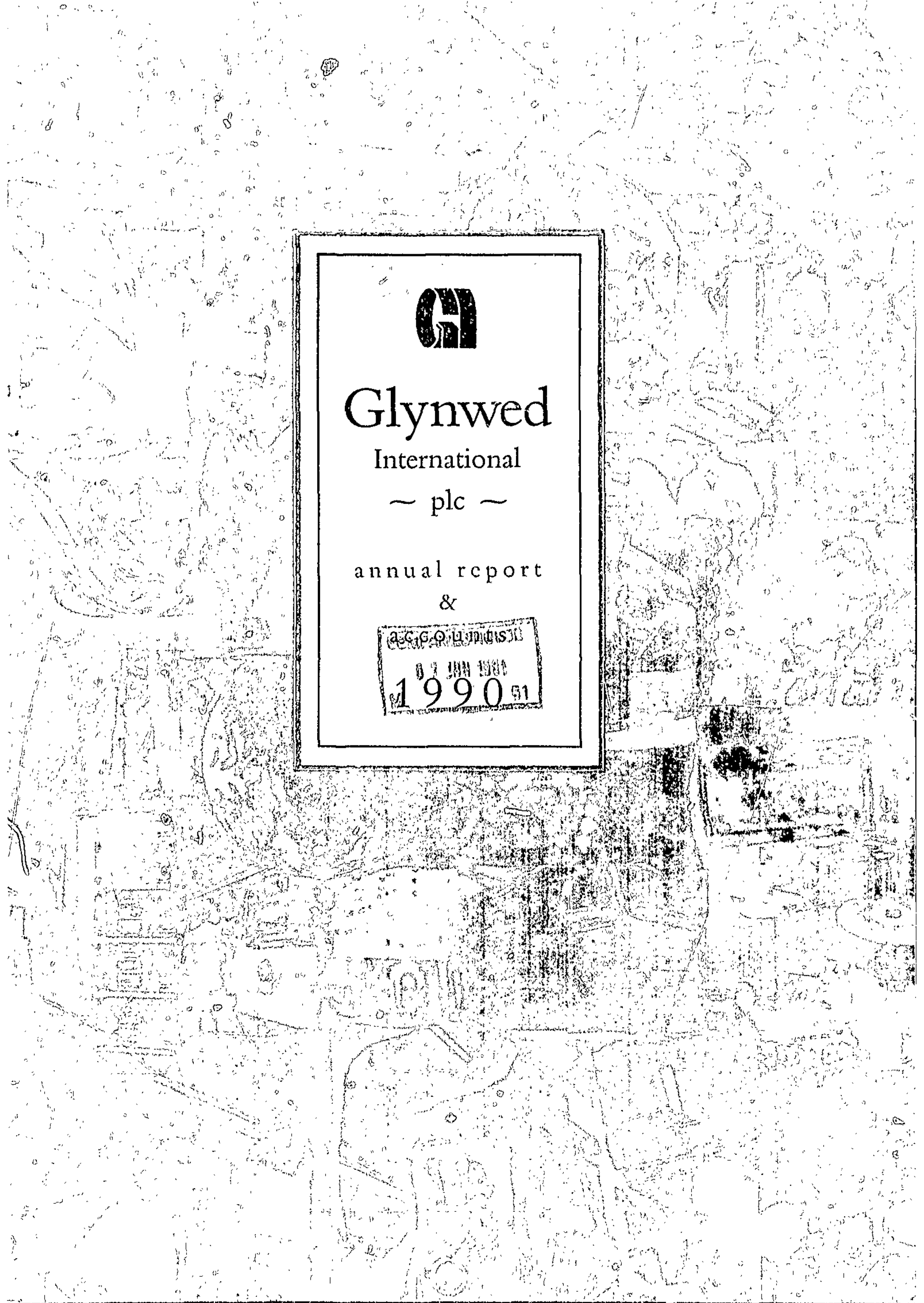
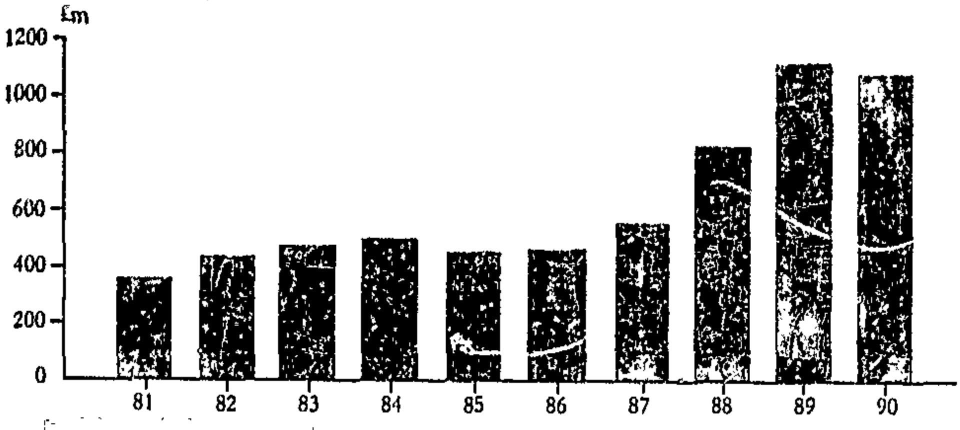


Glynwed
International
~ plc ~

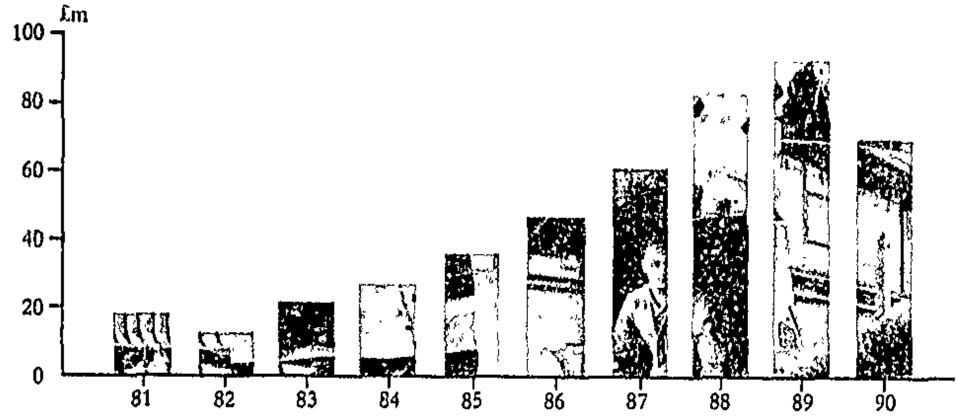
annual report
&
accounts
1990

Financial Summary

TURNOVER

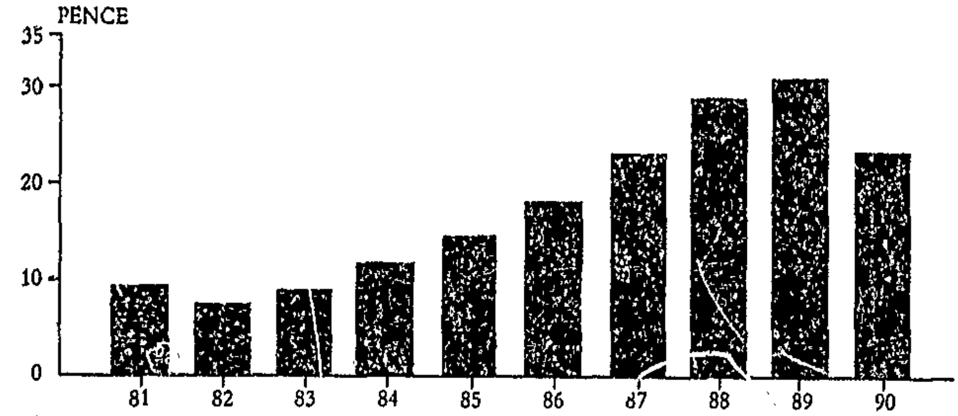


The Group turnover exceeded the £1 Billion mark for the second year running.



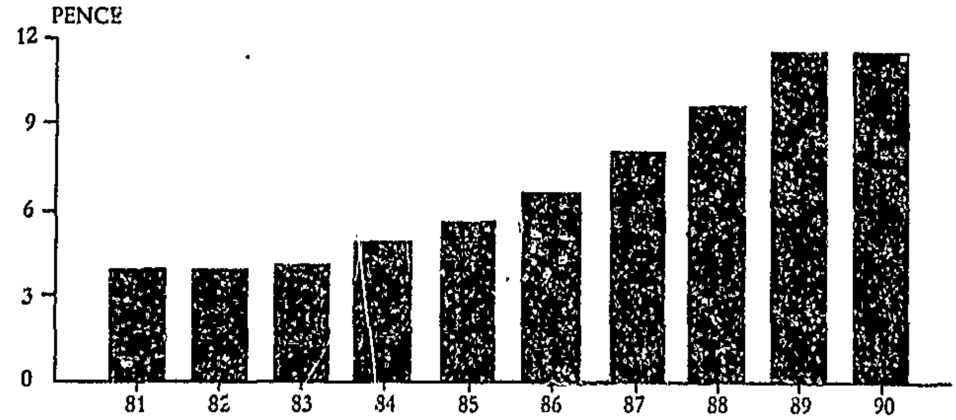
From the record levels in 1989 profit before tax fell to £70.3 million.

EARNINGS PER SHARE



Earnings per share of 23.38 pence reflected the fall in pre-tax profits.

DIVIDEND PER SHARE



The ordinary dividend was held at the 1989 level of 11.65 pence per share.

Chairman's Statement

DURING 1990 THE LEVEL OF UK ECONOMIC activity continued to decline and as the year progressed more of the markets in which we operate were affected. Many either showed no growth or regressed.

Against this background there was a marginal fall in group turnover and the pre-tax profits of the group were reduced to £70.3 million (£93.3 million), the first time since 1982 that the group has not shown an increase over the previous year. As a result earnings per share fell to 23.38p (30.66p).

In view of the current economic uncertainties in the UK and other countries which are important to us, the Board feels that a cautious policy on dividends is appropriate and has accordingly proposed a final dividend of 7.5p which, together with the interim payment of 4.15p, makes a total of 11.65p per ordinary share, the same as last year. This level of dividend is still twice covered.

At the time of the announcement of the interim results last August, I said that the group would continue to perform effectively in the prevailing market conditions, and this it has done. However, having already experienced the impact of recession on the UK consumer durable and new housing markets throughout 1989 and the first half of 1990, the group saw, in the second half of 1990, a decline in markets served by our steels and non-housing construction businesses. In addition to these factors, the group results for the year were particularly affected by the following features:—

— Higher interest rates, which were a major cause in raising the cost of borrowings to £17.5 million, and further depressed demand for our products in the UK.
— The continued deterioration in the market for gas appliances, which had a significant effect on the performance of Flavel-Leisure.
— The costs associated with the commissioning of our new copper tube mill.

GROUP OPERATIONS

The one area of the group to show continued growth throughout the year was our PLASTICS division, whose operating profits advanced 17% to £24.5 million. This figure includes a full year's contribution from Harrington Industrial Plastics in the USA, as well as an initial contribution from a successful, newly acquired business in Australia, Wingfield Plastics.

The results from our STEELS & ENGINEERING division, which at £25.4 million were a little short of the 1989 operating profit of £28.1 million, also represent a considerable achievement. The hot rolling and bright drawing operations were down on the previous year, but exports of special steels and precision strip products to the USA recovered from a first-half decline to finish the year with creditable results. The engineering businesses did particularly well and achieved another year of record profits.

A reduction in the level of North American business was also an important feature of the METAL SERVICES division's results, where operating profits fell to £13.8 million from £17.5 million. In the UK and Continental Europe, careful management ensured that the profit performance was maintained at the level of the previous year, and in North America there was some recovery in the second half.

Our CONSUMER & BUILDING PRODUCTS division has been feeling the effects of the UK economic downturn from as far back as the final quarter of 1988. In 1990, the second half saw particular declines in the construction products and commercial catering equipment markets. Additionally, Aga-Rayburn's results suffered from the impact of a strike. The Leavlite businesses, which are mainly linked to the home improvement market, and whose figures are included with those of this division, had a difficult year's trading but found encouragement in the development of a plastic substitute for hardwood for which there is a large, potential, international demand. The division's operating profit ended the year at £17.8 million (£22.4 million).

Chairman's Statement

The **TUBES & FITTINGS** division contributed just £0.9 million (£8.3 million). Apart from the high cost of commissioning the new copper tube mill, the copper tube and cylinder markets continued to decline under the pressure of lower housing starts and completions and another sluggish heating season. The division was also adversely affected by a poor performance at Columbia International Inc. in Canada, where recessionary conditions were compounded by a construction workers' strike.

Although satisfactory returns were made from disposals, the **PROPERTIES** division was not in a position to generate significant profits from its development activities in 1990 due to the decline in certain sectors of the commercial property market. However, there are a number of worthwhile projects which are being actively pursued in anticipation of an improvement in market conditions.

THE BOARD AND EMPLOYEES

At the end of the year Des Gripton retired, having served the group for over twenty years within the Steels & Engineering division. For the last five years he was the division's Chief Executive and a member of the Board. He leaves to enjoy a well earned retirement with the good wishes of all his colleagues.

Bernard Doyle, was promoted to succeed Des Gripton as Chief Executive of the Steels & Engineering division and became a member of the Board on 30th December 1990. Bernard joined the group in 1983 and has been responsible for the Hot-Rolled and Bright Steels operations for the last three years.

Jon Pither retired from the Board at the end of the year, sadly for health reasons. Jon was managing director of Amari plc at the time of its acquisition by Glynwed in 1988, and joined the Board in February 1989, becoming initially Chief Executive of the group's, Metal Services division, and subsequently Chief Executive of the Tubes & Fittings division.

I would like to thank my Board colleagues for their confidence and support during the year and to express my gratitude to all our employees whose skills and dedication are so essential to the progress of the group, particularly during these times of economic difficulty.

It should also be recorded that 1990 saw the completion of our 50th Anniversary fund-raising activities and the achievement of our £1½ million target. To all who contributed with their time, effort and money, my sincere thanks and congratulations.

PROSPECTS

I find it difficult to give a clear indication of the prospects for 1991.

The United Kingdom economic environment continues to deteriorate and it is now evident that trading activity in the first half of the current year will be extremely difficult. Any improvement in the second half will depend on the degree and pace of fall in interest rates. I am confident, however, that Glynwed has the management skills to weather this period of recession.

Gareth Davies

Gareth Davies

Directors and Officers

Gareth Davies FCA (age 61) *Chairman and Chief Executive,* 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 subsequently appointed Deputy Chairman in 1975, Managing Director in 1981, Group Chief Executive in 1984, and Chairman and Chief Executive on 28th December 1986. Mr Davies is also a non-executive director of Midlands Electricity plc and Raglan Property Trust plc and a non-executive member of Barclays Bank West Midlands Region Board.

John Eccles CBE* (age 59) *Deputy Chairman,* is General Manager of the Commonwealth Development Corporation and Chairman of Chamberlin and Hill plc. He has been Chairman of the Board of Trustees of the Royal Botanic Gardens, Kew since 1983. He was appointed to the board of Glynwed International plc in June 1972.

The Rt Hon John Biffen MP* (age 60) 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.

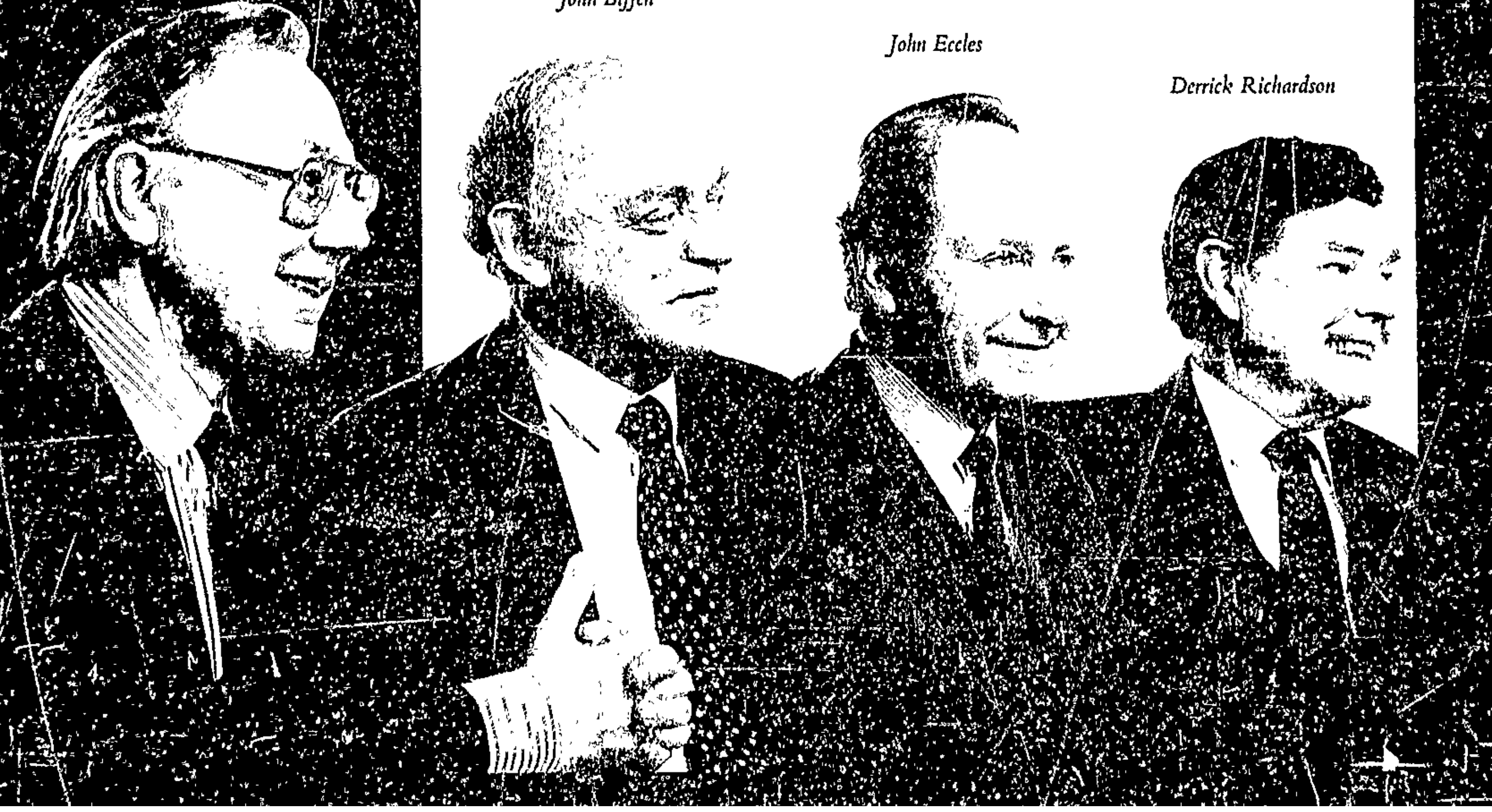
**non executive*

Gareth Davies

John Biffen

John Eccles

Derrick Richardson



Directors and Officers

Bernard Doyle (age 51) *Chief Executive of the Steels & Engineering Division,* joined the group in 1983 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 Glynwed Steels & Engineering and his responsibilities expanded in 1989 to include the group's Bright Bar operations. He was appointed to his present position and to the board of Glynwed International plc on 30th December 1990.

Alexander Miller (age 58) *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 board of Glynwed International plc in January 1990.

David Milne CA (age 54) *Finance Director,* joined the board of Glynwed in May 1979, from Wilmot Breeden Holdings Ltd. He also has responsibility for Glynwed Properties Ltd and related activities and is a non-executive director of Raglan Property Trust plc.

Terence O'Neill (age 60) *Chief Executive of the Consumer & Building Products Division.* He joined Glynwed in 1977 from BSR International plc where he was Chairman of the Housewares Division. He was appointed to the board of Glynwed International plc in January 1987.

Derrick Richardson (age 57) *Chief Executive of the Plastics Di[illegible]* He joined Glynwed in 1974 to take charge of the group's engineering companies a[illegible] became responsible for the Tubes & Fittings Division. When the group's plastic[illegible] were brought together in 1989 he became responsible for this division. He was appointed to the board of Glynwed International plc in January 1987.

John Blakeley MA (age [illegible] *[illegible]retary and Legal Adviser* joined the group in 1978 as legal adviser and also became th[illegible]ary in 1979. He has responsibility for the legal, pensions and administration departments.

David Milne

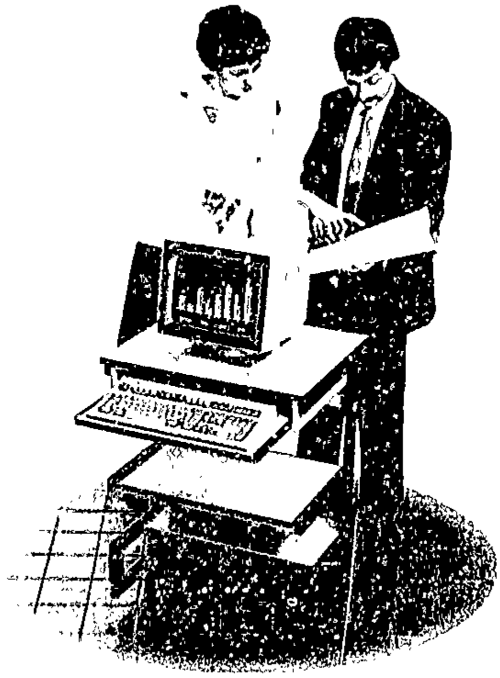
Alexander Miller

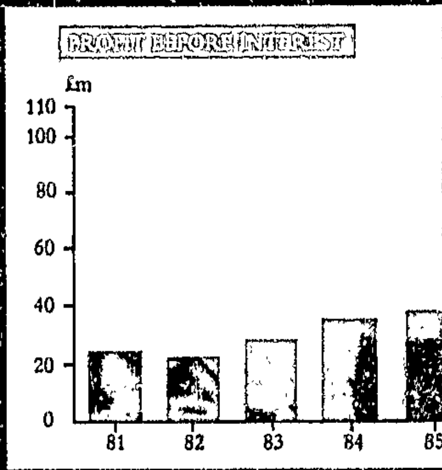
Terence O'Neill

Bernard Doyle

John Blakeley

Financial Review





INTRODUCTION

ECONOMIC ACTIVITY DECLINED in many of Glynwed's markets in 1990 thus leading to difficult market conditions and a decline in pretax profits and earnings per share.

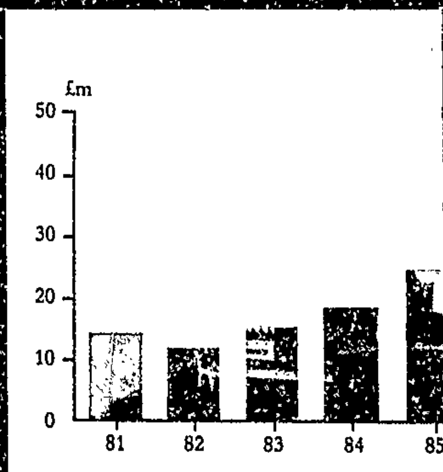
SALES AND PROFIT

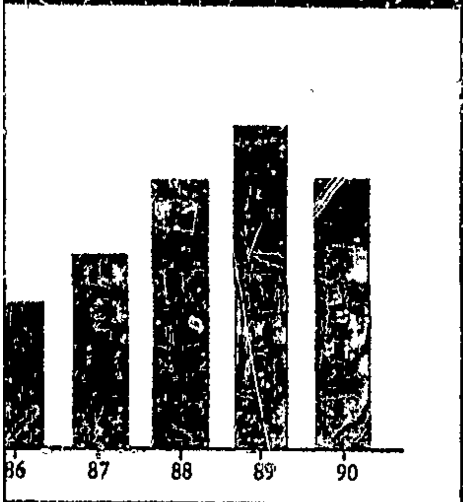
Sales at £1.1 billion were down 2% reflecting reductions in metal prices and reductions due to exchange rates as well as the decline in Glynwed's markets.

Trading profit at £87.8 million, down 16.6%, was the result of an overall decline in margins from 9.4% to 8.0%.

The interest charge increased by £5.5 million to £17.5 million caused by higher interest rates and increased average borrowings arising from expenditure on acquisitions in the latter part of 1989, and accelerated tax payments.

Profit before tax at £70.3 million, down 24.6%, stemmed from the increased interest charge as well as the reduced trading profit.





Financial Review

TAXATION

The taxation charge for the year of £23.1 million has reduced by 26.0% mostly because of the reduced profit. The average rate of tax has also reduced to 32.9% from 33.4%.

EARNINGS PER SHARE

Earnings per share, at 23.38 pps, have followed the decline in profits reducing by 23.7% after increasing every year from 1982 to 1989.

EXTRAORDINARY ITEMS

Extraordinary items totalled £6.9 million in the year of which £3.0 million resulted from the group's view of the value of a related company that is now regarded as a short-term investment. The remaining charge is in respect of the sale or closure of a number of businesses.

PROPERTY REVALUATION

The group normally revalues its freehold and long leasehold properties held for the long term every five years and such a revaluation took place in 1990. The valuation was on a vacant possession open market value basis and has resulted in an increase in property values of £29.4 million.

NET OPERATING ASSETS

The group's net operating assets increased by £49.0 million to £317.0 million reflecting the main changes described in the comments relating to Cash Flow and Borrowings and to Shareholders' Funds.

The reduced profit and the increased average capital employed, combined to reduce the return on capital employed to 26.0% (1989 41.8%), and the capital turn to 3.3 times (1989 4.5 times). In calculating these ratios the increase in capital employed resulting from the property valuation has been included from the beginning of the period.

Financial Review

SHAREHOLDERS' FUNDS

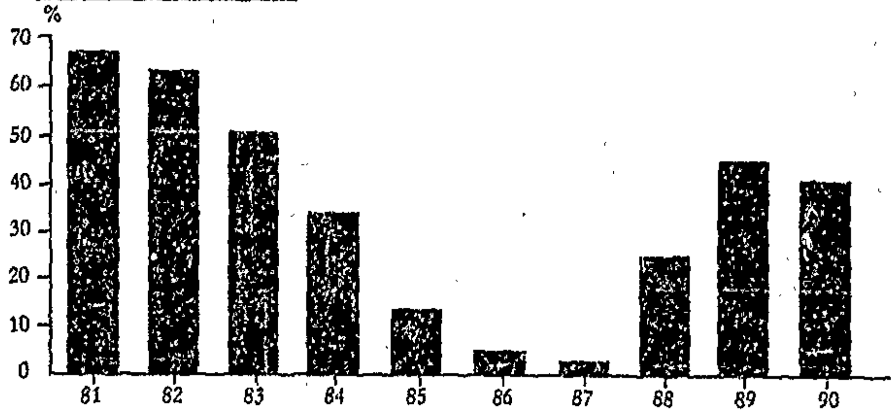
During 1990 shareholders' funds increased by £40.6 million and assets per share increased 24% to 109.6 pence per share. The main elements of these increases were retained profits of £17.0 million and the surplus on revaluation of £29.4 million. Other movement amount to a decrease of £5.8 million.

CASH FLOW AND BORROWINGS

The funds statement on page 27 shows a cash outflow of £8.3 million (compared to an outflow of £37.6 million in 1989) which increased the group net debt to £92.3 million. However, the group's debt/equity ratio fell to 41.1% from 45.6% because of the increase in shareholders' funds described above.

Cash flow from operations of £70.6 million was £5.0 million higher than in 1989 due to a reduction in working capital. Expenditure on acquisitions fell from £56.2

DEBT/EQUITY RATIO



million to £12.2 million, but payments for taxation (including accelerated payments for the higher level of 1989 profits) increased by £15.4 million.

Capital expenditure in the year amounted to £39.8 million (1989 £43.9 million) and substantially exceeded the depreciation charge of £21.5 million (1989 £19.1 million).

Glynwed International

~ plc ~

review of divisional operations

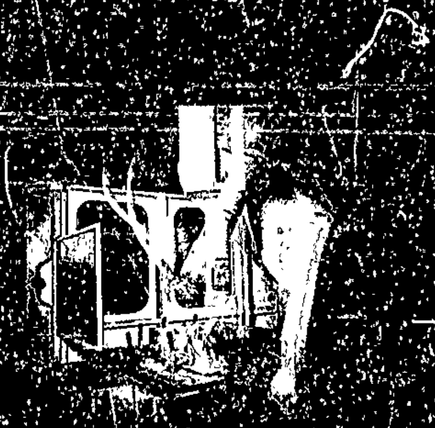
1990

"Sales into Europe continued to be encouraging..."

"...during the year we acquired a respected distributor in Belgium..."

"...all units in the division disappointed as a direct result of Government policy in reducing demand."

Electric ovens at Aga-Rayburn in Telford used in vitreous enamelling castings



Automatic welding of access cover frames in a robotic cell at the West Bromwich plant

Aga-Rayburn's training standards match the quality and reputation of the products

Consumer & Building Products

THE CENTRAL STATISTICAL OFFICE points to Autumn 1988 as the high point in recent economic activity in the UK and it was certainly at that time that our Consumer Products businesses, particularly Flavel-Leisure, began to experience significant reductions in demand for domestic cookers. Last year we reported that Flavel-Leisure were operating in a UK market where sales of gas cookers were down 18% on the previous year and again we report a depressed market. Gas cooker sales generally in the year were down perhaps a point or two and Flavel-Leisure seeking better margins, yielded up some market share by design.

Kohlangaz and Flavel-Leisure both benefited in market share terms from an excellent range of fires but here again a poor total market produced disappointing volume. Kohlangaz produced a commendable result in the circumstances but once again Flavel-Leisure were unable significantly to contribute.

At Long Eaton our stainless steel sink business continued to be busy throughout the year as indeed did sales of our "Velstra" epoxy-resin series. The balance between home and export sales, however, swung heavily in favour of the latter, with the planned margins suffering as a result of the sales mix. However, volume did ensure a much improved financial performance in this unit and we await the recovery in the home market at which time all the signs would indicate further significant improvement will be achieved.

A serious strike, only the second in living memory, took place at Aga Works during the year with serious disruption to cooker production. It was not possible fully to recover the financial effects of both lost sales and manufacturing disruption after the four week stoppage was resolved. An equally important effect was the loss of order intake, and the consequent reduction in the order bank, which will undoubtedly affect the start of the coming year. Aga-Rayburn produced a creditable performance given the circumstances but it would be wrong not to record disappointment with the fall from their very high standards.

Throughout the year market reports in our Building Products sector were of busy projects demanding materials to complete commercial properties, but with fewer such projects coming off the drawing boards. In the closing months of the year reduced demand, particularly for pipes and fittings, was experienced in Glynwed Foundries, backing up, from our distribution arm, Drainage Systems. Very serious destocking, followed by a change in supply arrangements with the major customer of our Risca foundry, meant a disappointing performance from this major producer of manhole covers and frames. Towards the end of the year events in the Middle East did impact upon our foundry business

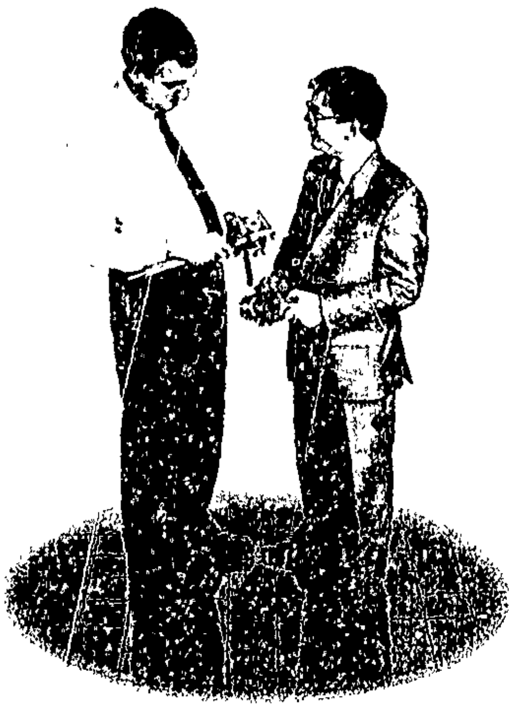
generally, with sales to most Gulf customers suffering and those to Iraq falling within the rules of the UN sanctions.

Sales into Europe continued to be encouraging and during the year we acquired a respected distributor in Belgium to facilitate further our Continental sales drive.

Both Glynwed Foundries and Drainage Systems produced results which, similarly to Aga but for different reasons, disappointed but perhaps it must be remembered that in both of these units, too, past performance has been exemplary.

Last year we reported a significant over-budget performance from Falcon and for the greater part of this year the business continued in the same vein. In the final four months, however, the general economic conditions made themselves felt in hotels and restaurants, with occupation levels in the former and bookings in the latter being seriously affected. Fitting out of kitchens in commercial and industrial property developments moved towards completion, with few new schemes being out for tender. Overseas, too, we felt the effects of the high cost of money and reduced demand and in this respect we were disappointed with our Australian results whilst being confident of our trading associates and our products in that country. Falcon finally fell behind 1989 in both sales and profits, to complete a year in which all units in the division disappointed as a direct result of Government policy in reducing demand. Regrettably the re-sizing of most manufacturing operations led to job losses and short-time working, with their unavoidable effects thereof upon group profitability and the personal suffering of affected employees, some of whom had been employed within our units for many years.

Metal Services



FOR THE METAL SERVICES DIVISION 1990 was a year of slowing demand for most metals traded, both in the UK and North America. By the end of the year, the weakness which had developed in consumer products during 1989 had spread to many sectors of the capital goods market, notably transport and industrial plant. This led to industry over-capacity, shrinking lead times and prospects of a further softening in base metal and semi-fabricated prices.

Although relatively stable during the first three quarters, metal prices fell on average by 9% and were the main cause of a 6% reduction in turnover. By concentrating on markets less vulnerable to recession, the UK operation was able to compensate through a 2% improvement in gross margins. Once again, the multi-branch network and wide product range provided an effective cushion at a time of falling demand.

In addition, the division has pursued a rationalisation and development programme aimed at strengthening profitable niche activities, expanding "value-adding" capability and improving both cost efficiency and the quality of service to customers.

Despite metal supply problems in the early part of 1990 and mounting competition towards the end of the year, Cashmores Stainless and the two specialist plate profiling businesses, Stock Alloys and Baigent & Bird, were successful in maintaining their market position and profitability.

The integration of the former Almet branches within the Aalco network produced economies of scale and a more efficient management structure. Progress in developing a significant aerospace business has been maintained with the relocation of the combined Almet/Aalco operation to a single warehouse facility in Manchester, which has led to a growth in business from major contract customers.

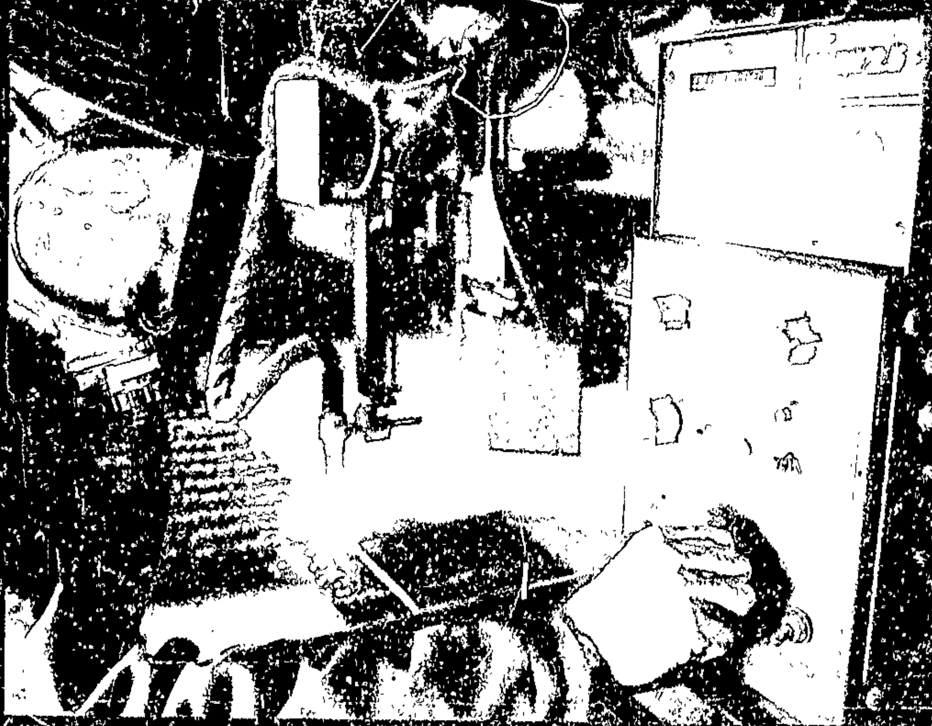
The division has also expanded its contract and turnkey sales activities in both the domestic and off-shore markets, responding to the demands now being placed on specialist marketing and 'Just-In-Time' service.

Following a restructuring of management in early 1990, the continental European operations were able to capitalise on strong market conditions in Germany and Holland, finishing the year on a high note. Specialist opportunities for further developing the European businesses will feature prominently in the division's forward strategy.

The effects of recession have been particularly acute in Canada and the North-East United States, where the division's results suffered from a sharp fall in consumption and pressures on margins, due to competitive de-stocking. However, by means of cut-backs in inventory, improvements in productivity and the disposal of two unprofitable units, the American business generated a healthy cash flow and now anticipates a return to more acceptable profit levels in 1991.

Exports showed an encouraging rise, but due to the strong sterling exchange rate the division has been increasingly obliged to serve established overseas markets with material purchased from off-shore sources.

With no early recovery in European and North American economies in prospect, the division will continue its policy of maximising the return on cash, assets and people whilst maintaining a strong base from which to exploit the opportunities which will accompany the next phase in the economic cycle.



Specialised plasma profiling of heavy stainless steel plate by Balgent & Bird, Sheffield

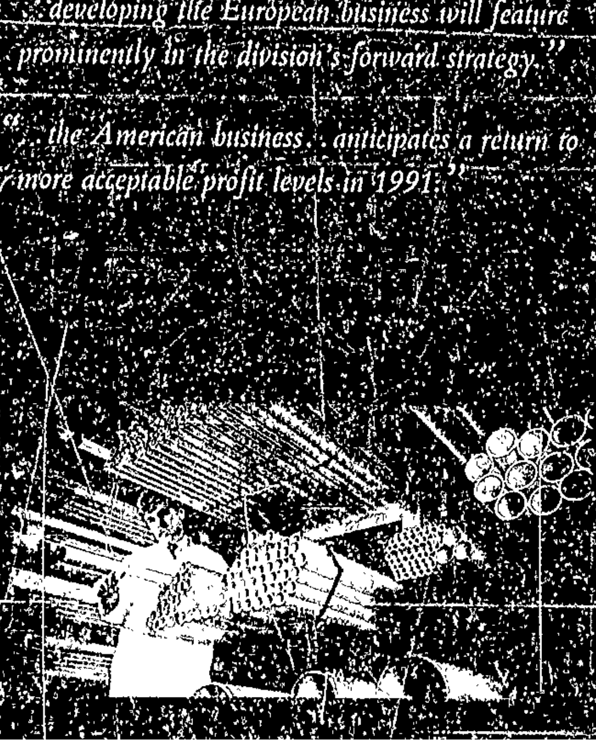
"...the weakness which developed in consumer products...spread to many sectors of the capital goods market..."

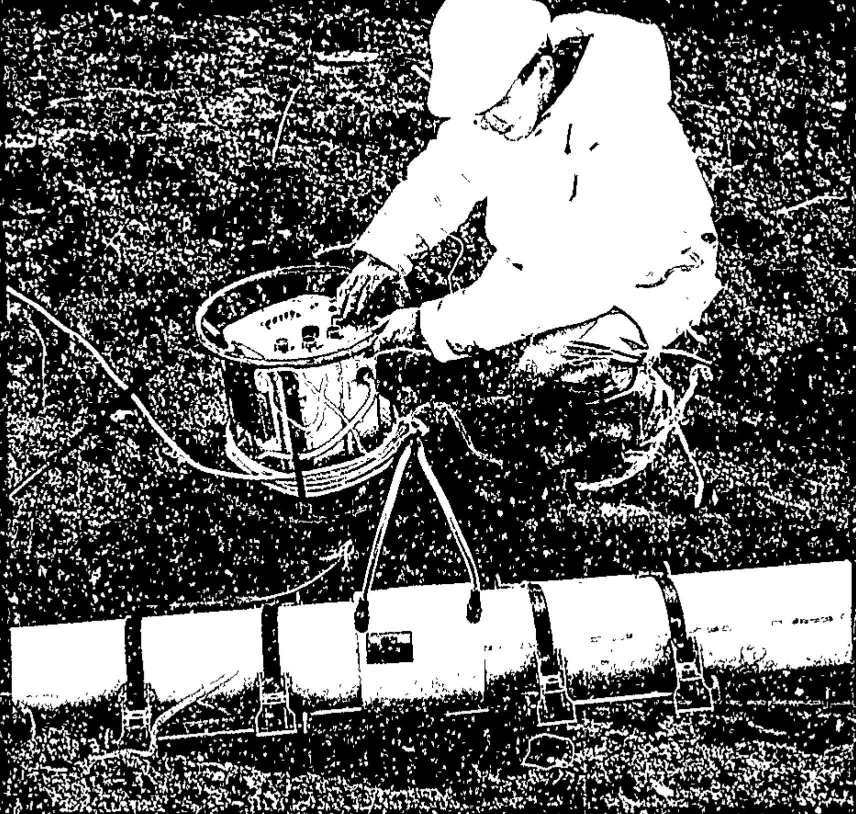
"...the UK operation was able to compensate through a 2% improvement in gross margins."

"...developing the European business will feature prominently in the division's forward strategy."

"...the American business...anticipates a return to more acceptable profit levels in 1991."

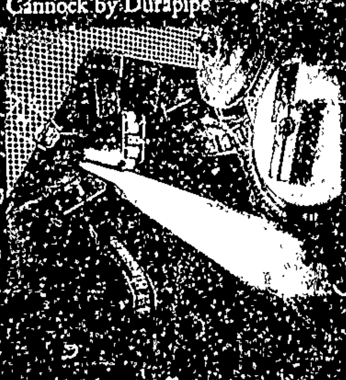
Aalco tube centre in Dudley is the UK's leading independent stockholder of stainless steel pipe





An MCA Calder Electrofusion Control Box and Restraining Clamp fuses a Durapipe gas pipeline joint

1990 saw the commissioning of a new pipe extrusion plant at Cannock by Durapipe



"...a market leader in supplying the world's chemical, process and utilities markets..."

"The acquisition of Wingfield...is expected to lead to strong growth as we develop its international potential."

"...integrated marketing...gave our key product ranges substantial market gains..."

— Plastics

DESPITE SIGNIFICANTLY LESS buoyant market conditions as the year progressed, sales and operating profits of the Plastics division still grew substantially in 1990. It also benefited from the contributions of recent acquisitions. Capital investment remained at a high level at £10.3m and working capital continued to be kept under tight control.

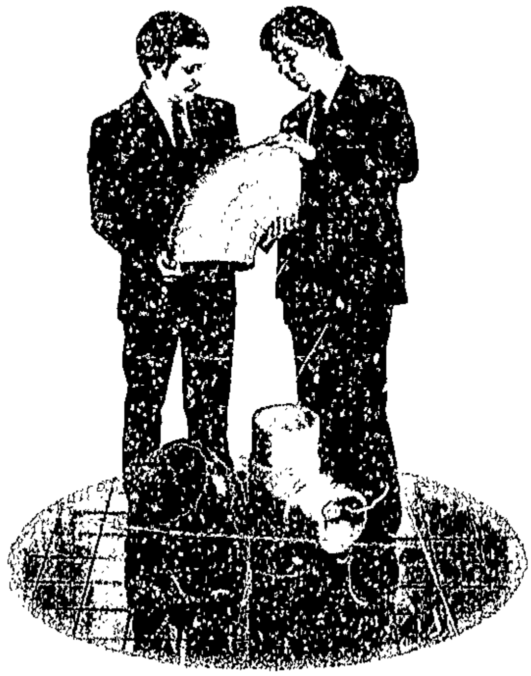
The division consists of two distinct businesses, the Pipes, Valves and Fittings businesses operated by Glynwed Plastics International (GPI), and the Sheet and Rod businesses operated by Amari Plastics.

Sales by GPI, a leader in supplying the world's chemical, process and utilities markets, were 20% up and operating profits were 27% higher. This was in spite of most of its key national markets progressively reacting to economic downturn.

The key 1989 acquisitions — Harrington (USA), Innoge (Monaco), MAR-CO (France) and MCA-Calder (UK) — all delivered results ahead of, or in line with, expectations. The 1990 acquisition of Wingfield Plastics, in Australia, which designs and manufactures micro-irrigation systems increasingly used for the scientific husbandry of agricultural and water resources, is expected to lead to strong growth as we develop its international potential.

Philmac, our main Australian business, continued its rapid growth and excellent margins, shrugging off a dull home market by further increasing exports. Other GPI companies' integrated marketing, particularly by FIP and Durapipe, gave our key product ranges substantial market gains throughout the EC and elsewhere. Only 40% of GPI sales now come from UK-based companies, with another 35% from mainland Europe and the rest from the US and Australia. These trends are expected to continue in 1991.

The main beneficiary of high capital spending — joint venture company FORTI in Italy — rapidly gained market share approaching 10% in its chosen product sectors. Durapipe in the UK developed a second manufacturing site and rationalised all pipe extrusion on to it. This supports total systems marketing and increased sales of fittings. Enfield in Chicago relocated into a new distribution centre combined with an in-house manufacturing unit, while Townsend Polymer Engineering moved to a dedicated site at Luton. This has released space to enable Vulcathene to expand its electrofusion fittings business for the gas industry. Finally, Capper-PC approached completion of a major computer project, serving to confirm its pre-eminent position as the UK's largest specialist distributor of plastic pipework systems.

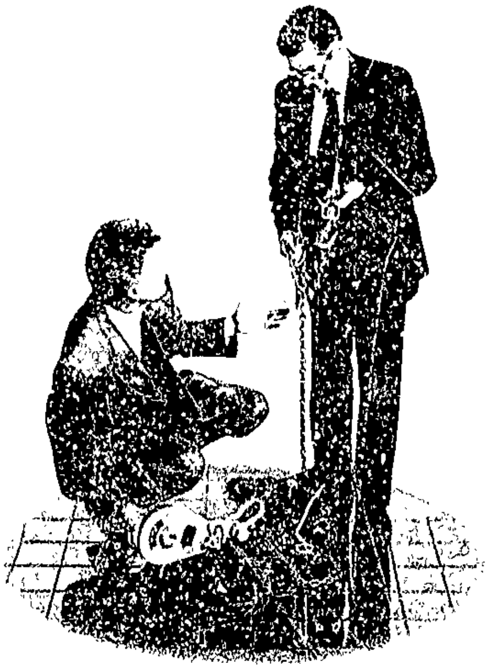


Amari Plastics had a difficult year. The UK market for acrylic sheet declined by over a quarter and other sheet products also suffered from low demand. All market sectors were hit, with sign and display customers, the company's largest sector, particularly badly affected.

Amari Plastics also absorbed the sheet business of Plastic Constructions. This involved closing the warehouses at Acton and Bristol and integrating the Dunstable warehouse. A new warehouse was opened at Nottingham in October to serve the East Midlands, but the branch at Bremen in Germany has been closed.

A distributorship has been secured from Huls of Germany and that, together with other distribution arrangements already in existence, further improved the product portfolio.

Although the recession in America commenced on the East Coast during 1989, Port Plastics, an affiliate of Amari Plastics, was almost on budget at the half-year stage. However, by the year-end recession had spread to the West Coast, causing a considerable shortfall. The hoped-for expansion in the US aerospace market did not take place, largely because of a long strike at Boeing. However, an agreement with Raychem to distribute Remtech shrink tubing is expected to prove extremely beneficial. In general the company has out-performed its competitors.



FOLLOWING LAST YEAR'S RECORD profits, 1990 proved an extremely difficult year for the division. As the year progressed the deepening recession detrimentally affected the steel consuming sectors and business failures included a number of customers who had been substantial consumers of our products for many years. However, improved debtor control avoided any major losses. Overseas, adverse exchange rates affected the substantial percentage of sales which are exported.

Management action included a number of redundancies and the deferment of several ambitious expansion plans. This limited the fall in operating profits and produced a substantial inflow of cash. Given current trading conditions and the pessimistic economic forecasts, the emphasis for 1991 will be on further cost reductions and even tighter cash control.

The Hot-Rolled sub-division started 1990 with reasonable order books, and margins held up fairly well. Following the summer shut-down the decline in activity became severe and worsened in the final quarter, so that the year ended with a poor order book and all units taking extended Christmas breaks.

Exports have accounted for an increasing proportion of the sub-division's sales, but as hot-rolled products are, in the main, international commodity items, profitability depends heavily on exchange rates. The strength of sterling thus affected export margins and also led to European imports gaining ground in the UK market.

GB Steel Bar, managed some gains in market share and in the early part of the year developed a reasonable position in Europe. Unfavourable exchange rates made this level of activity impossible to sustain and despatches have subsequently declined. However 30% of sales went for export.

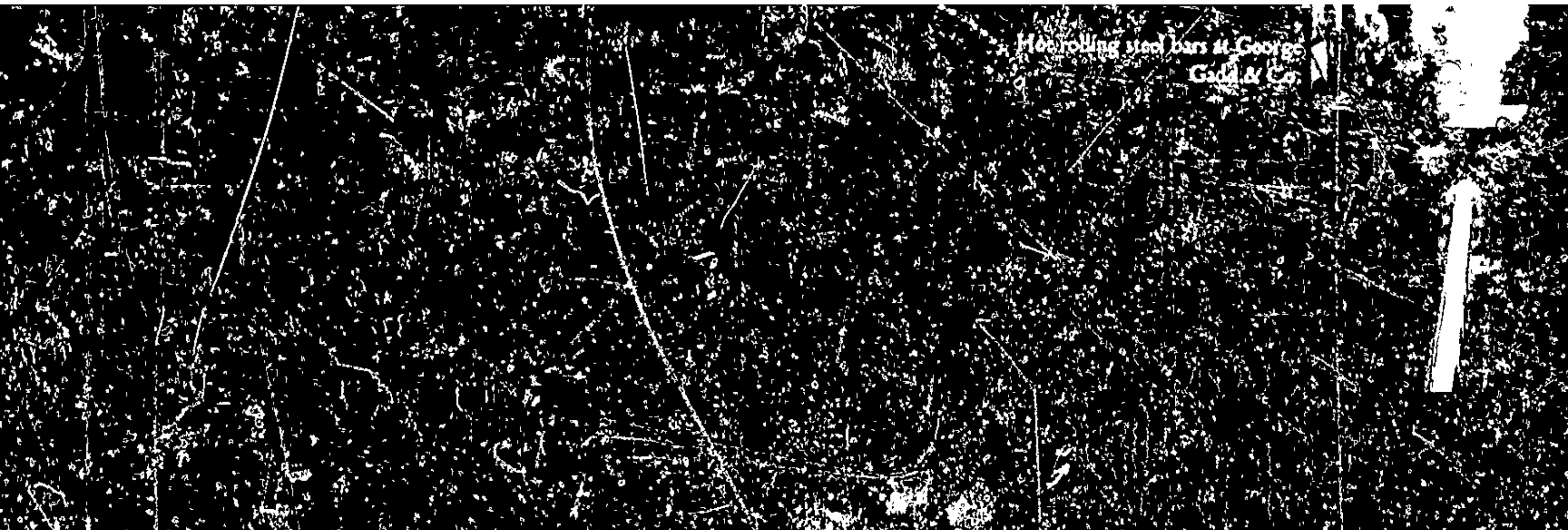
Longmore Brothers, with higher added-value products, made a reasonable return. Macreadys, the distribution business, which operates in a market broadly parallel to the bright drawers, again increased market share. The once highly profitable London region is now too cost-intensive and the project of centralising distribution on Macreadys' new Rugby warehouse is on schedule for completion during the summer of 1991.

For the Cold-Rolled sub-division the recession began mid-way through 1989 and cost reductions were underway by the beginning of 1990. However, investment continued in plant at Ductile Cold Mill in order to produce large diameter coil for the European market and in the latter part of the year initial despatches went to five customers in France.

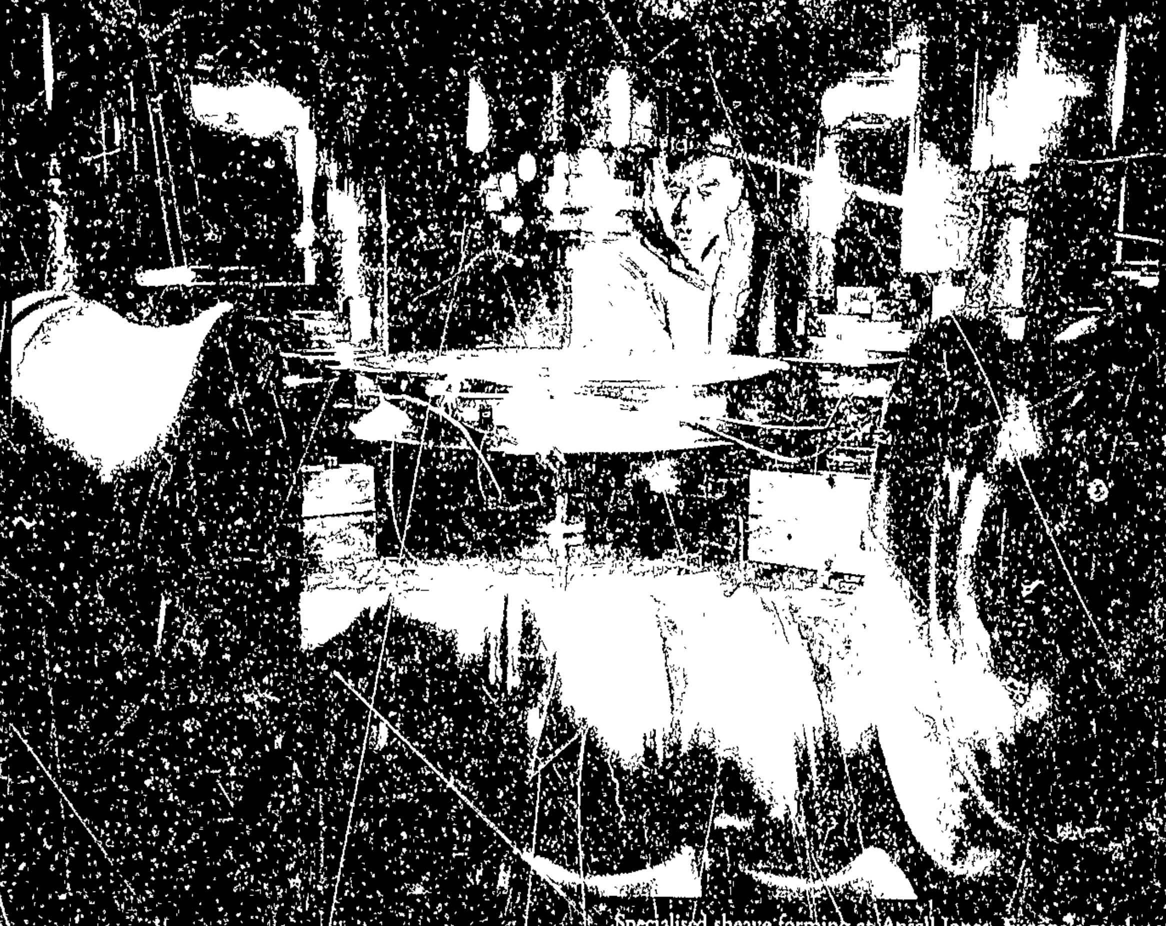
Stourbridge Rolling Mills upgraded its product range into higher added-value carbon steels and October was its best month for several years. J.B & S Lees and Firth Cleveland suffered both from weakening markets and destocking. Much of their product is motor vehicle or building and construction related, both in Europe and the USA, and though other markets were targeted, their contributions were down from their normal high levels.

Ductile Steel Processors, which has been making steady progress during the past six years, saw another substantial profit advance and in the final quarter saw full plant utilisation with seven-day three-shift working.

The Engineering sub-division produced an excellent performance, with overall sales and profits well up and a healthy cash flow. Only Tower Manufacturing suffered through its dependence on the building and construction sector. Steelway-Fensecure reduced similar dependence through diversifying into other markets, while Paul Fabrications performed strongly in its specialist activities. Ansell Jones continued to develop its strong international market position with a wider product range, and successfully absorbed the acquisition of marine door manufacturer Leith Cardle.



Hot rolling steel bars at George Gadd & Co.



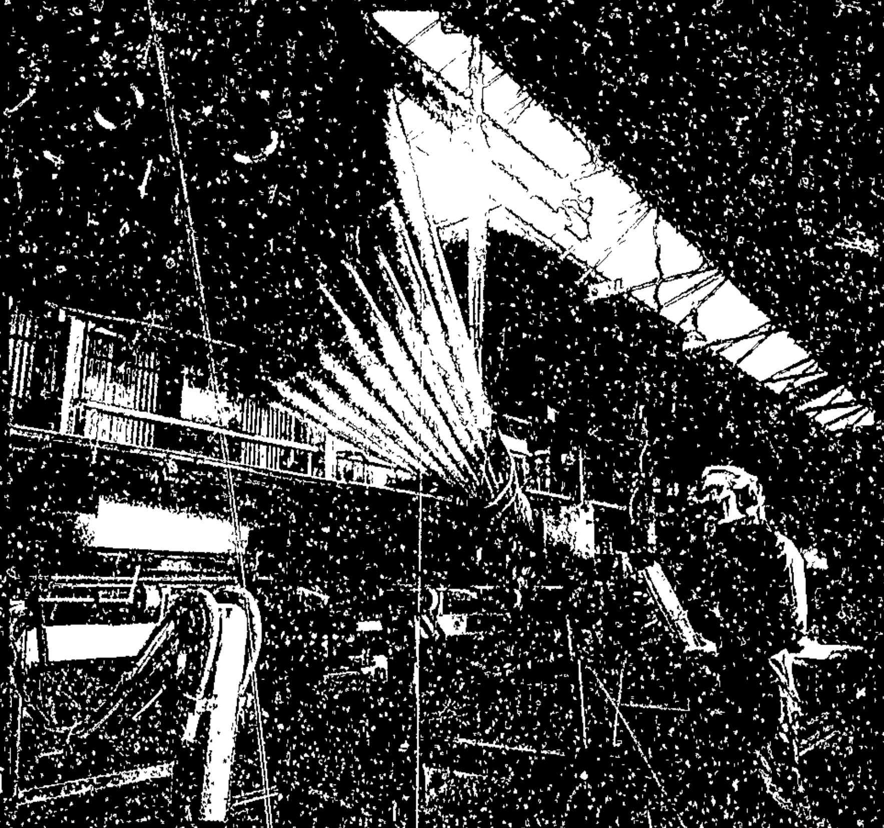
Specialised sheave forming at Ansell Jones, Europe's market leader in marine lifting equipment.

"Management action... limited the fall in operating profits and produced a substantial inflow of cash."

"The Hot-Rolled sub-division started 1990 with reasonable order books and margins held up fairly well."

"The Engineering sub-division produced an excellent performance..."

GLYNWED INTERNATIONAL



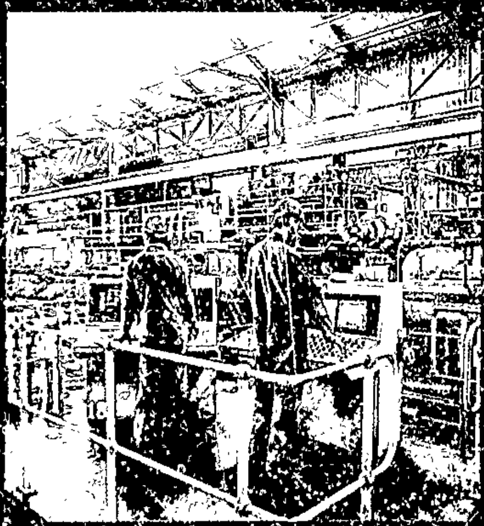
Monmore Tubes: Spectra-coat gives steel tube a unique coloured, protective finish

"Continental Tube . . . was not able to perform to expectations."

"Considerable advances have now been made and much better results are expected for 1991."

". . . with its supplier, Albion introduced a completely CFC-free foam insulation . . ."

Copper tube extrusion for European markets at the advanced Continental Tube plant



Tubes & Fittings

THE DEPRESSED STATE OF THE housing market, volatility in copper prices, delays in fully commissioning the new copper tube mill and difficulties in the Canadian electrical conduit market were the four main factors in the drastic reduction of the division's overall contribution during 1990.

Particularly affected by the lower demand from the construction sector was the Non-Ferrous sub-division, which also had to bear the cost of metal losses. Cash copper prices peaked at £1,815 per tonne in September and recorded a low of £1,256 per tonne in November.

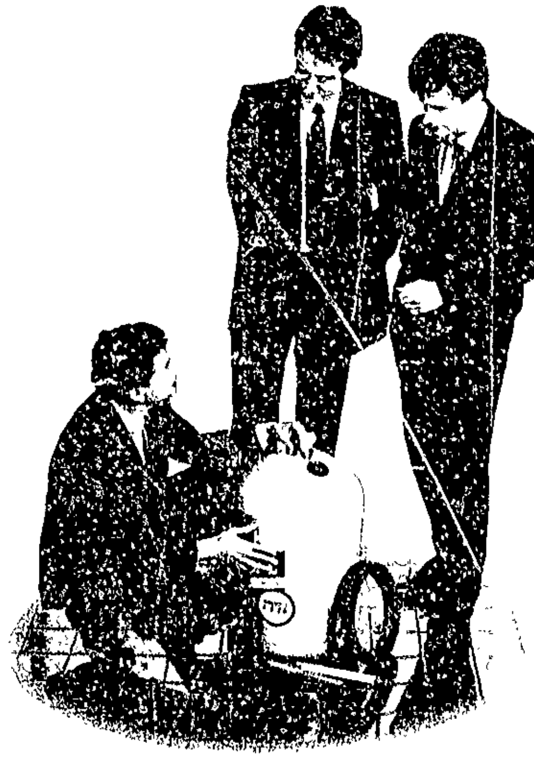
A particular burden on the Non-Ferrous tube business was the commissioning delay experienced at the Continental Tube copper mill, with the consequent high overhead costs. Continental Tube, which was scheduled to come progressively online from mid-1990, was not able to perform to expectations. Considerable advances have now been made and much better results are expected for 1991.

Wednesbury Tube's Bilston plant, which serves the UK market, saw demand for its products decline by 10% over the previous year, with nearly all of the reduction coming in the second half. A substantial review of manning levels, working methods and shift patterns was undertaken and its findings implemented during December. The effective adoption of these changes has resulted in the business being in better shape for the year ahead.

Albion countered some of the effects of lower demand with the launch of "Superduty", a range of mains-fed high performance hot water storage products, which quickly established itself as a market leader. In a joint development with its supplier, Albion introduced a completely CFC-free foam insulation, the first in the UK. It has also become recognised as a leading supplier in the highly specified industrial and commercial sector.

The Steel Tube sub-division achieved a creditable performance in spite of generally difficult trading conditions. Monmore Tubes experienced customers' resistance to taking on stock early in the year, but the good summer increased demand in the leisure and associated markets although this fell away again later in the year. Competitive pressures throughout reduced margins compared with the previous year.

Newman-Tipper also experienced highly competitive conditions. During the year three new products were successfully launched in the UK and, the business reported demand and output at very high levels for the middle two quarters. Demand in the fourth quarter, however, was seen to decline very sharply indeed as recession took hold.



Fierce competition was also experienced by HUB Tubes but its UK market share was increased. Turnover was consequently increased, but with reduced margins. To defend this position a series of cost reduction measures were undertaken, regrettably involving some job losses.

Columbia International had to trade in the context of a severely depressed Canadian economy, a 10-week construction workers' strike in Ontario and an assault on the Canadian market by US producers. The result was a very disappointing 1990 performance, with sales severely curtailed compared with budgeted levels. Restructuring and rationalisation are expected to show benefits in 1991.

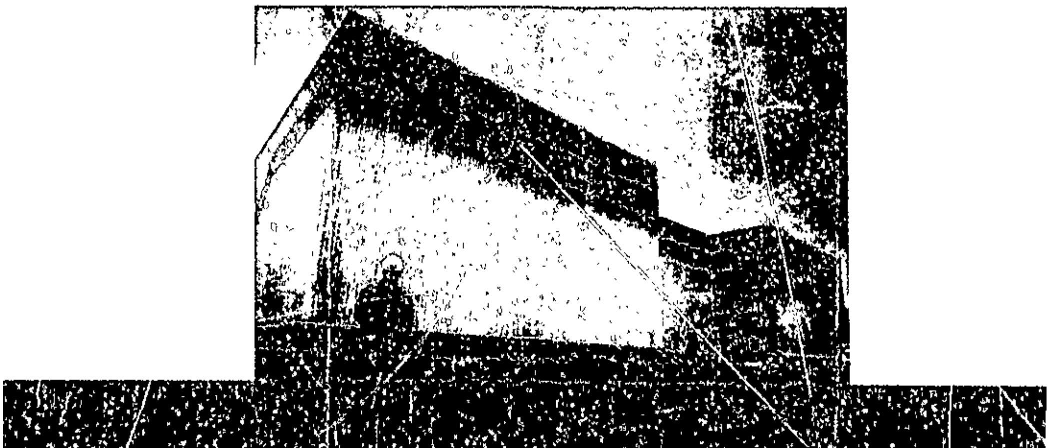
Property

THE WEAKENING OF THE PROPERTY market during the year had little effect on rental income. A re-valuation of group-owned property at the end of the year produced an increase in valuation of £29.4 million to £95.9 million.

Various surplus properties in the United Kingdom and the United States of America were profitably sold during the year. The opportunities to benefit from achieving change-of-use planning permission, in order to establish a more valuable use of surplus property, continue to be pursued.

In order to support the growth of group companies, several buildings were acquired and development of new industrial property continued. This additional investment variously provided factories, warehouses and distribution depots for Durapipe in Staffordshire, MCA-Calder in West Yorkshire, Falcon Catering in Stirlingshire, Drainage Systems in Hertfordshire, Ansell Jones in Strathclyde and Macreadys in Warwickshire.

The redevelopment of the Rugby warehouse of Macreadys



Glynwed

International

~ plc ~

directors report
& accounts

1990

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 29th December 1990. These will be submitted to members at the annual general meeting to be held at the **National Motorcycle Museum, Coventry Road, Bickenhill, Solihull, West Midlands, at 12 noon on Thursday, 6th June 1991.**

ACTIVITIES AND BUSINESS REVIEW

Glynwed International plc is the group holding company and its principal subsidiaries and their activities are shown on pages 44 and 45.

A review of the activities and prospects of the group and of the principal subsidiaries is given on *pages 10 to 20.*

DIVIDENDS AND RESERVES

The earnings for the period after taxation, minority interests and preference dividends were £47.8 million (1989 £62.5 million). Extraordinary items amounted to £6.9 million (1989 £4.6 million) leaving £40.9 million (1989 £57.9 million) available to ordinary shareholders. An interim dividend of 4.15p per ordinary share was paid on 12th December 1990. The directors recommend a final dividend of 7.50p per ordinary share payable on 4th July 1991 making a total for the period of 11.65p per ordinary share (1989 11.65p per share).

After ordinary dividends of £23.9 million (1989 £23.8 million), the profit retained of £17.0 million (1989 £34.1 million) remains to be added to reserves.

CAPITAL OF THE COMPANY

Allotments of ordinary shares of 25p each of the company were made during 1990 as indicated in note 23 on page 42.

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 29th December 1990, ordinary shareholders totalled 16,192 (1989 – 16,648). Their holdings are analysed below:

Number of shares	% of shareholders	% of shares in issue
1—5,000	90.47	8.84
5,001—50,000	7.42	8.16
50,001—250,000	1.30	12.67
Over 250,000	0.81	70.33
	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
Prudential Corporation	10,138,616	4.97
Britannic Assurance plc	10,130,000	4.97
Abu Dhabi Investment Authority	8,300,000	4.05
Invesco MIM plc	7,634,852	3.73

Report of the Directors

DIRECTORS

The members of the Board at the date of this report are shown on pages 4 and 5.

In accordance with the Articles of Association Mr G Davies and Mr WJ Biffen retire by rotation and, being eligible, offer themselves for re-election. Mr B Doyle, having been appointed a director by the board on 30th December 1990 retires, and being eligible, offers himself for election.

Mr Davies has a service contract with the company which expires on 13th February 1995 unless terminated at an earlier date by not less than twelve months' notice. Mr Doyle has a service contract which is terminable on three years' notice. Mr Biffen does not have a service contract.

DIRECTORS' INTERESTS

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

	29th December 1990					31st December 1989*				
		Options under the Senior Executive Share Option Scheme					Options under the Senior Executive Share Option Scheme			
	Shares	at 200.5pps	at 264pps	at 304pps	at 308pps	Shares	at 200.5pps	at 264pps	at 304pps	at 308pps
G Davies	157,579	56,250	37,500	60,000	125,000	150,000	56,250	37,500	60,000	125,000
DL Milne	96,382	37,500	24,000	9,000	75,000	95,625	37,500	24,000	9,000	75,000
A Miller	114,767	—	—	—	40,000	114,767	—	—	—	40,000
T O'Neill	77,579	37,500	30,000	15,000	75,000	70,000	37,500	30,000	15,000	75,000
DW Richardson	82,579	37,500	30,000	15,000	75,000	75,000	37,500	30,000	15,000	75,000
WJ Biffen	—	—	—	—	—	—	—	—	—	—
JD Eccles	1,875	—	—	—	—	1,875	—	—	—	—

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:

	29th December 1990		31st December 1989*		
	at 238.6pps	at 244.0pps	at 97.6pps	at 238.6pps	at 244.0pps
G Davies	—	1,475	7,579	—	1,475
DL Milne	2,790	1,475	757	2,790	1,475
A Miller	—	4,426	—	—	4,426
T O'Neill	—	1,475	7,579	—	1,475
DW Richardson	—	1,475	7,579	—	1,475

The above interests are the same at the date of this report.

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.

or date of subsequent appointment

DIRECTOR RETIREMENTS

Mr D Gripton and Mr JP Pither retired from the board on 29th December 1990.

Report of the Directors

TANGIBLE FIXED ASSETS

The movements of tangible fixed assets are set out in note 13 on page 36 and include a net book value of £1.8 million arising from the acquisition of new businesses.

PRINCIPAL ACQUISITION

Wingfield Plastics, Australia, was purchased in August 1990 for £2.2 million.

RESEARCH AND DEVELOPMENT

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

EMPLOYEES

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

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

The group operates pensions and share option schemes for employees, to good and regularly-reviewed current standards, together with an Educational Scholarship Scheme: under the latter, 117 awards were made in 1990 by the independent selection committee.

Report of the Directors

POLITICAL AND CHARITABLE DONATIONS

During the period the group gave £82,163 for charitable purposes in the UK, and £36,000 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 Deloitte, will be proposed at the Annual General Meeting.

By order of the board
JC Blakeley
Secretary
Birmingham
17th April 1991

J C Blakeley

Source and Distribution of Value Added

For the 52 weeks ended 29th December 1990

	1990	1989
	£m	£m
SOURCE OF VALUE ADDED		
Turnover	1,099.8	1,125.2
Cost of materials and services used	793.8	819.3
TOTAL VALUE ADDED	306.0	305.9

	£m	%	£m	%
DISTRIBUTION OF VALUE ADDED				
EMPLOYEES — costs	196.7	64.3	181.5	59.3
TAXATION — UK and overseas	23.1	7.5	31.2	10.2
PROVIDERS OF CAPITAL				
Interest payable on borrowings	17.5	5.7	12.0	3.9
Dividends to shareholders	24.0	7.8	23.9	7.8
Minority shareholders in subsidiaries	(0.7)	(0.2)	(0.5)	(0.1)
TOTAL COST OF CAPITAL PROVIDED	40.8	13.3	35.4	11.6
RE-INVESTMENT IN THE BUSINESS				
Depreciation	21.5	7.0	19.1	6.2
Profit retained	17.0	5.6	34.1	11.2
TOTAL RE-INVESTED	38.5	12.6	53.2	17.4
EXTRAORDINARY ITEMS (after tax)	6.9	2.3	4.6	1.5
TOTAL VALUE ADDED	306.0	100.0	305.9	100.0

Funds Statement

For the 52 weeks ended 29th December 1990

	1990 £m	1989 £m
Cash effect of profit before taxation (Note (a))	89.3	108.9
Working capital movements (Note (b))	15.8	(11.8)
Investment in tangible fixed assets	(39.8)	(43.9)
Disposal of tangible fixed assets	5.3	12.4
CASH INFLOW FROM OPERATIONS	70.6	65.6
Tax	(43.5)	(28.1)
Dividends	(23.9)	(21.4)
CASH INFLOW FROM OPERATIONS AFTER TAX AND DIVIDENDS	3.2	16.1
DISPOSAL OF BUSINESSES		
Cash received from previous years disposals	0.8	1.7
Cash received from current year disposals	1.5	—
CASH INFLOW FROM DISPOSALS	2.3	1.7
ACQUISITION OF BUSINESSES		
Cash paid for previous years acquisitions	(8.5)	(4.7)
Cash paid for current year acquisitions	(3.7)	(34.3)
Borrowings taken over	—	(17.2)
TOTAL CASH PAID FOR ACQUISITIONS	(12.2)	(56.2)
Other cash movements	(1.6)	0.8
NET CASH OUTFLOW	(8.3)	(37.6)
STATEMENT OF BORROWINGS		
At 30th December 1989	84.0	46.4
At 29th December 1990	92.3	84.0
INCREASE IN NET BORROWINGS	(8.3)	(37.6)

NOTES	1990 £m	1989 £m
(a) Profit before tax	70.3	93.3
Depreciation	21.5	19.1
Profit on sale of fixed assets	(1.4)	(5.2)
Currency translation movement	(1.1)	1.9
Related companies	—	(0.2)
Cash effect of profit before taxation	89.3	108.9
(b) Stocks	(1.6)	(7.0)
Debtors	21.2	(10.2)
Creditors	(3.8)	5.4
Working capital movements	15.8	(11.8)

Consolidated Profit and Loss Account

For the 52 weeks ended 29th December 1990

	Notes	1990 £m	1989 £m
TURNOVER	2	1,099.8	1,125.2
Net operating costs	3	(1,012.0)	(1,019.9)
OPERATING PROFIT	2	87.8	105.3
Interest payable (net)	6	(17.5)	(12.0)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		70.3	93.3
Tax on profit on ordinary activities	7	(23.1)	(31.2)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		47.2	62.1
Minority interests		0.7	0.5
Profit on ordinary activities after taxation and minority interests		47.9	62.6
Preference dividends	8	(0.1)	(0.1)
EARNINGS FOR PERIOD		47.8	62.5
Extraordinary items	10	(6.9)	(4.6)
Ordinary dividends	8	(23.9)	(23.8)
PROFIT RETAINED	11 & 24	17.0	34.1
		pence	pence
EARNINGS PER SHARE	12	23.38	30.66

Notes to the accounts are on pages 31 to 46.

Movements on reserves are set out in note 24.

Consolidated Balance Sheet

As at 29th December 1990

	Notes	1990 £m	1989 £m
FIXED ASSETS			
Tangible assets	13	189.5	148.4
Investments	15	1.2	5.4
TOTAL FIXED ASSETS		190.7	153.8
CURRENT ASSETS			
Stocks	16	208.0	206.7
Debtors	17	225.1	246.2
Cash at bank and in hand	20	43.1	29.0
TOTAL CURRENT ASSETS		476.2	481.9
CREDITORS amounts falling due within one year			
Operating creditors	18	(304.7)	(332.0)
Short term borrowings	20	(21.6)	(31.6)
TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR		(326.3)	(363.6)
NET CURRENT ASSETS		149.9	118.3
TOTAL ASSETS LESS CURRENT LIABILITIES		340.6	272.1
CREDITORS amounts falling due after more than one year			
Operating creditors	18	(2.1)	(6.7)
Medium and long term borrowings	20	(113.8)	(81.4)
TOTAL NET ASSETS EMPLOYED		224.7	184.0
CAPITAL AND RESERVES			
Ordinary shares	23	51.2	51.0
Preference shares	23	1.3	1.3
Called up share capital		52.5	52.3
Share premium account	24	9.3	8.4
Revaluation reserve	24	33.5	5.6
Profit and loss account	24	126.9	115.3
TOTAL CAPITAL AND RESERVES		222.2	181.6
Minority interests		2.5	2.4
TOTAL CAPITAL AND RESERVES AND MINORITY INTERESTS		224.7	184.0

G Davies Chairman
JD Eccles Deputy chairman
DL Milne Finance director

G Davies
John Eccles.
D L Milne

Notes to the accounts are on pages 31 to 46.

Company Balance Sheet

As at 29th December 1990

	Notes	1990 £m	1989 £m
FIXED ASSETS			
Investments	15	423.4	391.4
CURRENT ASSETS			
Debtors	17	20.5	18.5
Cash at bank and in hand	20	4.5	0.3
TOTAL CURRENT ASSETS		25.0	18.8
CREDITORS – amounts falling due within one year			
Operating creditors	18	(21.1)	(27.0)
Short term borrowings	20	(8.8)	(16.0)
TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR		(29.9)	(43.0)
NET CURRENT LIABILITIES		(4.9)	(24.2)
TOTAL ASSETS LESS CURRENT LIABILITIES		418.5	367.2
CREDITORS – amounts falling due after more than one year			
Medium and long term borrowings	20	(100.1)	(59.7)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	22	—	(0.2)
TOTAL NET ASSETS EMPLOYED		318.4	307.3
CAPITAL AND RESERVES			
Ordinary shares	23	51.2	51.0
Preference shares	23	1.3	1.3
Called up share capital		52.5	52.3
Share premium account	24	9.3	8.4
Other reserves	24	111.7	111.7
Profit and loss account	24	144.9	134.9
TOTAL CAPITAL AND RESERVES		318.4	307.3

G Davies Chairman

JD Eccles Deputy chairman

DL Milne Finance director

G Davies
John Eccles
D Milne

Notes to the accounts are on pages 31 to 46.

Notes to the Accounts

1 ACCOUNTING POLICIES

The following statements outline the main accounting policies of the group

BASIS OF ACCOUNTING

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

CONSOLIDATION

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

ACQUISITIONS

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

RESEARCH AND DEVELOPMENT

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

FOREIGN CURRENCIES

The profit and loss account items of overseas subsidiaries and related companies are translated into sterling using average exchange rates. Assets and liabilities in foreign currencies are translated at the mid-market rates of exchange ruling at the balance sheet date unless matched by forward conrracts. Where the translation of overseas subsidiaries and related companies, 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 gross values of fixed assets after deduction of Government grants as follows

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

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

DEFERRED TAXATION

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

LEASES

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

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.

2 PRINCIPAL ACTIVITIES

TURNOVER AND OPERATING PROFIT	[illegible]		[illegible]	
	1990	1989	1990	1989
	£m	£m	£m	£m
BY DIVISION				
Consumer & Building Products	182.6	182.1	17.8	22.4
Metal Services	311.1	336.0	13.8	17.5
Plastics	206.9	186.8	24.5	20.9
Steels & Engineering	239.9	250.2	25.4	28.1
Tubes & Fittings	158.6	169.0	0.9	8.3
Properties	0.7	0.6	7.8	10.4
Other operations	—	0.5	(0.4)	(0.4)
Central costs	—	—	(2.0)	(1.9)
TOTAL TURNOVER AND OPERATING PROFIT	1,099.8	1,125.2	87.8	105.3
GEOGRAPHICALLY				
United Kingdom and Europe	921.7	942.7	77.3	92.5
United States of America	125.4	130.3	5.0	6.2
Canada	34.2	35.7	(0.7)	1.4
Australia	18.5	16.5	6.2	5.2
TOTAL TURNOVER AND OPERATING PROFIT	1,099.8	1,125.2	87.8	105.3

	1990		1989	
TURNOVER BY CUSTOMER LOCATION	£m	%	£m	%
North and South America	176.1	16.0	182.2	16.2
Europe (except United Kingdom)	146.6	13.3	126.4	11.2
Asia and Australasia	22.9	2.1	19.1	1.7
Middle East	11.0	1.0	13.0	1.1
Africa	3.0	0.3	3.0	0.3
Total overseas	359.6	32.7	343.7	30.5
United Kingdom	740.2	67.3	781.5	69.5
TOTAL TURNOVER	1,099.8	100.0	1,125.2	100.0

Sales value of direct exports from the United Kingdom during the year was £99 million (1989 £95 million).

Exports from UK subsidiaries to overseas subsidiaries were an additional £16.5 million.

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

Notes to the Accounts

3 OPERATING COSTS	1990	1989
	£m	£m
NET OPERATING COSTS		
Raw materials and consumables	643.3	675.3
Staff costs (see note 5)	197.0	177.7
Other operating charges	129.9	122.2
Change in stocks of finished goods and work in progress	(8.0)	(2.2)
Own work capitalised	(2.7)	(1.4)
Other operating income	(9.4)	(11.0)
Other external charges	40.4	40.4
Depreciation and other amounts written off tangible fixed assets	21.5	19.1
Share of profits of related companies	—	(0.2)
TOTAL NET OPERATING COSTS	1,012.0	1,019.9
Net operating costs include the following		
OPERATING LEASE RENTALS		
Hire of plant, equipment and vehicles	4.7	2.9
Other operating leases	3.3	1.3
TOTAL OPERATING LEASES	8.0	4.2
AUDITORS' REMUNERATION	1.3	1.3
Research and development	3.7	6.2

4 DIRECTORS' EMOLUMENTS OF GLYNWED INTERNATIONAL plc	£000	£000
As directors	34	36
As executives	1,054	852
TOTAL DIRECTORS' EMOLUMENTS CHARGED	1,088	888

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

	1990	1989
	£	£
Chairman	271,084	237,639
Other directors	Number of directors	
£		
145,001 to 150,000	1	—
135,001 to 140,000	1	—
130,001 to 135,000	1	—
125,001 to 130,000	1	1
120,001 to 125,000	1	2
115,001 to 120,000	—	2
105,001 to 110,000	1	—
25,001 to 30,000	1	1
10,001 to 15,000	1	1
Total number of directors (including the Chairman)	9	8

Notes to the Accounts

5 EMPLOYEE INFORMATION

	1990	1989
	Number of employees	
AVERAGE NUMBER OF EMPLOYEES		
United Kingdom and Europe	12,295	12,453
United States of America	760	645
Canada	314	270
Australia	346	264
TOTAL (Including Executive Directors)	13,715	13,632

	£m	£m
STAFF COSTS		
Wages and salaries	177.2	159.9
Social security costs	18.6	15.7
Other pension costs	1.2	2.1
TOTAL STAFF COSTS (Including Executive Directors)	197.0	177.7

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 relatively 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 1st April 1989 using the projected unit credit method. The principal assumptions on which these valuations were based were that the investment return would be 2.5% greater than general salary increases and 5.0% greater than increases in future pension payments. The results of these valuations showed that the schemes had a market value of £287.3 million and were 177% funded.

The valuations have been used in assessing the expected cost of providing pensions for 1990 and future years.

During the year a review of the main UK pension funds led to a refund of £2.0 million, in accordance with actuarial advice. This refund has been accounted for in other operating charges.

The number of UK employees other than directors of Glynwed International plc who received emoluments, excluding pension contributions, in excess of £30,000 is as follows:

£	1990	1989
	Number of employees	
95,001 to 100,000	—	1
90,001 to 95,000	—	1
85,001 to 90,000	1	—
75,001 to 80,000	3	1
70,001 to 75,000	2	2
65,001 to 70,000	2	5
60,001 to 65,000	2	9
55,001 to 60,000	4	6
50,001 to 55,000	11	11
45,001 to 50,000	15	23
40,001 to 45,000	29	24
35,001 to 40,000	24	38
30,001 to 35,000	42	42

6 INTEREST PAYABLE (NET)

	1990 £m	1989 £m
INTEREST PAYABLE AND SIMILAR CHARGES		
On borrowings wholly repayable within five years	14.3	6.8
On all other borrowings	4.1	6.5
On finance leases	1.3	1.0
TOTAL INTEREST PAYABLE AND SIMILAR CHARGES	19.7	14.3
LESS INTEREST RECEIVABLE AND SIMILAR INCOME	2.2	2.3
INTEREST PAYABLE (NET)	17.5	12.0

7 TAXATION

	1990 £m	1989 £m
On the profit for the period		
United Kingdom corporation tax (Based on a rate of 35%)	20.5	27.9
Overseas taxation	3.4	4.4
Taxation on the profit of the period	23.9	32.3
Previous year adjustments	(0.8)	(1.1)
TOTAL TAX ON PROFIT ON ORDINARY ACTIVITIES	23.1	31.2

8 DIVIDENDS

		1990 £m	1989 £m
Preference dividends 5.425%		0.1	0.1
ORDINARY DIVIDENDS			
Interim dividend paid of 4.15p per share	(1989 4.15p)	8.5	8.5
Proposed final dividend of 7.50p per share	(1989 7.50p)	15.4	15.3
TOTAL ORDINARY DIVIDENDS OF 11.65p PER SHARE	(1989 11.65p)	23.9	23.8

9 PROFIT FOR THE PERIOD

Group profit after taxation, minority interests and extraordinary items for the period was £41.0 million (1989 £58.0 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 £34.1 million (1989 £39.0 million).

Included in the group operating profit are the aggregate profits of companies acquired or disposed of during the period amounting to £0.3 million.

10 EXTRAORDINARY ITEMS

	1990 £m	1989 £m
Provision for loss on investment in a related company	3.0	—
Provisions for losses on disposal or closure of businesses	4.2	4.5
Taxation applicable	(0.3)	0.1
NET EXTRAORDINARY ITEMS	6.9	4.6

11 PROFIT RETAINED

	1990 £m	1989 £m
Glynwed International plc	10.2	15.1
Subsidiary companies	6.8	19.0
TOTAL PROFIT RETAINED	17.0	34.1

12 CALCULATION OF EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on earnings of £47.8 million (1989 £62.5 million) and an average of 204.4 million (1989 203.9 million) ordinary shares of 25p each in issue.

13 TANGIBLE FIXED ASSETS

	Land and buildings			Plant	Fixtures,	1990	1989
	Freehold	Leasehold		and	fittings,	Total	Total
		Long	Short	machinery	tools and equipment	tangible fixed assets	tangible fixed assets
	£m	£m	£m	£m	£m	£m	£m
COST AND VALUATION							
At beginning of period	59.2	7.0	1.7	151.9	54.3	274.1	230.6
Exchange adjustments	(1.4)	—	(0.1)	(4.1)	(1.2)	(6.8)	4.4
Businesses acquired	—	—	—	1.6	0.5	2.1	12.3
Additions at cost	6.8	0.2	0.1	24.7	8.0	39.8	43.9
Disposals	(2.6)	(0.3)	—	(4.7)	(4.6)	(12.2)	(17.1)
Surplus on revaluation	26.9	0.1	—	—	—	27.0	—
At end of period	88.9	7.0	1.7	169.4	57.0	324.0	274.1
Cost	12.8	3.4	1.7	168.2	56.8	242.9	228.5
Professional valuations							
1990	71.4	3.6	—	—	—	75.0	—
Previous years	4.4	—	—	0.1	—	4.5	43.9
Directors' valuations	0.3	—	—	1.1	0.2	1.6	1.7
At end of period	88.9	7.0	1.7	169.4	57.0	324.0	274.1
ACCUMULATED DEPRECIATION							
At beginning of period	2.5	0.4	0.9	90.1	31.8	125.7	108.8
Exchange adjustments	(0.1)	—	—	(2.2)	(0.7)	(3.0)	2.3
Businesses acquired	—	—	—	—	0.3	0.3	4.9
Provision for the period	1.2	0.1	0.1	12.4	7.7	21.5	19.1
Disposals	(0.1)	—	(0.1)	(3.5)	(3.9)	(7.6)	(9.4)
Revaluation elimination	(2.1)	(0.3)	—	—	—	(2.4)	—
At end of period	1.4	0.2	0.9	96.8	35.2	134.5	125.7
NET BOOK VALUE							
At end of period	87.5	6.8	0.8	72.6	21.8	189.5	148.4
At beginning of period	56.7	6.6	0.8	61.8	22.5	148.4	121.8

13 TANGIBLE FIXED ASSETS (continued)

Freehold and long leasehold properties, held for the long term by the Group, were valued at 29th December 1990 by professional valuers. In the United Kingdom the valuations were by Chesterton of Birmingham, in Australia by Edward Ruston Australia Pty Ltd of Adelaide and in the United States of America by local professional valuers. These valuations, based on vacant possession open market value of the properties, amounted to £75.0 million and have been included in the accounts, giving a surplus of £29.4 million (surplus of £27.0 million plus elimination of depreciation £2.4 million) against the net book value. This surplus has been added to the existing revaluation reserves (see note 24). The annual charge for depreciation for future years based on the buildings' valuation will be increased by approximately £0.3 million. The properties which were not revalued have a book value of £19.3 million.

The values of the tangible fixed assets not included in the professional valuations were considered by the directors and in their opinion the aggregate value of those fixed assets was not less than their aggregate net book value as stated in the accounts.

Included in the cost of tangible fixed assets is £20.0 million (1989 £14.4 million) in respect of assets in course of construction.

The historical cost of tangible fixed assets amounts to £301.4 million (1989 £273.3 million) and the accumulated depreciation thereon is £142.4 million (1989 £131.0 million), giving a net historical book value of £159.0 million (1989 £142.3 million).

The net book value of tangible fixed assets includes £7.3 million (1989 £8.5 million) in respect of assets held under finance leases. Depreciation for the period on those assets was £2.4 million (1989 £1.8 million).

14 COMMITMENTS

	Group 1990	Group 1989
CAPITAL COMMITMENTS	£m	£m
Authorised by the board but not contracted for	6.3	10.9
Contracted for but not provided in the accounts	6.9	6.8
TOTAL CAPITAL COMMITMENTS	13.2	17.7

	Land and buildings 1990	Land and buildings 1989	Other operating leases 1990	Other operating leases 1989
OPERATING LEASE COMMITMENTS FOR 1991	£m	£m	£m	£m
For leases expiring				
Within one year	0.2	0.2	0.6	0.5
Between one and two years	1.1	0.2	0.6	0.6
Between two and five years	1.8	0.7	1.2	0.6
After more than five years	3.5	2.2	—	—
TOTAL OPERATING LEASE COMMITMENTS	6.6	3.3	2.4	1.7

Glynwed International plc has no operating lease commitments (1989 nil).

Notes to the Accounts

15 INVESTMENTS

GROUP	Share of net assets of related companies £m	Other investments £m	Total £m
At beginning of period	5.1	0.3	5.4
Provision for loss	(4.2)	—	(4.2)
Transfer of related companies	(0.9)	0.9	—
At end of period	—	1.2	1.2
Listed (market value £0.3 million)	—	0.3	0.3
Unlisted	—	0.9	0.9
At end of period	—	1.2	1.2

COMPANY	Cost of shares £m	Provisions £m	Amounts due from subsidiaries £m	(to) subsidiaries £m	Total £m
SUBSIDIARIES					
At beginning of period	272.6	(32.2)	279.5	(131.2)	388.7
Transfers from other group companies	2.4	—	—	—	2.4
Disposals	(4.0)	—	—	—	(4.0)
Movements during period	—	1.3	15.9	18.7	35.9
At end of period	271.0	(30.9)	295.4	(112.5)	423.0
OTHER INVESTMENTS					
At beginning of period	2.7	—	—	—	2.7
Net transfers to other group companies	(2.3)	—	—	—	(2.3)
At end of period	0.4	—	—	—	0.4
TOTAL INVESTMENTS					
At end of period	271.4	(30.9)	295.4	(112.5)	423.4
At beginning of period	275.3	(32.2)	279.5	(131.2)	391.4

16 STOCKS

	1990 £m	1989 £m
Raw materials and consumables	40.2	43.8
Work in progress	22.1	21.7
Finished goods and goods for re-sale	145.7	141.2
TOTAL STOCKS	208.0	206.7

17 DEBTORS

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade debtors	198.1	215.0	—	—
Other debtors	12.6	16.3	—	—
Prepayments and accrued income	9.3	9.8	0.4	0.2
Advance corporation tax	—	—	15.0	13.2
TOTAL DEBTORS FALLING DUE WITHIN ONE YEAR	220.0	241.1	15.4	13.4
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Advance corporation tax	5.1	5.1	5.1	5.1
TOTAL DEBTORS	225.1	246.2	20.5	18.5

18 OPERATING CREDITORS

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade creditors	184.2	173.1	—	—
Bills of exchange payable	8.6	12.3	—	—
Social security	3.0	2.5	—	—
Dividends payable	15.4	15.3	15.4	15.3
Accruals and deferred income	33.7	36.9	1.2	1.2
Taxation	28.6	50.3	3.9	9.5
Other creditors	24.5	39.0	0.6	1.0
Finance leases	6.7	2.6	—	—
TOTAL OPERATING CREDITORS FALLING DUE WITHIN ONE YEAR	304.7	332.0	21.1	27.0
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Finance leases	2.1	6.7	—	—
TOTAL OPERATING CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	2.1	6.7	—	—

19 OBLIGATIONS UNDER FINANCE LEASES

	1990 £m	1989 £m
GROUP		
Payable between two and five years	0.8	1.0
Payable between one and two years	1.3	5.7
Total payable after more than one year	2.1	6.7
Payable within one year	6.7	2.6
TOTAL OBLIGATIONS UNDER FINANCE LEASES	8.8	9.3

Notes to the Accounts

20 BORROWINGS

	1990				1989			
		Other		Total		Other		Total
	Bank £m	Secured £m	Unsecured £m	borrowings £m	Bank £m	Secured £m	Unsecured £m	borrowings £m
GROUP								
TOTAL FALLING DUE WITHIN ONE YEAR	21.1[1]	0.1	0.4	21.6	31.1[1]	0.5	—	31.6
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
7.5% Debenture Stock 1989/94	—	1.5	—	1.5	—	1.7	—	1.7
*Other	73.7	0.2	2.3	76.2	35.5	2.2	2.7	40.4
Wholly repayable within five years	73.7	1.7	2.3	77.7	35.5	3.9	2.7	42.1
Repayable after more than five years other than by instalments								
10.75% Loan Stock 1994/99	—	—	5.7	5.7	—	—	5.9	5.9
*Other	25.1	0.1	5.2	30.4	28.4	0.6	4.4	33.4
Total falling due after more than five years	25.1	0.1	10.9	36.1	28.4	0.6	10.3	39.3
TOTAL FALLING DUE AFTER MORE THAN ONE YEAR	98.8[2]	1.8	13.2	113.8	63.9[2]	4.5	13.0	81.4
TOTAL BORROWINGS	119.9	1.9	13.6	135.4	95.0	5.0	13.0	113.0
CASH AT BANK AND IN HAND				(43.1)				(29.0)
TOTAL NET BORROWINGS				92.3				84.0
COMPANY								
TOTAL FALLING DUE WITHIN ONE YEAR	8.8	—	—	8.8	16.0	—	—	16.0
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
7.5% Debenture Stock 1989/94	—	1.5	—	1.5	—	1.7	—	1.7
*Other	63.8	—	—	63.8	20.4	—	2.7	23.1
Wholly repayable within five years	63.8	1.5	—	65.3	20.4	1.7	2.7	24.8
Repayable after more than five years other than by instalments								
10.75% Loan Stock 1994/99	—	—	5.7	5.7	—	—	5.9	5.9
*Other	25.0	—	4.1	29.1	25.0	—	4.0	29.0
Total falling due after more than five years	25.0	—	9.8	34.8	25.0	—	9.9	34.9
TOTAL FALLING DUE AFTER MORE THAN ONE YEAR	88.8	1.5	9.8	100.1	45.4	1.7	12.6	59.7
TOTAL BORROWINGS	97.6	1.5	9.8	108.9	61.4	1.7	12.6	75.7
CASH AT BANK AND IN HAND				(4.5)				(0.3)
TOTAL NET BORROWINGS				104.4				75.4

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

[1] Includes £0.4 million (1989 £2.3 million) secured.

[2] Includes £1.1 million (1989 £1.3 million) secured.

20 BORROWINGS [illegible]

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
LISTED DEBT, BANK AND OTHER BORROWINGS				
LISTED DEBT				
7.5% Debenture Stock 1989/94	1.5	1.7	1.5	1.7
10.75% Loan Stock 1994/99	5.7	5.9	5.7	5.9
TOTAL LISTED DEBT	7.2	7.6	7.2	7.6
TOTAL OTHER BORROWINGS	8.3	10.4	4.1	6.7
TOTAL LISTED DEBT AND OTHER BORROWINGS	15.5	18.0	11.3	14.3
TOTAL BANK BORROWINGS	119.9	95.0	97.6	61.4
TOTAL BORROWINGS	135.4	113.0	108.9	75.7
CASH AT BANK AND IN HAND	(43.1)	(29.0)	(4.5)	(0.3)
TOTAL NET BORROWINGS	92.3	84.0	104.4	75.4

All loan capital is repayable at par on maturity.

ANALYSIS OF MATURITY OF BORROWINGS

	1990 Bank £m	1990 Other £m	1990 Total £m	1989 Bank £m	1989 Other £m	1989 Total £m
GROUP						
Repayable after five years	25.1	11.0	36.1	28.4	10.9	39.3
Repayable between two and five years	72.2	3.4	75.6	30.6	6.0	36.6
Repayable between one and two years	1.5	0.6	2.1	4.9	0.6	5.5
Total repayable after more than one year	98.8	15.0	113.8	63.9	17.5	81.4
Repayable within one year	21.1	0.5	21.6	31.1	0.5	31.6
TOTAL BORROWINGS	119.9	15.5	135.4	95.0	18.0	113.0
COMPANY						
Repayable after five years	25.0	9.8	34.8	25.0	9.9	34.9
Repayable between two and five years	63.8	1.5	65.3	20.4	4.4	24.8
Total repayable after more than one year	88.8	11.3	100.1	45.4	14.3	59.7
Repayable within one year	8.8	—	8.8	16.0	—	16.0
TOTAL BORROWINGS	97.6	11.3	108.9	61.4	14.3	75.7

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

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

21 CONTINGENT LIABILITIES

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

Notes to the Accounts

22 DEFERRED TAXATION

In the group accounts the provision for deferred taxation is nil (1989 nil).

The potential liability unprovided is set out below.

	1990 £m	1989 £m
Timing differences mainly between tax allowances and depreciation	7.5	8.4
Corporation tax payable if properties were disposed of at revalued amounts	5.4	1.7
TOTAL POTENTIAL LIABILITY UNPROVIDED	12.9	10.1

The deferred taxation in 1989 in the accounts of Glynwed International plc arises from short-term timing differences.

23 SHARE CAPITAL

	Ordinary shares of 25p each		5.425% Cumulative preference shares of £1 each	
	1990 £m	1989 £m	1990 £m	1989 £m
VALUE				
Authorised	74.5	74.5	1.3	1.3
Issued	51.2	51.0	1.3	1.3
	million	million	million	million
NUMBER				
Authorised	297.8	297.8	1.3	1.3
Issued	205.0	204.0	1.3	1.3

During the period 1.0 million ordinary shares of 25p each were issued in connection with the company's share option schemes, for an aggregate consideration of £1.1 million.

Under the Glynwed International Senior Executive Share Option Scheme, at 29th December 1990 options had been granted and were outstanding as set out below:

Number of ordinary shares	Option price p per share	Exercisable in the 7 years to
1,078,312	200.5	May 1996
700,500	264	April 1997
476,250	304	April 1998
30,000	284	September 1998
2,197,000	308	September 1999

Under the Glynwed International Savings-Related Share Option Scheme, at 29th December 1990 options had been granted and were outstanding in respect of 6,814 ordinary shares at 97.6p per share exercisable ordinarily in the six months to December 1990; 554,005 ordinary shares at 238.6p per share exercisable ordinarily in the six months to November 1992; and 1,963,311 ordinary shares at 244.0p per share exercisable ordinarily in the six months to April 1994.

24 RESERVES

	Share premium £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
GROUP					
At beginning of period	8.4	5.6	—	115.3	129.3
Exchange differences	—	(0.2)	—	(3.7)	(3.9)
Premium on shares issued	0.9	—	—	—	0.9
Goodwill written off arising from acquisitions	—	—	—	(1.8)	(1.8)
Transfer between reserves	—	(0.1)	—	0.1	—
Surplus on revaluation of properties	—	29.4	—	—	29.4
Revaluation in related companies	—	(1.2)	—	—	(1.2)
Profit retained	—	—	—	17.0	17.0
AT END OF PERIOD	9.3	33.5	—	126.9	169.7
COMPANY					
At beginning of period	8.4	—	111.7	134.9	255.0
Exchange differences	—	—	—	(0.2)	(0.2)
Premium on shares issued	0.9	—	—	—	0.9
Profit retained	—	—	—	10.2	10.2
AT END OF PERIOD	9.3	—	111.7	144.9	265.9

GOODWILL ARISING FROM ACQUISITIONS	Book value £m	Other provisions £m	Fair value £m
ASSETS PURCHASED			
Tangible fixed assets	1.8	—	1.8
Stocks	1.2	—	1.2
Debtors	1.0	—	1.0
TOTAL ASSETS	4.0	—	4.0
LESS LIABILITIES ASSUMED			
Creditors	(1.1)	(1.0)	(2.1)
NET OPERATING ASSETS ACQUIRED	2.9	(1.0)	1.9
CASH PAID FOR ACQUISITIONS IN 1990			3.7
GOODWILL			1.8

In accordance with SSAP 20 exchange gains of £3.5 million (1989 loss of £0.3 million) arising from the translation of foreign currency borrowing used to finance foreign currency investments, have been offset as reserve movements against exchange differences arising on the retranslation of the net investment.

Notes to the Accounts

25 TRADING SUBSIDIARIES

The following is a list of the company's principal trading subsidiaries at 29th December 1990, 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.

The companies are registered in England and operate in the United Kingdom (except where stated).

CONSUMER & BUILDING PRODUCTS DIVISION

GLYNWED CONSUMER & BUILDING PRODUCTS LIMITED† *trading as:*

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

*__Cassart Special Products SA__ (Belgium)† — distributors of cast iron building products.
*__Cooper & Turner Inc__ (USA) — multi-fuel cooking and heating appliances.
*__Glynwed Australia Pty Limited__† (Australia) — stockists of group consumer products.
Leavlite plc — specialist finishers and manufacturers of building products. The principal operations are in the UK but Leavlite also includes two small operations in Belgium and France.

METAL SERVICES DIVISION

GLYNWED METAL SERVICES LIMITED *trading as:*

Aalco — distributors and processors of aluminium, copper alloys, stainless steel and nickel alloys, with branch operations at over 50 locations in the United Kingdom and in Canada, Germany, Holland, the Republic of Ireland, Spain and (through *Amari Metals Inc, *Stock Alloys Inc, and *Gulf Coast Supply Co (LA) Inc) the USA.
Cashmores Stainless — stockholders and processors of stainless steel.
Amari World Steel — merchanting of stainless, special and alloy steels, high nickel alloys, nickel and high value steel through companies in Germany, France, Australia, Holland, Switzerland and the United Kingdom.

*__Amari Metals Limited__ — distributors of aluminium commercial and aerospace products.
*__Charles Davis (Metal Brokers) Limited__ — London Metal Exchange ring dealing member.

PLASTICS DIVISION

GLYNWED PLASTICS LIMITED *trading as:*

Vulcathene — chemical waste drainage and electrofusion pipework systems.
Townsend Polymer Engineering — precision rubber mouldings.
Capper P-C — distribution of thermoplastic pipework products.
Durapipe — thermoplastic pipework systems.
MCA-Calder — electrofusion equipment.

*__Enfield Industrial Corp__ (USA) — thermoplastic pipework systems.
*__Philmac Pty Limited__ (Australia) — plastic pipe fittings (including Wingfield Plastics).
*__FIP Formatura Iniezione Polimeri Srl__† (Italy) — thermoplastic pipework systems.
*__FORTI Formatura Raccordi Tubi Italiana SpA__† (Italy) (51%) — thermoplastic pipe.
*__S.A.M. Innoge__ (Monaco) — thermoplastic pipework systems.
*__MAR-CO SA__ (France) — distributors of thermoplastic pipework systems.
*__Harrington Industrial Plastics Inc__ (USA) — distributors of thermoplastic pipework systems.
*__Amari Plastics plc__ — distributors and processors from 12 locations in the United Kingdom, of industrial plastics and fasteners.
*__Port Plastics Inc__ (USA) — distributors of industrial plastics.

25 TRADING SUBSIDIARIES (continued)

STEELS & ENGINEERING DIVISION

GLYNWED STEELS & ENGINEERING LIMITED *trading as*

- Daunle Hot Mill — hot, re-rolled flat products.
- Dudley Port Rolling Mills — hot re-rollers.
- George Gadd & Co — steel re-rollers.
- W Wesson — hot and cold finished steels.
- Joseph Gillott & Sons — steel re-rollers.
- GB Steel Bar — bright drawn steel.
- Longmore Brothers — bright drawn steels, steel conduit and precision tubes.
- Stourbridge Rolling Mills — cold rolled strip.
- Ductile Sections — cold formed light sections.
- Ductile Cold Mill — cold rolled strip.
- Ductile Steel Processors — coil slitting and pickling.
- Firth Cleveland Steel Strip — special steels.
- Macreadys — stockholders of carbon and alloy steels.
- Cashmores Scrap — scrap metals.
- J.B. & S. Lees — bi-metallic strip.
- Steelway-Fensecure — steel flooring, stairways, security fencing and fabrications.
- Tower Manufacturing — cable clips, masonry nails and rivets.
- Ansell Jones — special lifting equipment.
- Oddbolt — non-standard fastenings.

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

***J.B. & S. Lees Inc** (USA) — special steels.

Paul Fabrications Limited — high technology metal fabrications.

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

TUBES & FITTINGS DIVISION

GLYNWED TUBES & FITTINGS LIMITED *trading as:*

- Wednesbury Tube — copper tube.
- Albion — copper hot water cylinders.
- Monmore Tubes — ERW, Flo-coat and Spectra-coat steel tube.
- Newman-Tipper Tubes — steel tube.
- HUB — stockists of ERW, cold drawn, seamless and structural steel tube and aluminium products.

***Columbia International Inc** (Canada) — electrical conduit.

CORPORATE SERVICES

Glynwed Group Services Limited — management services.

Glynwed Inc — USA management services.

Glynwed Properties Limited — UK land and buildings.

Glynwed Property Management Limited — UK land and buildings.

Glynwed Property Developments Limited — property developers.

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

PRINCIPAL HOLDING COMPANIES

Glynwed Overseas Holdings Limited

Glynwed BV (Holland)

Glynwed Canada Limited (Canada)

Glynwed Pacific Holdings Pty Ltd (Australia)

Sheldon Inc (USA)

*Investment held by a subsidiary of Glynwed International plc.

† Subsidiary companies not audited by Coopers & Lybrand Deloitte. The aggregate turnover of subsidiaries not audited by Coopers & Lybrand Deloitte amounted to 18.4% of the group's turnover.

26 STOCK EXCHANGE CLASS 4 TRANSACTIONS

In December 1990 Leavlite plc, a Glynwed subsidiary, purchased the 20% balance of the issued share capital of LVH Coatings Limited ("Coatings") not previously owned by Leavlite plc, from Peter Iain Hope and Ronald Ian Vanes, directors of Coatings, for £80,000 paid in cash. At the same time, Saveclear Limited, a company owned by Messrs Hope and Vanes, exercised an option to acquire Coatings' business of electrophoretic coatings and finishings, together with a temporary licence to occupy Glynwed-owned property at Coleshill, West Midlands. The total cash consideration of £294,175 was based on book value and was paid at completion in January 1991, except for an amount of £105,403 for stock, to be paid in instalments over a period of six months.

Auditors' Report

TO THE MEMBERS OF GLYNWED INTERNATIONAL plc

We have audited the accounts on pages 27 to 46 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 29th December 1990 and of the profit and flow of funds of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

COOPERS & LYBRAND DELOITTE
Chartered Accountants
Birmingham
17th April 1991

Coopers & Lybrand Deloitte

GLYNWED INTERNATIONAL

Summary of Comparative Figures

		1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
TRADING RESULTS						
TURNOVER		1,099.8	1,125 2	839.8	556 2	478.
OPERATING PROFIT		87.8	105.3	87.3	62.5	48.
Interest payable (net)		(17.5)	(12.0)	(4.8)	(2.1)	(2.
PROFIT BEFORE TAXATION		70.3	93.3	82.5	60.4	46.
Taxation		(23.1)	(31.2)	(28.4)	(21.1)	(16.
PROFIT AFTER TAXATION		47.2	62.1	54.1	39.3	30.
Minority interests		0.7	0.5	(0.2)	(0.1)	—
Preference dividends		(0.1)	(0.1)	(0.1)	(0.1)	(0.
EARNINGS FOR THE PERIOD		47.8	62.5	53.8	39.1	29.
Extraordinary items		(6.9)	(4.6)	—	(1.9)	(3.
Ordinary dividends		(23.9)	(23.8)	(19.8)	(13.8)	(11.
PROFIT RETAINED		17.0	34.1	34.0	23.4	14.
OPERATING ASSETS						
Fixed assets		190.7	153.8	126.7	90.5	84.
Stocks		208.0	206.7	185.6	108.9	86.
Debtors less creditors		(42.8)	(32.0)	(25.7)	(13.9)	(0.
Taxation and dividends		(38.9)	(60.5)	(54.0)	(36.5)	(31.
NET OPERATING ASSETS		317.0	268.0	232.6	149.0	138.
Total net borrowings		(92.3)	(84.0)	(46.4)	(5.0)	(7.
Deferred taxation		—	—	—	—	(1.
TOTAL NET ASSETS EMPLOYED		224.7	184.0	186.2	144.0	129.
FINANCED BY						
Ordinary shares		51.2	51.0	50.9	28.5	27.
Reserves		169.7	129.3	131.9	113.7	100.
Ordinary share capital and reserves		220.9	180.3	182.8	142.2	128.
Preference shares		1.3	1.3	1.3	1.3	1.
Minority interests		2.5	2.4	2.1	0.5	0.
TOTAL FUNDS		224.7	184.0	186.2	144.0	129.
Net increase/(decrease) of funds arising from property revaluations		29.4	—	0.6	—	—
STATISTICS						
Operating profit to turnover	%	8.0	9.4	10.4	11.2	10.2
Earnings per share	p	23.38	30.66	28.81	23.26	18.3
Dividend per ordinary share	p	11.65	11.65	9.70	8.08	6.7
Net assets per ordinary share	p	109.6	88.4	89.7	83.1	76.7
Operating profit to average net operating assets	%	26.0	41.8	43.8	42.8	33.4
Turnover to average net operating assets	x	3.3	4.5	4.1	3.8	3.3
Dividend cover	x	2.0	2.6	2.7	2.8	2.6
Interest cover	x	5.0	8.8	18.2	29.8	18.1
Debt/equity ratio	%	41.1	45.6	24.9	3.5	5.8

Summary of Comparative Figures

1985 £m	1984 £m	1983 £m	1982 £m	1981 £m	
					TRADING RESULTS
464.1	514.1	487.2	444.3	368.1	TURNOVER
39.6	35.6	29.6	23.7	24.9	OPERATING PROFIT
(4.0)	(9.1)	(8.4)	(10.0)	(5.7)	Interest payable (net)
35.6	26.5	21.2	13.7	19.2	PROFIT BEFORE TAXATION
(12.3)	(8.2)	(6.1)	(2.2)	(5.7)	Taxation
23.3	18.3	15.1	11.5	13.5	PROFIT AFTER TAXATION
—	0.6	(0.8)	(0.6)	(1.3)	Minority interests
(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	Preference dividends
23.2	18.8	14.2	10.8	12.1	EARNINGS FOR THE PERIOD
(2.3)	(3.9)	(4.6)	(3.5)	—	Extraordinary items
(8.8)	(7.7)	(6.6)	(6.2)	(4.8)	Ordinary dividends
12.1	7.2	3.0	1.1	7.3	PROFIT RETAINED
					OPERATING ASSETS
79.3	91.1	95.3	100.5	76.7	Fixed assets
86.1	85.8	95.4	96.8	87.9	Stocks
(3.8)	1.6	11.2	11.0	12.4	Debtors less creditors
(23.0)	(16.4)	(9.8)	(6.9)	(8.9)	Taxation and dividends
138.6	162.1	192.1	201.4	168.1	NET OPERATING ASSETS
(16.1)	(40.1)	(62.9)	(78.2)	(67.2)	Total net borrowings
(3.2)	(4.6)	(5.3)	(1.4)	(1.7)	Deferred taxation
119.3	117.4	123.9	121.8	99.2	TOTAL NET ASSETS EMPLOYED
					FINANCED BY
20.9	20.9	20.9	20.9	16.3	Ordinary shares
97.0	95.1	93.8	92.5	74.7	Reserves
117.9	116.0	114.7	113.4	91.0	Ordinary share capital and reserves
1.3	1.3	1.3	1.3	1.3	Preference shares
0.1	0.1	7.9	7.1	6.9	Minority interests
119.3	117.4	123.9	121.8	99.2	TOTAL FUNDS
(5.9)	—	—	—	20.2	Net increase/(decrease) of funds arising from property revaluations
					STATISTICS
8.5	6.9	6.1	5.3	6.7	% Operating profit to turnover
14.77	11.97	9.07	7.80	9.87	p Earnings per share
5.60	4.93	4.19	3.92	3.92	p Dividend per ordinary share
75.1	73.9	73.2	72.3	74.3	p Net assets per ordinary share
25.0	18.0	15.4	11.8	14.8	% Operating profit to average net operating assets
2.9	2.6	2.5	2.2	2.2	x Turnover to average net operating assets
2.6	2.4	2.2	1.8	2.5	x Dividend cover
9.9	3.9	3.5	2.4	4.4	x Interest cover
13.5	34.2	50.7	64.2	67.7	% Debt/equity ratio

Notice of Meeting

Notice is hereby given that the fiftieth annual general meeting of Glynwed International public limited company will be held at the **National Motorcycle Museum, Coventry Road, Bickenhill, Solihull, West Midlands, on Thursday, 6th June 1991** at 12 noon to transact the following business:

1 To receive and adopt the annual report and accounts for the 52 weeks ended 29th December 1990.

2 To declare a final dividend.

3 To elect directors.

4 To reappoint the auditors and to authorise the directors to fix their 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 directors be and they are hereby authorised, generally and unconditionally, to allot relevant securities (as defined in section 80 of the Companies Act 1985) up to an aggregate nominal amount of £17,079,806, 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 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 the 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 empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the Companies Act 1985) pursuant to the authority conferred by the previous resolution as if sub-section (1) of section 89 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 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 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 the sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £2,561,970, and shall expire fifteen months after the passing of this resolution or, if earlier, on the date of the next annual general meeting of the company 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.

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

By order of the board
JC Blakeley
Secretary
Birmingham
10th May 1991

NOTES

1 A form of proxy accompanies the report and accounts and is for the use of shareholders who are unable to attend the meeting in person. This form should be completed, signed and returned so that it arrives at the office of the company's registrars not less than 48 hours before the time of the meeting. By signing and returning the form of proxy a shareholder will not be precluded from attending and voting in person should he subsequently find it possible to be present.

2 Copies of the contracts of service of directors will be available for inspection at the company's registered office between 9.00 am and 4.30 pm on any weekday (Saturday and public holidays excluded) from the date of this notice up to and including the day before the meeting, and also at the place of the meeting for 15 minutes prior to the meeting and during the meeting

1991 Financial Calendar

Annual general meeting	6th June
Half year end	29th June
Final ordinary dividend payable	4th July
Interim ordinary dividend payable	11th December
Preference dividend payable	30th June, 31st December
1991 year end	28th 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, New Coventry Road
Sheldon, Birmingham B26 3AZ
Telephone: 021-742 2366
Fax: 021-742 0403
Registered in England No. 354715

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