United Kingdom)	66.7	(0.3)	66.4	3.9	22.9
North America	71.9	(0.3)	71.6	1.0	25.2
Australia	19.1	(0.5)	18.6	4.2	11.2
Total continuing activities	846.9	(9.5)	837.4	46.3	316.7
Discontinued activities	70.9	–	70.9	(3.4)	13.7
Total activities	917.8	(9.5)	908.3	42.9	330.4
Interest	–	–	–	(12.0)	–
Tax and dividends	–	–	–	–	(21.9)
Net borrowings	–	–	–	–	(102.2)
Total Group	917.8	(9.5)	908.3	30.9	206.3

The turnover for North America consists of £77.2 million (1992 £58.3 million) in the USA and £17.3 million (1992 £13.3 million) in Canada.

c) Turnover by customer location	1993 £m	1993 %	1992 £m	1992 %
North and South America	112.6	12.5	85.9	10.3
Europe (except United Kingdom)	115.0	12.8	113.7	13.6
Asia and Australasia	27.1	3.0	20.1	2.4
Middle East	15.0	1.7	11.2	1.3
Africa	2.8	0.3	2.7	0.3
Total overseas	272.5	30.3	233.6	27.9
United Kingdom	627.4	69.7	603.8	72.1
Total continuing activities	899.9	100.0	837.4	100.0
Discontinued activities	65.9		70.9	
Total turnover	965.8		908.3	

Sales value of direct exports from the United Kingdom during the year was £98.7 million (1992 £84.3 million). Exports from UK subsidiaries to overseas subsidiaries were an additional £9.7 million (1992 £8.4 million). The Group is a supplier to many United Kingdom companies, and its products form a part of their exports.

NOTES TO THE ACCOUNTS

NET OPERATING COSTS

	1993 Continuing activities £m	1993 Discontinued activities £m	1993 Total £m	1992 Continuing activities £m	1992 Discontinued activities £m	1992 Total £m
Turnover	899.9	65.9	965.8	837.4	70.9	908.3
Less operating (profit)/loss	(55.1)	2.0	(53.1)	(46.3)	2.5	(43.8)
Net operating costs	844.8	67.9	912.7	791.1	73.4	864.5
Net operating costs						
Raw materials and consumables	473.8	49.6	523.4	442.6	55.6	498.2
Staff costs (note 5)	187.8	8.0	195.8	178.9	8.2	187.1
Other operating charges	123.9	6.7	130.6	117.3	7.5	124.8
Change in stocks of finished goods and work in progress	7.4	2.5	9.9	0.2	0.8	1.0
Own work capitalised	(0.7)	–	(0.7)	(1.0)	–	(1.0)
Other operating income	(3.4)	–	(3.4)	(3.3)	–	(3.3)
Other external charges	36.4	0.5	36.9	36.2	0.5	36.7
Depreciation and other amounts written off tangible fixed assets	19.6	0.6	20.2	20.1	0.8	20.9
Share of losses in associated companies	–	–	–	0.1	–	0.1
Total net operating costs	844.8	67.9	912.7	791.1	73.4	864.5

Net operating costs include the following:	1993 £m	1992 £m
Reorganisation and redundancy	3.0	3.6
Operating lease rentals		
Hire of plant, equipment and vehicles	5.2	5.5
Other operating leases – property rentals	8.5	6.6
Total operating lease rentals	13.7	12.1
Auditors' remuneration		
Audit services (Company £0.2 million (1992 £0.2 million))	1.0	1.0
Other services provided by Group auditors	0.1	0.1
Research and development	3.1	3.6

The total figures for continuing operations in 1993 include the following amounts relating to acquisitions:

	1993 £m
Turnover	0.3
Less operating profit	–
Net operating costs	0.3
Raw materials and consumables	0.1
Wages and salaries	0.1
Other operating charges	0.1
Net operating costs	0.3

NOTES TO THE ACCOUNTS

4. DIRECTORS' EMOLUMENTS OF GLYNWED INTERNATIONAL plc

	1993 £000	1992 £000
As directors	58	45
As executives	1204	934
Total directors' emoluments charged	1262	979

Directors' emoluments disclosed in accordance with Part I of Schedule 6 to the Companies Act 1985, excluding pension contributions, are as follows:

	1993 £	1992 £
Chairman	260,382	261,161
Directors		
£	Number of directors	
260,001 to 265,000	1	1
235,001 to 240,000	1	–
145,001 to 150,000	1	–
135,001 to 140,000	1	2
130,001 to 135,000	–	1
125,001 to 130,000	1	–
120,001 to 125,000	–	1
115,001 to 120,000	–	1
100,001 to 105,000	1	–
85,001 to 90,000	1	–
30,001 to 35,000	1	1
25,001 to 30,000	–	1
15,001 to 20,000	1	–
10,001 to 15,000	–	1
5,001 to 10,000	1	–
Total number of directors (including the Chairman)	10	9

5. EMPLOYEE INFORMATION

	Number of employees 1993	Number of employees 1992
Average number of employees		
United Kingdom and Europe	10,092	10,279
United States of America	578	659
Canada	142	144
Australia	337	359
Total (including executive directors)	11,149	11,441

	1993			1992		
Staff costs	Continuing activities £m	Discontinued activities £m	Total £m	Continuing activities £m	Discontinued activities £m	Total £m
Wages and salaries	168.2	6.1	174.3	161.0	6.8	167.8
Social security costs	17.4	1.8	19.2	16.5	1.3	17.8
Other pension costs	2.2	0.1	2.3	1.4	0.1	1.5
Total staff costs (including executive directors)	187.8	8.0	195.8	178.9	8.2	187.1

NOTES TO THE ACCOUNTS

5. EMPLOYEE INFORMATION (continued)

Pension costs

The Group operates a number of pension schemes throughout the world. The main schemes, which cover the majority of UK employees, are defined benefit schemes and the assets are held in funds separate from the Group's assets. The other schemes are small in size and generally of a defined contribution nature.

The latest valuations of the main schemes were carried out by R Watson & Sons, consulting actuaries, as at 31st March 1992 using the projected unit credit method. The principal assumptions on which these valuations were based were that the investment return would be 3.5% greater than general salary increases and 6.0% greater than increases in future pension payments. The results of these valuations showed that the schemes had a market value of £304.2 million and were 146% funded. The surplus has been spread over the expected future service of employees as a level percentage of wages and salaries.

The valuations have been used in assessing the expected cost of providing pensions for 1993 and future years.

6. INTEREST PAYABLE (net)

	1993			1992		
	Continuing activities £m	Discontinued activities £m	Total £m	Continuing activities £m	Discontinued activities £m	Total £m
Interest payable and similar charges						
On borrowings wholly repayable within five years (other than by instalments)	5.1	0.4	5.5	6.5	0.6	7.1
On all other borrowings	4.2	–	4.2	4.3	–	4.3
On finance leases	1.5	–	1.5	1.9	–	1.9
Total interest payable and similar charges	10.8	0.4	11.2	12.7	0.6	13.3
Less interest receivable and similar income	(1.1)	–	(1.1)	(1.3)	–	(1.3)
Interest payable (net)	9.7	0.4	10.1	11.4	0.6	12.0

The cost of bills of exchange used as borrowings instruments of £0.5 million (1992 £0.3 million) has been included with interest on all other borrowings. Interest has been allocated to discontinued activities as explained under Change in accounting presentation in note 1.

7. TAXATION

	1993			1992		
On the profit for the period	Continuing activities £m	Discontinued activities £m	Total £m	Continuing activities £m	Discontinued activities £m	Total £m
United Kingdom corporation tax (based on a rate of 33%, 1992 33%)	10.9	(0.6)	10.3	10.2	0.4	10.6
Overseas taxation	3.7	–	3.7	1.7	0.1	1.8
Taxation on the profit of the period	14.6	(0.6)	14.0	11.9	0.5	12.4
Previous year adjustments	0.6	–	0.6	(0.9)	(2.0)	(2.9)
Total tax on profit on ordinary activities	15.2	(0.6)	14.6	11.0	(1.5)	9.5
Exceptional tax charge	–	–	–	2.3	–	2.3

Taxation has been allocated to discontinued activities as explained under Change in accounting presentation in note 1.
The exceptional tax charge was a non-recurring amount arising from a significant change in the basis of taxation of certain rental income introduced by the Finance (No 2) Act 1992.

8. PROFIT FOR THE FINANCIAL PERIOD

Group profit after taxation and minority interests for the period was £30.8 million (1992 £19.0 million). Glynwed International plc has taken advantage of section 230(3) of the Companies Act 1985 and has not included its own profit and loss statement in these accounts: its corresponding profit was £17.6 million (1992 £17.4 million loss).

NOTES TO THE ACCOUNTS

9. DIVIDENDS

		1993	1992
Ordinary dividends		£m	£m
Interim dividend paid of 4.15p per share	(1992 4.15p)	8.6	8.6
Proposed final dividend of 7.50p per share	(1992 7.50p)	15.5	15.4
Total ordinary dividends of 11.65p per share	(1992 11.65p)	24.1	24.0
Preference dividends 5.425%		0.1	0.1
Total dividends		24.2	24.1

10. PROFIT RETAINED/(TRANSFER FROM RESERVES)

	1993	1992
	£m	£m
Glynwed International plc	(6.7)	(41.5)
Subsidiary companies	13.3	36.4
Total profit retained/(transfer from reserves)	6.6	(5.1)

11. CALCULATION OF EARNINGS PER SHARE

Earnings per share have been calculated using the earnings set out below and an average of 205.9 million (1992 205.5 million) ordinary shares of 25p each in issue.

	1993			1992		
	Continuing activities £m	Discontinued activities £m	Total £m	Continuing activities £m	Discontinued activities £m	Total £m
Profit for the financial period	30.1	0.7	30.8	21.5	(2.5)	19.0
Preference dividend	(0.1)	–	(0.1)	(0.1)	–	(0.1)
Earnings	30.0	0.7	30.7	21.4	(2.5)	18.9
	pence	pence	pence	pence	pence	pence
Earnings per share	14.57	0.34	14.91	10.41	(1.21)	9.20

Headline earnings as defined by the Institute of Investment Management and Research (IIMR).
(shown in the ten year comparative table on page 68.)

	1993	1992
	£m	£m
Total earnings as above	30.7	18.9
Operating profit – prior year provisions written back	–	(1.3)
Provisions for losses on discontinued activities	5.0	2.7
Disposal of discontinued operations		
– acquisition discount realised	(10.1)	–
– loss on disposal	4.3	0.4
– prior period provisions written back	(1.7)	(0.9)
Tax on closure costs	–	(0.9)
Exceptional tax charge	–	2.3
IIMR headline earnings	28.2	21.2
	pence	pence
IIMR Earnings per share	13.70	10.32

The earnings per share on continuing activities have been disclosed to show the effect on the Group's earnings of the activities that are now discontinued.
The earnings per share under the IIMR definition are disclosed to show the basis of the calculation of the earnings per share that will be used by the financial press.
Comparative figures have been restated in accordance with FRS3.

NOTES TO THE ACCOUNTS

12. TANGIBLE FIXED ASSETS

	1993						1992
	Land and buildings						
	Freehold	Leasehold Long	Leasehold Short	Plant and machinery	Fixtures fittings tools and equipment	Total tangible fixed assets	Total tangible fixed assets
	£m	£m	£m	£m	£m	£m	£m
Cost and valuation							
At beginning of period	91.4	7.2	1.7	173.4	59.4	**333.1**	329.8
Exchange adjustments	(0.3)	–	–	(1.9)	(0.4)	**(2.6)**	5.8
Businesses acquired	–	–	–	0.2	0.6	**0.8**	0.3
Additions at cost	1.3	0.3	–	11.5	6.1	**19.2**	17.1
Disposals	(0.5)	–	(0.4)	(8.6)	(5.7)	**(15.2)**	(19.7)
Revaluation elimination	–	–	–	–	–	–	(0.2)
At end of period	91.9	7.5	1.3	174.6	60.0	**335.3**	333.1
Analysis of cost and valuation							
Cost	8.1	1.5	0.7	173.4	59.8	**243.5**	240.7
Professional valuations							
1990	71.2	3.6	–	–	–	**74.8**	75.0
Previous years	8.4	2.4	0.6	0.1	–	**11.5**	11.8
Directors' valuations	4.2	–	–	1.1	0.2	**5.5**	5.6
At end of period	91.9	7.5	1.3	174.6	60.0	**335.3**	333.1
Accumulated depreciation							
At beginning of period	2.9	0.5	1.1	111.2	40.5	**156.2**	146.3
Exchange adjustments	–	–	–	(1.4)	(0.2)	**(1.6)**	2.6
Provision for the period	1.2	0.2	0.2	11.6	7.0	**20.2**	20.9
Disposals	–	–	(0.2)	(6.7)	(5.0)	**(11.9)**	(13.4)
Revaluation elimination	–	–	–	–	–	–	(0.2)
At end of period	4.1	0.7	1.1	114.7	42.3	**162.9**	156.2
Net book value							
At end of period	87.8	6.8	0.2	59.9	17.7	**172.4**	176.9
At beginning of period	88.5	6.7	0.6	62.2	18.9	176.9	183.5

Included in the cost of tangible fixed assets is **£3.8 million** (1992 £1.9 million) in respect of assets in course of construction.

The historical cost of tangible fixed assets amounts to **£299.8 million** (1992 £298.5 million) and the accumulated depreciation thereon is **£168.6 million** (1992 £162.5 million), giving a net historical book value of **£131.2 million** (1992 £136.0 million).

The net book value of tangible fixed assets includes **£15.3 million** (1992 £16.3 million) in respect of assets held under finance leases. Depreciation for the period on these assets was **£1.7 million** (1992 £2.1 million).

NOTES TO THE ACCOUNTS

13. COMMITMENTS

Group	1993	1992
a) Capital commitments	£m	£m
Authorised by the Board but not contracted for	7.2	7.7
Contracted for but not provided in the accounts	2.8	4.0
Total capital commitments	10.0	11.7

	Land and buildings		Other operating leases	
b) Operating lease commitments for 1994	1993 £m	1992 £m	1993 £m	1992 £m
For leases expiring				
After more than five years	4.9	4.4	0.3	1.0
Between two and five years	1.9	1.6	1.9	1.5
Between one and two years	1.3	1.0	0.7	1.2
Within one year	0.4	0.4	0.8	0.8
Total operating lease commitments	8.5	7.4	3.7	4.5

Glynwed International plc has no capital or operating lease commitments (1992 nil).

14. INVESTMENTS

Group	Share of net assets of associated undertakings £m	Other investments £m	Total £m
Fixed asset investments			
Cost at beginning of period	0.3	2.8	3.1
Additions	0.3	–	0.3
Cost at end of period	0.6	2.8	3.4
Provision at beginning of period	–	(0.4)	(0.4)
Movement in period	–	(0.3)	(0.3)
Provision at end of period	–	(0.7)	(0.7)
Net book value at end of period	0.6	2.1	2.7
Listed (market value £2.1 million)	–	1.6	1.6
Unlisted	0.6	0.5	1.1
At end of period	0.6	2.1	2.7

NOTES TO THE ACCOUNTS

14. INVESTMENTS (Continued)

	Cost of shares £m	Provisions £m	Net book value £m	Amounts due from subsidiaries £m	Amounts due to subsidiaries £m	Total £m
Company						
Subsidiaries						
At beginning of period	151.4	(37.9)	113.5	252.4	(90.1)	275.8
Additions	0.8	–	0.8	–	–	0.8
Disposals	(0.6)	–	(0.6)	–	–	(0.6)
Movements during period	–	(7.1)	(7.1)	6.8	(34.0)	(34.3)
At end of period	151.6	(45.0)	106.6	259.2	(124.1)	241.7
Other Investments						
At beginning and end of period	1.5	(0.1)	1.4	–	–	1.4
Total investments						
At end of period	153.1	(45.1)	108.0	259.2	(124.1)	243.1
At beginning of period	152.9	(38.0)	114.9	252.4	(90.1)	277.2

15. STOCKS

	1993 £m	1992 £m
Raw materials and consumables	**26.5**	26.8
Work in progress	**16.0**	17.3
Finished goods and goods for resale	**94.6**	114.9
Total stocks	**137.1**	159.0

16. DEBTORS

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Amounts falling due within one year				
Trade debtors	**174.2**	162.0	–	–
Bills of exchange receivable	**4.7**	4.1	–	–
– less discounted at a cost to the Group (note 19)	**(0.4)**	(0.6)	–	–
Amounts owed by Group undertakings	–	–	***259.2***	252.4
Other debtors	**6.9**	9.0	–	–
Prepayments and accrued income	**11.0**	9.3	–	–
Advance corporation tax	–	–	***16.7***	15.0
Total debtors falling due within one year	**196.4**	183.8	**275.9**	267.4
Amounts falling due after more than one year				
Advance corporation tax	**3.9**	5.1	**3.9**	5.1
Total debtors	**200.3**	188.9	**279.8**	272.5

NOTES TO THE ACCOUNTS

17. OPERATING CREDITORS

	Group		Company	
	1993	1992	1993	1992
	£m	£m	£m	£m
Amounts falling due within one year				
Trade creditors	135.7	128.2	–	–
Bills of exchange payable				
discounted at a cost to the Group (note 19)	7.9	1.4	–	–
other	5.6	0.7	–	–
Amounts owed to Group undertakings	–	–	124.1	90.1
Social security	2.9	2.5	–	–
Dividends payable	15.5	15.4	15.5	15.4
Accruals and deferred income	40.8	36.2	1.1	1.4
Taxation	12.1	11.6	4.3	3.7
Other creditors	25.1	24.1	0.3	0.4
Finance leases	2.4	2.3	–	–
Total operating creditors falling due within one year	248.0	222.4	145.3	111.0
Amounts falling due after more than one year				
Finance leases	12.5	14.3	–	–
Total operating creditors falling due after more than one year	12.5	14.3	–	–

18. OBLIGATIONS UNDER FINANCE LEASES

	1993	1992
	£m	£m
Group		
Payable after more than five years	5.8	7.4
Payable between two and five years	4.9	4.9
Payable between one and two years	1.8	2.0
Total payable after more than one year	12.5	14.3
Payable within one year	2.4	2.3
Total obligations under finance leases	14.9	16.6

NOTES TO THE ACCOUNTS

19. BORROWINGS

a) Listed debt, bank and other borrowings

	Group 1993 £m	Group 1992 £m	Company 1993 £m	Company 1992 £m
Listed debt				
7.5% Debenture Stock 1989/94	1.0	1.2	1.0	1.2
10.75% Loan Stock 1994/99	5.7	5.7	5.7	5.7
Total listed debt	6.7	6.9	6.7	6.9
Other borrowings	4.5	4.8	4.1	4.1
Total listed debt and other borrowings	11.2	11.7	10.8	11.0
Bills of exchange	8.3	2.0	–	–
Finance leases	14.9	16.6	–	–
Other bank borrowings	65.1	101.2	51.3	83.4
Total bank borrowings	88.3	119.8	51.3	83.4
Total borrowings	99.5	131.5	62.1	94.4
Cash at bank and in hand	(29.7)	(29.3)	(2.5)	(4.5)
Total net borrowings	69.8	102.2	59.6	89.9

All loan capital is repayable at par on maturity.

b) Summary of borrowings from the Balance Sheet

	1993 Bills of exchange £m	1993 Finance leases £m	1993 Other borrowings £m	1993 Total £m	1992 Bills of exchange £m	1992 Finance leases £m	1992 Other borrowings £m	1992 Total £m
Discounted bills of exchange with a cost to the group								
– receivable (note 16)	0.4	–	–	0.4	0.6	–	–	0.6
– payable (note 17)	7.9	–	–	7.9	1.4	–	–	1.4
Finance leases (note 17)	–	2.4	–	2.4	–	2.3	–	2.3
Short term borrowings (page 38)	–	–	33.9	33.9	–	–	46.1	46.1
Total falling due within one year	8.3	2.4	33.9	44.6	2.0	2.3	46.1	50.4
Finance leases (note 17)	–	12.5	–	12.5	–	14.3	–	14.3
Medium and long term borrowings (page 38)	–	–	42.4	42.4	–	–	66.8	66.8
Total borrowings	8.3	14.9	76.3	99.5	2.0	16.6	112.9	131.5
Cash at bank and in hand (page 38)				(29.7)				(29.3)
Total net borrowings				69.8				102.2

Total net borrowings have been re-defined as described under Change in presentation in note 1. The above table provides the analysis of the constituent parts.

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.

NOTES TO THE ACCOUNTS

19. BORROWINGS (continued)

c) Maturity of borrowings

	1993				1992			
		Other				Other		
Group	Bank £m	Secured £m	Unsecured £m	Total borrowings £m	Bank £m	Secured £m	Unsecured £m	Total borrowings £m
Amounts repayable within one year								
7.5% Debenture Stock 1989/94	–	1.0	–	1.0	–	–	–	–
* Other	43.5[1]	–	0.1	43.6	50.2[1]	–	0.2	50.4
Total falling due within one year	43.5	1.0	0.1	44.6	50.2	–	0.2	50.4
Amounts repayable between one and two years								
7.5% Debenture Stock 1989/94	–	–	–	–	–	1.2	–	1.2
* Other	7.2[2]	–	0.1	7.3	16.0[2]	–	0.1	16.1
Total repayable between one and two years	7.2	–	0.1	7.3	16.0	1.2	0.1	17.3
Amounts repayable between two and five years								
Total repayable between two and five years	31.5[3]	0.1	–	31.6	20.4[3]	0.1	0.1	20.6
Amounts repayable after five years								
10.75% Debenture Stock 1994/99	–	–	5.7	5.7	–	–	5.7	5.7
By instalments	6.1[4]	–	0.1	6.2	8.2[4]	–	0.2	8.4
* Other	–	–	4.1	4.1	25.0	–	4.1	29.1
Total repayable after five years	6.1	–	9.9	16.0	33.2	–	10.0	43.2
Total falling due after one year	44.8	0.1	10.0	54.9	69.6	1.3	10.2	81.1
Total borrowings	88.3	1.1	10.1	99.5	119.8	1.3	10.4	131.5
Cash at bank and in hand				(29.7)				(29.3)
Total net borrowings				69.8				102.2

* Interest rates are not more than the appropriate market rate
[1] Includes £2.4 million (1992 £2.4 million) secured
[2] Includes £1.8 million (1992 £2.1 million) secured
[3] Includes £4.9 million (1992 £5.0 million) secured
[4] Includes £5.8 million (1992 £7.6 million) secured
Subsidiaries' secured borrowings are secured on the property and assets of those subsidiaries.

NOTES TO THE ACCOUNTS

19. BORROWINGS (continued)

c) Maturity of borrowings (continued)

Company	1993 Bank £m	1993 Other Secured £m	1993 Other Unsecured £m	1993 Total borrowings £m	1992 Bank £m	1992 Other Secured £m	1992 Other Unsecured £m	1992 Total borrowings £m
Amounts repayable within one year								
7.5% Debenture Stock 1989/94	–	1.0	–	1.0	–	–	–	–
* Other	25.9	–	–	25.9	36.2	–	–	36.2
Total falling due within one year	25.9	1.0	–	26.9	36.2	–	–	36.2
Amounts repayable between one and two years								
7.5% Debenture Stock 1989/94	–	–	–	–	–	1.2	–	1.2
* Other	–	–	–	–	13.0	–	–	13.0
Total repayable between one and two years	–	–	–	–	13.0	1.2	–	14.2
Amounts repayable between two and five years								
Total repayable between two and five years	25.4	–	–	25.4	9.2	–	–	9.2
Amounts repayable after five years other than by instalments								
10.75% Debenture Stock 1994/99	–	–	5.7	5.7	–	–	5.7	5.7
* Other	–	–	4.1	4.1	25.0	–	4.1	29.1
Total repayable after five years	–	–	9.8	9.8	25.0	–	9.8	34.8
Total falling due after one year	25.4	–	9.8	35.2	47.2	1.2	9.8	58.2
Total borrowings	51.3	1.0	9.8	62.1	83.4	1.2	9.8	94.4
Cash at bank and in hand				(2.5)				(4.5)
Total net borrowings				59.6				89.9

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

20. CONTINGENT LIABILITIES

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

21. PROVISIONS FOR LIABILITIES AND CHARGES

a) Pensions	1993 £m	1992 £m
Provision at beginning of period	0.9	–
Provided in period	0.8	0.9
Provision at end of period	1.7	0.9

NOTES TO THE ACCOUNTS

21. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	Provided		Potential unprovided	
	1993	1992	1993	1992
b) Deferred taxation	£m	£m	£m	£m
Timing differences mainly between tax allowances and depreciation	1.1	3.7	7.4	7.8
Other timing differences	(1.1)	(3.7)	(4.8)	(4.0)
Corporation tax payable if properties were disposed of at revalued amounts	–	–	0.6	0.6
Total deferred taxation	–	–	3.2	4.4

22. SHARE CAPITAL

	Ordinary shares of 25p each		5.425% Cumulative Preference shares of £1 each	
	1993	1992	1993	1992
Value	£m	£m	£m	£m
Authorised	74.5	74.5	1.3	1.3
Issued	51.7	51.4	1.3	1.3
	million	million	million	million
Number				
Authorised	297.8	297.8	1.3	1.3
Issued	206.8	205.5	1.3	1.3

During the period 1.3 million ordinary shares of 25p each were issued in connection with the Company's share option schemes, for an aggregate consideration of £3.1 million.

Under the Glynwed International Senior Executive Share Option Scheme, at 25th December 1993 options have been granted and were outstanding as set out below:

Number of ordinary shares	Option price p per share	Exercisable in the 7 years to
336,000	264	April 1997
339,450	304	April 1998
1,628,000	308	September 1999
2,061,000	200	September 2002
175,000	307	September 2003
4,539,450	–	Total

Under the Glynwed International Savings-Related Share Option Scheme, at 25th December 1993 options had been granted and were outstanding in respect of 1,172,011 ordinary shares at 244p per share exercisable ordinarily in the six months to April 1995; and 1,982,190 ordinary shares at 182p per share exercisable ordinarily in the six months to November 1997.

NOTES TO THE ACCOUNTS

23. RESERVES

Group	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total £m
At beginning of period	10.3	34.2	108.4	152.9
Exchange differences	–	0.1	(1.4)	(1.3)
Premium on shares issued	2.8	–	–	2.8
*Goodwill written off arising from acquisitions	–	–	(1.0)	(1.0)
Acquisition discount realised	–	–	(10.1)	(10.1)
Transfer between reserves	–	(0.3)	0.3	–
Profit retained	–	–	6.6	6.6
At end of period	**13.1**	**34.0**	**102.8**	**149.9**
Company				
At beginning of period	10.3	–	123.5	133.8
Premium on shares issued	2.8	–	–	2.8
Transfer to profit and loss account	–	–	(6.7)	(6.7)
At end of period	**13.1**	**–**	**116.8**	**129.9**

Goodwill arising from acquisitions	Book value £m	Other provisions £m	Fair value £m
Assets purchased			
Tangible fixed assets	0.8	–	0.8
Stocks	4.9	(1.6)	3.3
Debtors	4.8	(0.2)	4.6
Total assets	10.5	(1.8)	8.7
Less liabilities assumed			
Creditors	(4.5)	(2.2)	(6.7)
Net operating assets acquired	6.0	(4.0)	2.0
Cash paid for acquisitions in 1993			1.3
Cash payable for acquisitions in 1993			1.7
Total cash paid and payable			3.0
***Goodwill**			1.0

The cumulative amount of goodwill written off to reserves in respect of continuing businesses since 1984 is £179.2 million.

In accordance with SSAP 20, for each currency, exchange differences arising from the translation of foreign currency borrowing used to finance foreign currency investments, have been offset as reserves movements against exchange differences arising on the retranslation of the net investment in that currency. In total, net exchange losses on foreign currency borrowings of £0.5 million (1992 £8.2 million) have been taken to reserves.

NOTES TO THE ACCOUNTS

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1993 £m	1992 £m
Operating profit	53.1	43.8
Add back reorganisation and redundancy costs	3.0	3.6
Operating profit before reorganisation and redundancy costs	56.1	47.4
Cash paid for reorganisation and redundancy	(3.4)	(5.6)
Share of losses in associated undertakings	–	0.1
Depreciation charges	20.2	20.9
(Profit)/loss on sale of tangible fixed assets	(0.5)	0.5
Decrease/(increase) in stocks	13.5	(6.0)
(Increase)/decrease in debtors	(13.1)	2.3
Increase/(decrease) in creditors	16.4	(1.2)
Exchange adjustment on current assets	(0.4)	7.9
Net cash inflow from operations	**88.8**	**66.3**

25. NET INTEREST

	1993 £m	1992 £m
Interest received	1.1	1.3
Interest paid	(10.0)	(11.3)
Interest element of finance lease rentals	(1.5)	(1.9)
Net interest	(10.4)	(11.9)
Interest charge per profit and loss account	(10.1)	(12.0)
Movement in prepayments and accruals	(0.3)	0.1
Net interest	(10.4)	(11.9)

NOTES TO THE ACCOUNTS

26. INVESTING ACTIVITIES

	1993 £m	1992 £m
Purchase of tangible fixed assets	(19.2)	(17.1)
Less purchased with finance leases	1.1	2.1
Purchase of fixed assets for cash	(18.1)	(15.0)
Cash paid for acquisitions in		
previous periods	(0.7)	
current period	(1.3)	(0.6)
Purchase of investments	(0.3)	(1.6)
Disposal of fixed assets	2.7	1.1
Cash received from disposal of businesses in		
previous periods	0.4	12.2
current period	7.9	-
Cash flow re discontinued activities	(1.7)	(0.4)
Net cash outflow from investing activities	(11.1)	(4.3)

27. MOVEMENT IN FINANCING

	1993 £m	1992 £m
Inflow/(outflow)		
Issue of ordinary share capital	3.1	0.1
Finance lease repayments	(2.8)	(2.5)
Loans repaid	(18.8)	(12.6)
Increase/(reduction) in bills discounted	6.3	(6.0)
Movement in financing – cash outflow	(12.2)	(21.0)

Movement in financing represents changes in the Group's external financing and excludes the change in the net 3 month cash/(borrowings).
Loans are borrowings repayable more than three months from the date of advance.

28. ANALYSIS OF CHANGES IN NET 3 MONTH CASH/(BORROWINGS) DURING THE PERIOD

	1993 £m	1992 £m
Borrowings at beginning of period	(7.3)	(0.4)
Increase	18.2	(4.3)
Exchange	–	(2.6)
Balance	10.9	(7.3)

Net 3 month cash/(borrowings) are borrowings repayable within three months from the date of advance less cash and equate to cash or cash equivalents as defined in FRS1.

NOTES TO THE ACCOUNTS

29. ANALYSIS OF NET 3 MONTH CASH/(BORROWINGS) IN THE BALANCE SHEET

	1993	1992	Change in period
Current period	£m	£m	£m
Bank borrowings due within one year (note 19)	(43.5)	(50.2)	6.7
Less current portion of long term loans	24.7	13.6	11.1
3 month borrowings	(18.8)	(36.6)	17.8
Cash at bank (note 19)	29.7	29.3	0.4
Net 3 month cash/(borrowings)	10.9	(7.3)	18.2

	1992	1991	Change in period
Prior period	£m	£m	£m
Bank borrowings due within one year (note 19)	(50.2)	(68.2)	18.0
Less current portion of long term loans	13.6	33.4	(19.8)
3 month borrowings	(36.6)	(34.8)	(1.8)
Cash at Bank (note 19)	29.3	34.4	(5.1)
Net 3 month borrowings	(7.3)	(0.4)	(6.9)

30. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Share capital and premium £m	Other borrowings £m	Finance lease obligations £m	Bills of exchange £m
Current period				
Balance at beginning of period	63.0	112.9	16.6	2.0
Balance at end of period	(66.1)	(76.3)	(14.9)	(8.3)
Finance lease contracts taken out (note 31)	–	–	1.1	–
Total	(3.1)	36.6	2.8	(6.3)
Cash flow included in net 3 months borrowings (note 29)	–	17.8	–	–
Cash inflows/(outflow) from financing (note 27)	(3.1)	18.8	2.8	(6.3)
Total	(3.1)	36.6	2.8	(6.3)
Prior period				
Balance at beginning of period	62.9	117.0	17.0	8.0
Balance at end of period	(63.0)	(112.9)	(16.6)	(2.0)
Exchange rate adjustments	–	6.7	–	–
Finance lease contracts taken out (note 31)	–	–	2.1	–
Total	(0.1)	10.8	2.5	6.0
Cash flow included in net 3 month borrowings (note 29)	–	(1.8)	–	–
Cash inflows/(outflow) from financing (note 27)	(0.1)	12.6	2.5	6.0
Total	(0.1)	10.8	2.5	6.0

NOTES TO THE ACCOUNTS

31. MAJOR NON-CASH TRANSACTIONS

During the period the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £1.1 million (1992 £2.1 million) (note 26).

32. DISPOSALS OF DISCONTINUED OPERATIONS

	1993 £m	1992 £m
Profit/(loss) on disposals of discontinued activities		
Acquisition discount realised	10.1	-
Loss on disposal	(4.3)	(0.4)
Total profit/(loss) on disposals of discontinued operations	5.8	(0.4)

In the period the Group disposed of the businesses and most of the assets of its United States metal distribution network. These businesses were formerly carried on by Amari (USA) Inc., Stock Alloys Inc., and Gulf Coast Supply Co. (LA) Inc. Amari (USA) Inc., and Stock Alloys Inc. were acquired as part of the larger acquisition of Amari plc in 1988. The net goodwill on Amari plc (which was written off to reserves in 1988) was calculated after deducting a discount on net assets applicable to Amari (USA) Inc., and Stock Alloys Inc. The goodwill paid on the purchase of Gulf Coast Supply Co (LA) Inc., in 1989 and subsequently written off to reserves has been set against the discount on the other two businesses in arriving at the acquisition discount realised of £10.1 million.

	1993 £m	1992 £m
Cash flow:		
Cash received from disposals		
previous periods	0.4	12.2
current period	7.9	–
Costs of discontinuing operations	(1.7)	(0.4)
Total cashflow	6.6	11.8
Analysis of net assets included in disposals		
Fixed assets	1.1	
Stocks	11.6	
Debtors	5.3	
Creditors	(5.0)	
Total net assets	13.0	

NOTES TO THE ACCOUNTS

33. RECONCILIATION OF 1992 CASH FLOW STATEMENT WITH THAT PREVIOUSLY PUBLISHED

	Previously published £m	Cost of bills of exchange £m	Now included in borrowings: Bills of exchange £m	Now included in borrowings: Finance leases £m	Operating cash flow discontinued operations £m	Revised 1992 £m
Net cash inflow from operations	61.2	0.3	6.0	–	(1.2)	66.3
Net interest	(11.6)	(0.3)	–	–	–	(11.9)
Dividends	(24.1)	–	–	–	–	(24.1)
Tax paid	(9.3)	–	–	–	–	(9.3)
Net cash outflow from investing activities	(5.5)	–	–	–	1.2	(4.3)
Net cash inflow before financing	10.7	–	6.0	–	–	16.7
Movement in financing	(15.0)	–	(6.0)	–	–	(21.0)
Increase in net 3 month borrowings	(4.3)	–	–	–	–	(4.3)
Net cash inflow before financing	10.7	–	6.0	–	–	16.7
Finance leases repaid	(2.5)	–	–	2.5	–	–
Purchase of fixed assets with finance leases	–	–	–	(2.1)	–	(2.1)
Shares issued	0.1	–	–	–	–	0.1
Exchange adjustment	(9.3)	–	–	–	–	(9.3)
(Increase)/decrease in net borrowings	(1.0)	–	6.0	0.4	–	5.4
Opening net borrowings	82.6	–	8.0	17.0	–	107.6
Closing net borrowings	83.6	–	2.0	16.6	–	102.2
(Increase)/decrease in net borrowings	(1.0)	–	6.0	0.4	–	5.4

NOTES TO THE ACCOUNTS

34. RECONCILIATION OF 1992 PROFIT AND LOSS ACCOUNT WITH THAT PREVIOUSLY PUBLISHED

	Previously published £m	Reallocate extraordinary £m	Cost of bills of exchange* £m	Total £m	Discontinued activities £m	Continuing activities £m
Turnover	906.4	1.9	–	908.3	70.9	837.4
Net operating costs	(861.6)	(3.2)	0.3	(864.5)	(73.4)	(791.1)
Operating profit	44.8	(1.3)	0.3	43.8	(2.5)	46.3
– prior period provisions written back	–	1.3	–	1.3	1.3	–
Provision for losses on discontinued operations	–	(2.7)	–	(2.7)	(2.7)	–
Loss on disposals of discontinued operations	–	(0.4)	–	(0.4)	(0.4)	–
– prior period provisions written back	–	0.9	–	0.9	0.9	–
Profit on ordinary activities before interest	44.8	(2.2)	0.3	42.9	(3.4)	46.3
Interest payable (net)	(11.7)	–	(0.3)	(12.0)	(0.6)	(11.4)
Profit on ordinary activities before taxation	33.1	(2.2)	–	30.9	(4.0)	34.9
Tax on profit on ordinary activities	(10.4)	0.9	–	(9.5)	1.5	(11.0)
Exceptional tax charge	–	(2.3)	–	(2.3)	–	(2.3)
Profit on ordinary activities after taxation	22.7	(3.6)	–	19.1	(2.5)	21.6
Minority interests	(0.1)	–	–	(0.1)	–	(0.1)
Profit on ordinary activities after taxation and minority interests	22.6	(3.6)	–	19.0	(2.5)	21.5
Extraordinary items	(1.3)	1.3	–	–	–	–
Extraordinary tax charge	(2.3)	2.3	–	–	–	–
Dividends	(24.1)	–	–	(24.1)	–	(24.1)
Profit retained/(transfer from reserves)	(5.1)	–	–	(5.1)	(2.5)	(2.6)
	pence	pence	pence	pence	pence	pence
Earnings per share – net basis	10.95	(1.75)	–	9.20	(1.21)	10.41

** Cost of bills of exchange used as borrowing instruments now included as interest, under Change in accounting presentation in note 1.*

NOTES TO THE ACCOUNTS

33. TRADING SUBSIDIARIES

The following is a list of the company's principal trading subsidiaries at 25th December 1993, and a brief description of their current activities. The capital in each case consists, unless otherwise stated, wholly of ordinary shares or common stock. Where subsidiaries are not wholly owned the percentage of capital owned is stated in brackets.

Unless otherwise stated the companies are registered in England and operate in the United Kingdom.

CONSUMER PRODUCTS DIVISION

Glynwed Consumer Products Limited† trading as:

- Aga-Rayburn – manufacturer of high quality domestic multi-fuel cooking and heating appliances.
- Falcon Catering Equipment – manufacturer of commercial catering equipment.
- Flavel-Leisure – manufacturer of domestic cookers and gas fires.
- Leisure – manufacturer of kitchen sinks and shower cubicles.
- Wholesale Catering Equipment UK – distributors of commercial catering equipment.

Cooper & Turner Inc (USA) – distributor of Glynwed consumer products.

Glynwed Australia Pty Limited† (Australia) – distributor of Glynwed consumer products.

FOUNDRY PRODUCTS DIVISION

Glynwed Foundry Products Limited† trading as:

- Glynwed Foundries (Pipes & Fittings) – manufacturer of cast iron rainwater, soil and drainage products, in particular the Ensign and Timesaver ranges.
- Glynwed Brickhouse (Covers & Gratings) – manufacturer of cast iron and steel fabricated access covers, gratings and street furniture.
- Drainage Systems – UK distributor of drainage system products, in cast iron and other materials.
- Glynwed BBI – export marketing of all Glynwed Foundries and Glynwed Brickhouse products.

Cassart Special Products SA† (Belgium) – distributor of iron and steel products for the building and construction industry.

METAL SERVICES DIVISION

Glynwed Metal Services Limited trading as:

- Aalco – UK distributor of high performance metals.
- Active Service Metals – regional distributor of high performance metals.
- Amari Contract Services – diverse packages of metal products for international major contracts.
- Amari Copper Alloys – specialist distributor of copper alloys.
- Amari Overseas – international distributor of high performance non-ferrous metals.
- Cashmores Stainless – national stockholder and processor of stainless steel.
- HUB Aluminium – distributors of aluminium tube and associated products.
- CJA Stainless Steels – stainless steel distributor specialising in tube, bar and sections.
- Slater Metals – regional distributor of high performance metals.
- Baigent Stock Alloys – plasma profiling and abrasive sawing of stainless steel sheet and plate and stockists of stainless steel bar.

Amari Aerospace Limited – distributor of high performance metals.

Amari Metals Limited – specialist distributor of aluminium and its alloys in the UK.

Amari Dublin Limited (Republic of Ireland) – specialist distributor of aluminium and its alloys.

Aalco SA (Spain) – (99%) distributor of high performance metals.

Amari GmbH† (Germany) trading as:

- Jera Metall – regional distributor of high performance metals in Southern Germany.
- LCK Metall – regional distributor of high performance metals in Northern Germany.

Amari Metals BV (Holland) – specialist distributor of aluminium and high performance metals.

35. TRADING SUBSIDIARIES (continued)

PLASTICS DIVISION

Glynwed Plastics Limited trading as:

Capper P-C – UK distributor of thermoplastic pipework systems.

Durapipe – manufacturer of pressure pipework systems in PVC, ABS, polyethylene, polypropylene and other thermoplastic materials.

MCA-Calder – manufacture, hire and repair of thermoplastic pipe jointing equipment.

Townsend Polymer Engineering – manufacturer of precision moulded rubber components.

Vulcathene – manufacturer of polyethylene and polypropylene chemical waste drainage systems, Gascoil electrofusion systems and injection mouldings.

* **Amari Plastics plc** – UK distributors of plastic sheet and rod.
* **Enfield Industrial Corp** (USA) – manufacturer and distributor of thermoplastic pipework systems.
* **FIP Formatura Iniezione Polimeri Srl†** (Italy) – manufacturer of thermoplastic pressure pipe fittings and valves.
* **Harrington Industrial Plastics Inc** (USA) – distributor of thermoplastic pipework systems.
* **Philmac Pty Limited** (Australia) – manufacturer of plastic fittings for application in water distribution and irrigation systems.
* **Port Plastics Inc** (USA) – distributor of plastic sheet.
* **SAM Innoge** (Monaco) – manufacturer of polyethylene electrofusion systems.

STEELS & ENGINEERING DIVISION

Glynwed Steels Limited trading as:

Ductile Cold Mill – precision cold roller of steel strip.

Ductile Hot Mill – hot roller of steel strip and flats.

Ductile Steel Processors – steel coil picklers and slitters; chemical and mechanical laboratory testing services.

Dudley Port Rolling Mills – hot roller of steel bars, flats and special sections.

Firth Cleveland Steel Strip – manufacturer of high carbon, cold rolled, hardened and tempered steel strip.

GB Steel Bar – manufacturer of cold finished, bright drawn, turned and ground carbon alloys and stainless steel.

George Gadd & Co – hot roller of steel bars, flats and sections.

JB & S Lees – specialist manufacturer of cold rolled steel strip and producers of bi-metal steel strip for metal cutting bandsaws and power hacksaws.

Longmore Brothers – manufacturer of bright drawn steel, steel conduit and precision tubes.

Macreadys – UK distributor of bright and black carbon and alloy steels, stainless steel, silver steel, ground flat stock and tool steels.

Stourbridge Rolling Mills – precision cold roller of steel strip.

W Wesson – manufacturer of hot rolled steel strip, flats and bars; cold rolled steel strip; bright drawn wire; bright machined edge flats and bright machined squares.

* **Firth Cleveland Steels Inc** (USA) – distributor of steel strip.
* **JB & S Lees Inc** (USA) – distributor of steel strip.

Glynwed Engineering Limited trading as:

Ansell Jones – manufacturer of specialist lifting and marine equipment.

Ductile Sections – manufacturer of cold rolled, formed sections, perforated steel strip and general presswork, electrical cable trays and support systems.

Oddbolt – stockist of special and non-standard fastenings.

Steelway-Fensecure – manufacturer of steel flooring, stairways, security fencing and fabrications.

Tower Manufacturing – manufacturer of cable clips, masonry nails, wall plugs and cold forged products.

Paul Fabrications Limited – manufacturer of precision components and fabrications.

NOTES TO THE ACCOUNTS

35 TRADING SUBSIDIARIES (continued)

STEELS & ENGINEERING DIVISION (continued)

Glynwed Steel Tubes Limited trading as:

- Monmore Tubes – manufacturer of welded steel tube and coated steel tube.
- Newman-Tipper Tubes – manufacturer of FRW, slotted, cold drawn seamless, sculptured, plastic coated and heat treated tube.
- HUB – stockists of welded and seamless steel tube.

Columbia International Inc (Canada) – manufacturer of metallic and non-metallic electric conduit accessories and fittings, and distributors of electric roughing-in products and power and communication ducts.

TUBES & FITTINGS DIVISION

Glynwed Tubes & Fittings Limited trading as:

- Albion – manufacturer of domestic hot water cylinders and storage systems.
- Wednesbury Tube – manufacturer of domestic water, plastic-coated, engineering and medical copper pipe.

OTHER OPERATIONS

Leavlite Group, consisting of:

- **Adeptal Systems Limited** – fabricator of window and door systems.
- * **API Timbron SA** (Belgium) – extruders of plastic materials for the building industry.
- * **Aquadart Limited** – (54.6%) shower screen manufacturer.
- * **Dimatsystèmes SA** (France) – fabricators of replacement window and door systems.
- * **Ford & Barley Exhibitions Limited** – (75%) exhibition stand designers and constructors.
- * **Leavlite Electropaint Limited** – processor and finisher of metal and plastic extrusions.
- **Metoxal U.K. Limited** – specialist colour coater for aluminium extrusions.
- **Timbron Limited** – manufacturer of Timbron, a polystyrene-based substitute for timber.
- **Aquadart Shower Trays Limited**† – (27.7%) shower tray manufacturer.

CORPORATE SERVICES AND PROPERTIES

Glynwed Group Services Limited – management services.

* **Glynwed Inc** (USA) – management services.

Glynwed Properties Limited – UK land and buildings.

Glynwed Property Developments Limited – property developers.

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

* **Glynwed Dublin Corp** (Republic of Ireland) – debt factoring.

PRINCIPAL HOLDING COMPANIES

Glynwed Overseas Holdings Limited

* **Glynwed BV** (Holland)

* **Glynwed Canada Limited** (Canada)

* **Glynwed Pacific Holdings Pty Ltd** (Australia)

* **Glynwed USA Inc** (USA)

* Investment held by a subsidiary of Glynwed International plc.

† Subsidiary companies not audited by Coopers & Lybrand. The aggregate turnover of subsidiaries not audited by Coopers & Lybrand amounted to 22.1% of the Group's turnover.

DIRECTORS' RESPONSIBILITIES FOR PREPARING FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the opposite page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 34 to 65, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985.

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

AUDITORS' REPORT

To the members of Glynwed International plc

We have audited the financial statements on pages 34 to 65.

Respective responsibilities of directors and auditors.

As described on page 66 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company and the Group's affairs at 25th December 1993 and of its profit, total recognised gains and cash flow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham
7th April 1994

TEN YEAR FINANCIAL RECORD

		1993	1992	1991	1990	1989
		£m	£m	£m	£m	£m
Trading results						
Turnover		965.8	908.3	987.3	1,103.8	1,126.6
Profit before interest		55.6	42.9	29.7	82.0	101.8
Interest payable (net)		(10.1)	(12.0)	(17.3)	(18.7)	(13.0)
Profit before taxation		45.5	30.9	12.4	63.3	88.8
Taxation		(14.6)	(11.8)	(6.3)	(23.0)	(31.3)
Profit after taxation		30.9	19.1	6.1	40.3	57.5
Minority interests		(0.1)	(0.1)	2.7	0.7	0.5
Preference dividends		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Earnings for the period		30.7	18.9	8.7	40.9	57.9
Ordinary dividends		(24.1)	(24.0)	(24.0)	(23.9)	(23.8)
Profit retained/(transfer from reserves)		6.6	(5.1)	(15.3)	17.0	34.1
Operating assets						
Fixed assets		175.1	179.6	185.4	190.7	153.8
Stocks		137.1	159.0	157.6	208.0	206.7
Debtors less creditors		(13.3)	(7.3)	(5.8)	(26.7)	(13.5
Taxation and dividends		(23.7)	(21.9)	(19.0)	(38.9)	(60.5
Pension provision		(1.7)	(0.9)	–	–	–
Net operating assets		273.5	308.5	318.2	333.1	286.5
Total net borrowings		(69.8)	(102.2)	(107.6)	(108.4)	(102.5
Deferred taxation		–	–	–	–	–
Total net assets employed		203.7	206.3	210.6	224.7	184.0
Financed by:						
Ordinary shares		51.7	51.4	51.4	51.2	51.0
Reserves		149.9	152.9	155.9	169.7	129.3
Ordinary share capital and reserves		201.6	204.3	207.3	220.9	180.3
Preference shares		1.3	1.3	1.3	1.3	1.3
Minority interests		0.8	0.7	2.0	2.5	2.4
Total funds		203.7	206.3	210.6	224.7	184.0
Net increase/(decrease) of funds arising from property revaluations		–	–	–	29.4	–
Statistics						
Profit before interest to turnover	%	5.8	4.7	3.0	7.4	9.[illegible]
Turnover to average net operating assets	x	3.2	2.9	2.8	3.1	4.[illegible]
Profit before interest to average net operating assets	%	18.5	13.8	8.5	23.1	38.[illegible]
Interest cover	x	5.5	3.6	1.7	4.4	7.[illegible]
Debt/equity ratio	%	34.3	49.5	51.1	48.2	55.[illegible]
Net assets per ordinary share	p	97.5	99.4	102.5	109.6	88.[illegible]
Dividend per ordinary share	p	11.65	11.65	11.65	11.65	11.6[illegible]
Dividend cover	x	1.3	0.8	0.4	1.7	2.[illegible]
Earnings per share – net basis	p	14.91	9.20	4.24	20.01	28.4
– *IIMR*	p	13.70	10.32			

All comparative figures and statistics have been restated in accordance with FRS3.

Borrowings have been restated to include finance leases and bills of exchange used as borrowings instruments.
Operating profit and interest have been restated to include the cost of bills of exchange used as borrowing instruments as interest.

TEN YEAR FINANCIAL RECORD

1988 £m	1987 £m	1986 £m	1985 £m	1984 £m		
						Trading results
839.8	556.2	478.9	464.1	514.1		**Turnover**
88.0	60.6	44.0	36.1	33.2		**Profit before interest**
(5.5)	(2.7)	(3.0)	(4.0)	(9.1)		Interest payable (net)
82.5	57.9	41.0	32.1	24.1		**Profit before taxation**
(28.4)	(20.5)	(14.8)	(11.1)	(9.7)		Taxation
54.1	37.4	26.2	21.0	14.4		**Profit after taxation**
(0.2)	(0.1)	–	–	0.6		Minority interests
(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		Preference dividends
53.8	37.2	26.1	20.9	14.9		**Earnings for the period**
(19.8)	(13.8)	(11.3)	(8.8)	(7.7)		Ordinary dividends
34.0	23.4	14.8	12.1	7.2		**Profit retained/(transfer from reserves)**
						Operating assets
126.7	90.5	84.1	79.3	91.1		Fixed assets
185.6	108.9	86.8	86.1	85.8		Stocks
(12.6)	(2.8)	7.9	3.6	7.7		Debtors less creditors
(54.0)	(36.5)	(31.8)	(23.0)	(16.4)		Taxation and dividends
–	–	–	–	–		Pension provision
245.7	160.1	147.0	146.0	168.2		**Net operating assets**
(59.5)	(16.1)	(15.8)	(23.5)	(46.2)		Total net borrowings
–	–	(1.3)	(3.2)	(4.6)		Deferred taxation
186.2	144.0	129.9	119.3	117.4		**Total net assets employed**
						Financed by
50.9	28.5	27.9	20.9	20.9		Ordinary shares
131.9	113.7	100.6	97.0	95.1		Reserves
182.8	142.2	128.5	117.9	116.0		**Ordinary share capital and reserves**
1.3	1.3	1.3	1.3	1.3		Preference shares
2.1	0.5	0.1	0.1	0.1		Minority interests
186.2	144.0	129.9	119.3	117.4		**Total funds**
0.6	–	–	(5.9)	–		Net increase/(decrease) of funds arising from property revaluations
						Statistics
10.5	10.9	9.2	7.8	6.5	%	Profit before interest to turnover
4.0	3.6	3.1	2.8	2.5	x	Turnover to average net operating assets
41.6	38.9	28.6	21.9	16.3	%	Profit before interest to average net operating assets
16.0	22.4	14.7	9.0	3.6	x	Interest cover
32.0	11.2	12.2	19.7	39.4	%	Debt/equity ratio
89.7	83.1	76.7	75.1	73.9	p	Net assets per ordinary share
9.70	8.08	6.73	5.60	4.93	p	Dividend per ordinary share
2.7	2.7	2.3	2.4	1.9	x	Dividend cover
28.81	22.12	15.97	13.29	9.47	p	Earnings per share – net basis

NOTICE OF MEETING

Notice is hereby given that the fifty-third annual general meeting of Glynwed International public limited company will be held at ***Headland House, 54 New Coventry Road, Sheldon, Birmingham, B26 3AZ, on 2nd June 1994 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 1993.

2 To declare a final dividend.

3 To elect directors.

4 To reappoint the auditors and to authorise the directors to determine the auditors' remuneration.

As special business:

5 *To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:*
That pursuant to section 80 of the Companies Act 1985 ("the Act"), the directors be and they are hereby authorised, generally and unconditionally, to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £17,301,175 provided that this authority, unless renewed, shall expire at the earlier of the date 15 months from the passing of this resolution and the conclusion of the next annual general meeting of the Company following the passing of the resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

6 Subject to the passing of the foregoing resolution no. 5, to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
That,
(A) the directors be and they are hereby generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by the previous resolution as if sub-section (1) of section 89 of the Act did not apply to any such allotment, and
(B) the power hereby granted to the directors shall be limited
(i) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may consider appropriate to deal with fractional entitlements or holders of shares outside the United Kingdom, and
(ii) to the allotment *(otherwise than pursuant to sub-paragraph (i) above)* of equity securities up to an aggregate nominal value of £2,584,463,
and shall expire at the earlier of the date fifteen months after the passing of this resolution and the conclusion of the next annual general meeting of the Company following the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

7 *To consider and, if thought fit, pass the following resolution* which will be proposed as an ordinary resolution:
That,
(A) The Glynwed International 1994 Savings-Related Share Option Scheme ("the Savings-Related Scheme") to be constituted by the rules produced in draft to the meeting and initialled by the Chairman for identification only (the main features of which are summarised in Appendix A to the Chairman's letter to shareholders dated 5th May 1994) be and it is hereby approved and adopted and the directors be and they are hereby authorised to adopt the rules of the Savings-Related Scheme in the form produced to the meeting (subject to any amendments thereto required by the Inland Revenue and approved by the directors) and to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same; and

NOTICE OF MEETING

(B) the directors shall be authorised to vote and be counted in a quorum of any meeting of the directors at which any matter connected with the Savings-Related Scheme is under consideration notwithstanding that they may be interested in the same in any present or proposed capacity whatsoever and this resolution shall operate so far as it is necessary by way of suspension and relaxation of any prohibition on interested directors voting contained in the present or proposed Articles of Association of the Company provided that no director may vote or be counted in the quorum in consideration of any matter solely concerning his own participation in the Savings-Related Scheme.

8 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
That,

(A) The Glynwed International 1994 Senior Executive Share Option Scheme ("the Senior Scheme") to be constituted by the rules produced in draft to the meeting and initialled by the Chairman for identification only (the main features of which are summarised in Appendix B to the Chairman's letter to shareholders dated 5th May 1994) be and it is hereby approved and adopted and the directors be and they are hereby authorised to adopt the rules of the Senior Scheme in the form produced to the meeting (subject to any amendments thereto required by the Inland Revenue and approved by the directors) and to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same; and

(B) the directors shall be authorised to vote and be counted in a quorum of any meeting of the directors at which any matter connected with the Senior Scheme is under consideration notwithstanding that they may be interested in the same in any present or proposed capacity whatsoever and this resolution shall operate so far as it is necessary by way of suspension and relaxation of any prohibition on interested directors voting contained in the present or proposed Articles of Association of the Company provided that no director may vote or be counted in the quorum in consideration of any matter solely concerning his own participation in the Senior Scheme.

9 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
That,

(A) a new Clause 4 of the Company's Memorandum of Association (in the form produced to the meeting and initialled by the Chairman for the purposes of identification only) be adopted in substitution for the existing Clause 4; and

(B) new Articles of Association (in the form produced to the meeting and initialled by the Chairman for the purposes of identification only) be adopted in substitution for the existing Articles of Association.

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
Ian Shearman
Secretary
Birmingham
5th May 1994

NOTES

1 A form of proxy is enclosed 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 (unless expiring or determinable by the Company within one year without payment of compensation) will be available for inspection at the Company's registered office between 9.00am and 4.30pm on any weekday (Saturdays 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.

3 Further information on Resolutions 7, 8 and 9, including details of the availability of relevant documents for inspection, is given in a letter to shareholders from the Chairman dated 5th May 1994.

1994 FINANCIAL CALENDAR

Annual general meeting	2nd June
Half year end	25th June
Final ordinary dividend payable	30th June
Interim ordinary dividend payable	7th December
Preference dividend payable	30th June, 31st December
1994 year end	31st December

INTEREST PAYMENTS

7.5% Debenture Stock	6th June, 6th December
10.75% Unsecured Loan Stock	31st March, 30th September

HEAD OFFICE AND REGISTERED OFFICE
Headland House, 54 New Coventry Road
Sheldon, Birmingham B26 3AZ
Telephone: 021-742 2366
Fax: 021-742 0403
Registered in England No. 354715

REGISTRARS
Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 081-650 4866
Fax: 081-658 3430