EXPAMENT INTERNATIONAL PLC
152305

CHAIRMAN'S STATEMENT

GROUP PERFORMANCE

Expamet's 1993 results have been prepared in accordance with FRS 3 'Reporting Financial Performance'. In addition, the results reflect changes in accounting policy relating to product introduction and launch costs, which will now be written off when incurred and post retirement benefits, where the requirements of the new accounting standard UITF Abstract 6 have been adopted. The adjustments are explained more fully in note 1 on page 21. For comparative purposes, prior year figures have been restated accordingly. Consequently, the £17,000 profit on ordinary activities before tax made in 1993 now compares with a loss of £20.6m, rather than the profit of £4.4m shown in last year's annual report.

1993's figure includes non-recurring items of £3.6m, which incorporate the first half profit on disposals of £0.3m and the provisions for redundancy and surplus property described in our announcement of 23 December 1993. As was stated in that announcement, a deterioration in market conditions towards the end of the year, affecting the sales and margins of our Continental European operations, necessitated further reorganisation and rationalisation. These additional actions increased the total cost of our redundancy programme to £2.1m, which is shown separately in the profit and loss account. We also announced an exceptional provision of £1.8m against future liabilities associated with properties which, although mostly sub-let, are no longer required for our operating activities. This figure is included in the net loss of £911,000 on disposal or closure of businesses, shown in the profit and loss account.

In order to reduce our borrowings and to sharpen the focus of our operations, in 1993 we disposed of two businesses, whose activities were not related to our core strategy. We also closed two small building sector operations in Continental Europe. Our continuing businesses contributed an operating profit before redundancy costs in 1993 of £6.4m, up 11% from the 1992 figure of £5.8m.

Borrowings reduced significantly during the year from £17.6m to [illegible]m, reflecting not only the £5.1m proceeds from the sales of CQR and CASE-ICC, but also [illegible]r reductions in working capital, including a £1.4m decrease in stock levels. The interest charge of £2.3m was down by 25% compared to £3.1m in the previous year, due to reduced borrowings and lower interest rates, particularly relating to our French franc borrowings. Gearing at year end was down to 89%, significantly lower than the figure of 125% at the end of 1992, even though shareholders' funds were reduced by the non recurring provisions mentioned earlier.

The 1993 loss per share was 0.75p, compared to the 1992 restated loss of 32.48p. These figures are calculated using the actual tax charge of £492,000, which arises because no immediate tax relief is anticipated on the exceptional redundancy and property provisions made in the USA and Holland. Excluding the non-recurring costs and adjusting the tax charge accordingly, earnings per share were 3.99p (1992: 4.55p).

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Dividend

The proposed final dividend is 1.25p (1992 final: 1.16p), giving a total dividend per share of 2.50p (1992: 3.25p). This dividend recognises the non-recurring costs in 1993 and the need to retain a balance between conserving cash, rewarding shareholders and considering the future. Our intention remains to return to consistently higher levels of dividends, twice covered by earnings. The dividend will be paid on 6 May 1994 to shareholders on the register at the close of business on 8 April 1994.

Sector Performance

Since the disposals and closures of businesses were mostly completed in the first six months of 1993, I will focus only on the continuing businesses in this discussion of sector performance.

The security sector has shown a 47% increase in profits at £2.5m (1992: £1.7m), on sales up 15% at £39.1m (1992: £34.1m). Profits at PAC International have grown well, due to an increase in export sales and a widening of its customer base. The remaining improvement came from two of the smaller companies, Expamet Fencing and Window & Door Service. Over the year as a whole, Radionics' profits dropped. However, second half profits were considerably above the first half and higher than the same period in 1992, as the company began to benefit from new product launches and its completed rationalisation programme.

The Industrial sector profits at £1.0m fell slightly (1992: £1.1m), with sales up at £53.3m (1992: £50.2m). Olaer had a difficult second half of the year as economic activity in France, its home market, slowed, leading to a significant reduction in sales in the last quarter. Whilst the majority of Olaer's costs are incurred in France but sales made across Europe, the strength of the French franc continues to impact adversely on Olaer's margins. Although sales of Olaer's main product, accumulators, fell, there was an increase of approximately 60% in cooler sales. This important complementary product, which became part of the Olaer range with the Swedish acquisition in 1992, saw sales growth in Sweden and across Europe. The reduction at Olaer was partially offset by an improvement in profits at Expanded Metal Industrial, which benefited from the slight upturn in the UK economy. Once the severity of the further downturn in France became clear, Olaer and our other French company, Roth, undertook major cost reduction programmes, which are provided for in 1993's non-recurring items.

The Building sector's profit of £2.9m was slightly down (1992: £3.0m) on sales of £28.9m (1992: £27.0m). Increased profit at Expamet's UK building operations was offset by a significant loss incurred by BAT Continental, the Dutch arm of Expamet Building Products. A dramatic reduction in construction activity in Holland reduced sales and greater price competition eroded our margins. In response to these difficult trading conditions, we have transferred manufacturing from Holland to Expamet Building Products' UK facility and reduced the overheads of our Dutch operation by a third.

Corporate Governance

We have given full consideration to the recommendations of the Cadbury Committee and made the small number of changes necessary for compliance. More detail is given in the Report of Directors, on page 11.

Employees

I would like to express my thanks to our employees, who have fully played their part in seeking to improve efficiency in the numerous countries in which we operate. We continue to believe in a sensible training programme, to assist our employees to perform better and thus increase our competitiveness, which is so important to our future.

Current Trading

January and February have been encouraging months which we hope will continue, especially if a wider economic recovery is not far away.

Future Prospects

Following the disposals made in 1993, Expamet's operations are focused on its core businesses. The activities of these businesses are described in the Managing Director's Review on pages 5 to 8. I particularly recommend this section to those readers who may not be familiar with the detail of the Group's operations.

In the security sector, the bulk of our sales are made in the US and UK and we are beginning to profit from the slowly improving economic environment in those countries.

At Radionics, we will see the benefits from the major reorganisation and rationalisation which took place in 1993. Sales are expected to grow but without an accompanying rise in overheads. Since the move out of recession in the US is slow to impact on our sector, we believe the improvement in our main, intruder control market will be modest and price pressure will persist throughout 1994. However, we should continue to enjoy increased sales of the new generation products which were launched successfully in 1993 and will be introducing more new products in 1994. The outcome of this activity is expected to be a maintenance of market share in 1994, increasing in future years. Our market share in US fire and access control is much smaller and we expect continued steady progress in those areas.

PAC International plans the introduction of a modular access control system in 1994, which will be an important addition to its range. The company is expected to grow sales through its major customers' branch networks, leading to an increase in its share of the overall UK access control market. Exports to Continental Europe will become increasingly important to PAC, building on the solid base established in 1993.

The outlook for some areas of our Industrial sector operations depends on the length and depth of the Continental European recession and that of France in particular. However, both affected companies, Olacr and Roth, will benefit from the cost reductions made in 1993. In addition, Olaer expects to increase further its sales of coolers and to play a more prominent role in the complementary piston accumulator market. Olaer should also benefit from the upturn in the US market through Oil Air, its Houston based subsidiary. UK based Expanded Metal Industrial is expecting to see a small growth in sales to its home and export markets, due to the upturn in economic activity.

Expamet Building Products is also anticipating increased sales in the UK and the Far and Middle East. In the UK this growth is expected to come from a combination of new product sales, increase in market share and from the modest recovery in the construction market. Current forecasts suggest that this recovery will be patchy, with an upturn in the housing and repair markets compensating for a further drop in commercial activity. The improvement in housing should benefit one of our smaller building companies, Timloc, which sells predominantly into this market. IBC expects to continue to gain share in the special door and doorset markets. BAT Continental continues to be affected by the ongoing recession in the Dutch construction industry but will benefit from the cost savings made in 1993.

Expamet is intent on returning to consistent profit growth and, to that end, has made considerable cost reductions over the past eighteen months. The companies within the Group are sound businesses with good products, good market positions and managements determined to enhance profit performance, even in difficult trading conditions.

We have taken a range of painful actions necessary to strengthen the Group and its prospects. A period of steady and sustained improvement in our markets is now required, in order to see the full financial benefits flow through.

John A Roberts

John A Roberts
Group Chairman

MANAGING DIRECTOR'S REVIEW

SECURITY SECTOR

Expamet's strategy for profitable growth in this sector, 'to be a leading supplier of components and systems for the security industry in Europe and the USA', is centred around US based Radionics and PAC International in the UK.

Radionics' products are sold for use in professionally installed, commercial and residential electronic intruder and fire alarm systems and professionally installed access control systems. Sales are made direct to the system installers, whose engineers are trained by Radionics and who will usually also provide the end customer with monitoring services. The company is based in Salinas, California.

The sale of control panels to the intruder alarm sector continues to account for the major part of Radionics' business and market research has shown that the company has the industry's highest reputation for quality, customer service and technological support. With the introduction of a number of new generation products in 1993 and more due for launch in 1994, Radionics is regaining its position as an industry product leader.

The top of the range control panel, the 9112, is sold for use in large scale security systems, where its wide range of features unmatched by the competition and maximum of 136 detection points, are popular with the Security Directors of large companies, retail chains and government installations. This product, introduced in May 1993, has had a steady sales growth, expected to continue as new features are introduced. The 7212, used in less complex systems and based on the 9112 technology, has also been well received by the market.

The lower cost end of the market has been growing and undergoing considerable change and, to meet these altered requirements without delay, Radionics has been selling its middle range products at reduced margins. A new panel specially developed to suit this changed market is now reaching the end of its final pre-launch testing.

Although it currently has a very small share of the fire alarm market, Radionics expects this to become an increasingly important area of its operations. Growth is planned to come from the supply of complete systems to the specified market, using control panel technology based on the successful intruder alarm products. There has been a recent increase in market activity, caused by a number of changes to the US fire alarm regulations, which are met by Radionics' products.

Radionics also sells the PAC International system, known in the US as Readykey, to the growing commercial access control market. The system has been granted Underwriters Laboratories Listing in the US, which is important from a marketing point of view. The two companies are now working closely together to develop a combined access control and intruder alarm system, to meet the growing demand for integrated, central station monitored systems.

Radionics recognises the importance of being able to offer a rapid response to its customers' changing requirements. In order to achieve this aim the company has developed a new, long term technical strategy, designed to keep it at the forefront of the industry.

In the UK, the two main markets for PAC International's access control systems are the public sector local authority and housing associations and the systems sector commercial, financial and utility companies. The company continues to increase its sales via major installers' branch networks, enabling it to extend geographic cover and supply the service and support levels required by the customer. Export sales are growing, particularly into Continental Europe.

The third company in this sector is Expamet Fencing, which sells high security fencing, security gates and related products such as anti-vandal scaling barriers to the industrial market. Two of the main advantages of the Expamet Security Fencing Systems are their excellent through vision and minimal maintenance costs. The company is based in Hartlepool and uses materials manufactured by Expanded Metal Industrial. Amongst its main customers are water and electricity companies, airport authorities and oil and gas installations.

INDUSTRIAL SECTOR

Expamet's core strategic initiative for profitable growth in this sector is 'to build on its domination of the world market for hydraulic bladder accumulators and to increase sales of coolers and filters'. A bladder accumulator is a metal cylinder containing a gas filled flexible bladder, the purpose of which is to store, restore or lessen liquid energy.

Operating from eleven sites, mostly in Europe but also in the USA and Australia, Olaer's customers rank amongst the major companies in over twenty market segments, including the aeronautic, machine tool, offshore oil, food processing and transport industries. It is the market leader in all the European countries in which it has subsidiaries. There are over one thousand different applications for an accumulator and Olaer supplies more than 80,000 per year, ranging in size from 0.1 to 20,000 litres. Olaer has developed a high level of technical expertise and customers know that they can rely on the company to supply a solution to any fluid movement problem. Its commitment to quality is underlined by ISO 9001 and ISO 9002 quality certification.

Olaer also sells associated products for use in hydraulic systems, including coolers, filters and pumps. Of particular importance to Olaer's future growth is the cooler, which became part of the Olaer range with the acquisition of its Swedish company in 1992. The product has high market share in Sweden and sales into the other countries in which Olaer operates are growing, with potential for a substantial increase in market share.

During 1993 Olaer continued to suffer the effects of the Continental European recession, particularly in France. The need to reduce the cost structure further was clear but was used as an opportunity to reorganise the operation, allowing more flexible delivery performance.

Whilst Olaer dominates the bladder accumulator market, in the past it has had restricted sales into the piston accumulator market. Its new Swedish company has particular skills in this specialist area, which are now being developed to enable Olaer to offer a full range of piston accumulators, to complement its existing products, for use in those certain areas where the bladder accumulator is not appropriate.

One of the main components of an accumulator is its steel cylinder and Olaer purchases these competitively from another Expamet company, Roth. With its main operation in Lyon, France, Roth also sells high pressure seamless gas cylinders for medical and industrial gas transport, CO_2 fire extinguishers and bottles for scuba diving and life raft inflation. Roth achieved its goals for 1993 but for some months has been facing the effects of the recession in Continental Europe, with falling demand and prices in many of its market segments. In response, the company is continuing to make operational improvements to reduce costs and enhance customer service. At the same time it is working to open new markets with models developed in 1993 a high autonomy scuba diving cylinder, a new accumulator shell for the German and US markets and a new range of high purity CO_2 compressors. The distribution of a range of diving compressors in France should add further sales.

Also included in this sector is Expanded Metal Industrial, which manufactures a wide range of standard and bespoke meshes from a variety of metals at its factory in Hartlepool, in the North East of England.

The expanded metal product is supplied to all sectors of industry, with construction and automotive accounting for some 40% of demand. The majority of sales are made directly to the customer. This close customer contact, coupled with the dramatic cost reduction and improved service achieved in recent years, has enabled Expanded Metal Industrial to enhance its position as UK market leader and as a significant exporter. A continuing improvement in terms of customer service and operational efficiency, plus its dominant market position and reputation for the highest quality products, give Expanded Metal Industrial an excellent base from which to grow, both at home and overseas.

BUILDING SECTOR

In the Building sector, Expamet's core strategic initiative for profitable growth is 'to extend its strong presence in the UK building components market'.

Expamet Building Products, based in Hartlepool, is the UK market leader with its bead and lath plaster accessory products, the BAT range of carpenters metalwork and Hy-rib, a permanent metal mesh formwork used for concrete structuring. Over the past few years, Expamet Building Products has reduced costs, grown market share in targeted sectors and extended its range with the introduction of a number of new products, such as wallstarters and archformers. These products have been very well received and a recent addition, the Pre-Cast Plaster Arch, won the Professional Builders Commendation Award at the Interbuild '93 exhibition. Sales in the UK are predominantly made via builders' merchants, whose customers range from DIY enthusiasts to major contractors.

Export sales continue to grow, with the largest markets being the Middle and Far East. In September, a small factory was opened in Hong Kong to manufacture Hy-rib for the growing Hong Kong market and the Far East as a whole. Expamet Building's products have already been used in major Hong Kong projects such as the Cross Harbour Tunnels, Hong Kong MTR, Central Plaza and the Bank of China Development.

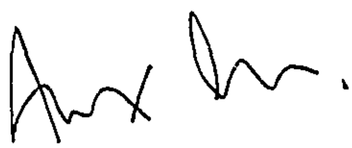
BAT Continental in Holland, a small company selling fixings and brickwork support systems, is part of Expamet Building Products. BAT Continental has been badly affected by the dramatic downturn in the Dutch construction industry but costs have been cut substantially by the transfer of its manufacturing to the Hartlepool plant.

Also included in this sector are IBC and Timloc Building Products. IBC, based in Hartlepool, supplies custom made flush timber doors, doorsets, cubicles and washroom systems to the commercial, industrial, local authority and housing markets. Products are mainly supplied directly to the contractor but are also available via builders' merchants. Having successfully made the transition from the supply of low margin mass product to the higher margin non-standard product, IBC has concentrated over the past eighteen months on increasing market awareness. In recent market research, the company scored very highly in terms of price, lead time and delivery reliability.

In 1993 IBC introduced its doorset and initial sales were ahead of budget. This product is particularly popular with the PSA and health authorities and the market size is increasing.

Timloc is a specialist business based in Goole, supplying cavity trays, ventilation products and loft access doors predominantly to the UK housing market. The company has benefited from increasingly stringent building regulations with regard to ventilation and the fact that all NHBC houses with abutments now have to use cavity trays.

Future prospects for Timloc are good. The company now achieves a 100% on time delivery performance, with very short lead times, giving it a strong competitive edge. The trend in building regulations will continue to be in Timloc's favour and the UK housing market is expected to grow in 1994.



Alex W Orr
Group Managing Director

DIRECTORS AND OFFICES

CHAIRMAN

John Roberts* A Non-Executive Director since 1988, he became Chairman in July 1992. Currently also Chairman of Charles Church Developments plc and Crown Industrial Group Ltd and a Non-Executive Director of Hickson International PLC, GEI International PLC and other private companies.

EXECUTIVE DIRECTORS

Alex Orr Joined the Board in 1982 and is Group Managing Director.

Tim Hauxwell Joined the Board in March 1992 and is Group Finance Director.

NON-EXECUTIVE DIRECTORS

Tony Herron* Joined the Board in 1971 and is a Senior Partner in Touche Ross Corporate Finance, where he is primarily involved with acquisitions, reconstructions, capital raising and Stock Exchange transactions.

Michel Jacquet* Joined the Board in 1991 and is Président Directeur Général of French company Nord Est, President of the Swiss company Magnesia and serves on the Board of various EU-based companies.

Denis Vernon* Joined the Board in 1984 and is a Non-Executive Director of Barclays Bank Northern Region. He is also Chairman of Carlisle Hospitals Trust and The Children's Foundation.

* Member of Board Audit and Remuneration Committees

SECRETARY John Hewitt

REGISTRATION NUMBER 152305

REGISTERED OFFICE Clifton House, 83/89 Uxbridge Road, Ealing, London W5 5TA

REGISTRARS Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DB

MERCHANT BANKERS Kleinwort Benson Ltd, 20 Fenchurch Street, London EC3P 3DB

SOLICITORS Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS

STOCKBROKERS S G Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA

SHAREHOLDERS' DIARY

Annual General Meeting	5 May 1994
Final dividend for 1993 payable	6 May 1994
Preliminary announcement of the results for half year to June 1994	September 1994

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW The company is a holding company. The principal activities of the Group are described in the Managing Director's Review. The Group's activities during 1993, its position at the year end and an indication of likely future developments are given in the Chairman's Statement. The principal subsidiary undertakings are listed on page 33.

RESULTS, DIVIDENDS AND SHARES The Group profit and loss account is set out on page 14.

An interim dividend of 1.25p per share was paid on 19 November 1993 and the Directors recommend the payment of a final dividend of 1.25p per share, making a total of 2.50p per share for the year, to be paid on 6 May 1994 to shareholders on the register at close of business on 8 April 1994. An amount of £2,053,000 has been withdrawn from reserves (1992: £22,508,000 withdrawn).

Details of shares issued during 1993 and of options outstanding at 31 December 1993 are shown in note 25 to the accounts.

DIRECTORS The Directors of the company are shown on page 9 and details of their interests in the company's shares and options are shown in note 25 to the accounts. Dr J A Roberts and Mr T N Hauxwell retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Dr Roberts' services are procured under a contract which is terminable at two years' notice and Mr Hauxwell is employed under a service contract which is terminable at one year's notice. At no time during the year has any Director had any material interest in a contract with the company being a contract of significance in relation to the company's business. The company maintains Directors' and Officers' Liability insurance cover for Directors and officers of the Group, including those of the company.

LARGE SHAREHOLDINGS As at 8 March 1994 the company has had notice of the following shareholdings in excess of 3% of the issued share capital.

M & G Investment Management Ltd	14.75%
Scottish Amicable Investment Managers Ltd	10.80%
Britannic Assurance Public Limited Company	5.65%
AMP Asset Management plc	4.53%
Malcolm T White	3.33%

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

DONATIONS Charitable donations by the company and subsidiary undertakings in the United Kingdom amounted to £3,292 (1992: £5,900). £Nil (1992: £1,000) was paid to Midland Industrialists Advisory Council.

DISPOSALS On 19 March 1993 contracts were exchanged for the sale of the issued share capital of CQR Security Components Ltd for a cash consideration of £3.8m, inclusive of £2.1m repayment of inter-company loans. £1.9m was received at the completion date of 19 April 1993 and the balance of £1.9m on 14 May 1993. On 6 April 1993 the business of CASE-ICC and the shares in its subsidiary undertakings were disposed of for a consideration of £2.1m, of which £1.7m was received on completion and the balance of £400,000 was received on 30 June 1993.

Tangible Fixed Assets The movement in tangible fixed assets is shown in note 13 on page 26. The Directors are of the opinion that any difference between the book value and market value of land and buildings of the company and its subsidiary undertakings is not significant.

Research and Development The Group continues to be involved in research and development as appropriate to its various fields of activity.

Employee Involvement Employees are kept regularly informed about the Group and their own business units by team briefing sessions. They are given copies of the Annual Report, in-house publications and, in the UK, pension fund reports. Employees are represented on the Board of the pension fund Trustee company and on the profit share Trust and participate in local Health and Safety Committees.

Applications for employment from disabled people are given full and fair consideration, bearing in mind the aptitudes and abilities of each person in relation to the requirements of the job. Employees who become disabled during service and are unable to carry out the work for which they were employed receive individual consideration and, wherever possible, arrangements are made for their continuing employment.

Corporate Governance The Board has considered the recommendations and the Code of Best Practice published in December 1992 by the Cadbury Committee on the Financial Aspects of Corporate Governance.

Expamet was, to a large extent, already complying with these but the opportunity has been taken to formalise certain procedures and to state some points more explicitly. The Board believes that the company now complies fully with the Code but cannot yet comment on the two paragraphs, namely internal control and going concern, where the necessary guidance recommended by the Committee has still to be developed. In particular:

The Board meets regularly, with twelve meetings scheduled in 1994. The roles of Chairman and Chief Executive are separated and they are joined on the Board by one Executive and three Non-Executive Directors. A schedule of matters reserved for the Board and a procedure for Directors to take independent professional advice have been formalised.

The Non-Executive Directors are independent of the company and do not participate in share option schemes nor qualify for pension benefits. They are normally appointed for three-year terms with renewal subject to shareholders' approval.

Executive Directors' service contracts do not run for more than three years. Their emoluments are set by the Remuneration Committee, consisting of the Chairman and three Non-Executive Directors, and are disclosed fully in the accounts.

There is an Audit Committee, comprising the Chairman and three Non-Executive Directors. The Committee's terms of reference cover the points recommended by the Code and, in particular, provide that meetings be held not less than three times a year and that the Non-Executive Directors meet the auditors without an Executive Director present at least once a year.

Employee Share Schemes The Directors have for many years held the belief that employee share schemes provide important incentives to employees, which are in the mutual interest of shareholders and employees alike. The Savings Related Share Option Scheme, in which UK employees may participate, will expire during 1994. It is proposed to extend the period during which options may be granted under the rules of the scheme for a further period of ten years.

The Profit Share Scheme is designed to encourage employees in the involvement and performance of their particular business unit and provides for the allocation of shares in satisfaction of employees' share of the profit. It is normally the practice of the Directors to issue new shares to the Trustees of the scheme in satisfaction of employees' entitlements, the price of the shares being fixed by reference to the average of the middle market price during the seven days following the Annual General Meeting. The administration procedures involved mean that employees do not receive their Certificate of Beneficial Ownership until June in each year.

Your Directors believe that this delay impacts upon the motivational aspects of the scheme and propose to change the rules to provide that the share price is fixed by reference to the date of the Preliminary Announcement of the company's results in each year. This will enable the allocation of shares to be made in April each year.

There are features of both schemes which result in men and women being treated differently. It is proposed to amend the rules of the schemes to eliminate the differences, in order to reflect the judgements which have been made in certain cases which have been heard in the European Courts. At present the Savings Related Share Option Scheme entitles participants to exercise their options on reaching State Retirement Age or any other age at which the employee is contractually obliged to retire. In future it is proposed that participants will be entitled to exercise their options on reaching age 60 or 65 or any other age at which the employee is contractually obliged to retire. Participants in the Profit Share Scheme must agree to leave their shares in the hands of the Trustees for the "period of retention" which, in normal circumstances, is a period of two years following the date on which shares are appropriated. Currently, one of the events which shortens the period of retention is the participant's reaching State Retirement Age; in future, this will be changed to the age of 60 years for male and female employees.

Resolution number 7 in the Notice of Annual General Meeting seeks approval for the changes.

Special Business to be considered at the Annual General Meeting In addition to proposing amendments to the rules of the Savings Related Share Option Scheme and Employee Profit Share Scheme, referred to above, the Directors are seeking approval for a limited disapplication of Section 89 of the Companies Act 1985. This will give the Directors authority to issue share capital for cash pursuant to a rights issue or up to an aggregate nominal value of £788,807 (being 5% of the issued share capital at 31 December 1993) not pursuant to a rights issue. The proposal will grant authority which will extend until the date of the 1995 Annual General Meeting or the date which is fifteen months from the date of the 1994 Annual General Meeting, if earlier.

Auditors The auditors, Price Waterhouse, are willing to continue in office and resolutions relating to their appointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board
J D K HEWITT
Secretary

8 March 1994

Responsibilities of the Directors

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

The Directors consider that, in preparing the financial statements on pages 14 to 31, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

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

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

Auditors' Report

To the members of Expamet International PLC

We have audited the financial statements on pages 14 to 31 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 20.

Respective responsibilities of Directors and Auditors As described above, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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

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

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 31 December 1993 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditors

Newcastle upon Tyne
8 March 1994

Group Profit and Loss Account

for the year ended 31 December 1993

	Notes	Before redundancy costs £'000	Redundancy costs in continuing businesses £'000	1993 Total £'000	1992 Total as restated £'000
Turnover					
Continuing businesses		121,310	–	121,310	111,321
Discontinued businesses		5,600	–	5,600	27,730
	3	126,910	–	126,910	139,051
Operating profit					
Continuing businesses		6,388	(2,120)	4,268	5,775
Discontinued businesses		(430)	–	(430)	1,188
	4	5,958	(2,120)	3,838	6,963
Net losses on disposal or closure of businesses	7			(911)	(6,860)
Purchased goodwill eliminated	7			(618)	(17,663)
				2,309	(17,560)
Interest receivable and similar income				82	130
Interest payable and similar charges	5			(2,374)	(3,182)
Profit/(loss) on ordinary activities before taxation	3&5			17	(20,612)
Tax on profit/(loss) on ordinary activities	21			(492)	168
Loss on ordinary activities after taxation				(475)	(20,444)
Dividends paid and proposed	8			(1,578)	(2,064)
Withdrawal from reserves	26			(2,053)	(22,508)
Loss per ordinary share	9			(0.75)p	(32.48)p
Adjusted earnings per ordinary share	9			3.99p	4.55p

BALANCE SHEETS

as at 31 December 1993

	Notes	Group 1993 £'000	Group 1992 as restated £'000	Company 1993 £'000	Company 1992 £'000
FIXED ASSETS					
Tangible assets	13	17,037	19,798	78	110
Investments	15	36	37	47,995	40,260
		17,073	19,835	48,073	40,370
CURRENT ASSETS					
Stock and work in progress	16	15,183	19,420	–	
Debtors	17	22,281	27,882	28,289	45,689
Short term deposits and securities		1,351	1,487	–	
Cash at bank and in hand		2,721	3,923	14	109
		41,536	52,712	28,303	45,798
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Loans and overdrafts		(13,235)	(20,465)	(7,350)	(15,224)
Other creditors	18	(27,078)	(32,223)	(13,671)	(14,324)
NET CURRENT ASSETS		1,223	24	7,282	16,250
TOTAL ASSETS LESS CURRENT LIABILITIES		18,296	19,859	55,355	56,620
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loans	20	(1,010)	(1,356)	–	
Other creditors	19	(1,709)	(2,339)	–	
PROVISIONS FOR LIABILITIES AND CHARGES	22	(2,993)	(2,060)	–	(5)
		12,584	14,104	55,355	56,615
CAPITAL AND RESERVES					
Called up share capital	25	15,776	15,743	15,776	15,743
Share premium	26	28,304	28,237	28,304	28,237
Revaluation reserve	26	4,271	4,687	–	
Capital redemption reserve	26	142	142	142	142
Profit and loss account	26	15,796	17,618	6,895	8,255
		64,289	66,427	51,117	52,377
Other reserve	26	(51,705)	(52,323)	4,238	4,238
SHAREHOLDERS' FUNDS		12,584	14,104	55,355	56,615

The financial statements on pages 14 to 31 were approved by the Directors on 8 March 1994 and are signed on their behalf by:

T N Hauxwell
Director

Statement of Group Total Recognised Gains and Losses

for the year ended 31 December 1993

	1993 £'000	1992 £'000
Loss for the year	(475)	(20,444)
Unrealised surplus on revaluation of properties	–	1,305
Currency adjustments on foreign currency net investments	(185)	306
Total recognised gains and losses relating to the year	(660)	(18,833)
Prior year adjustments	(1,324)	
Total recognised gains and losses since last annual report	(1,984)	

Note of Group Historical Cost Profits and Losses

for the year ended 31 December 1993

	1993 £'000	1992 £'000
Reported profit/(loss) on ordinary activities before taxation	17	(20,612)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	416	424
Historical cost profit/(loss) on ordinary activities before taxation	433	(20,188)
Historical cost loss for the year after taxation and dividends	(1,637)	(22,084)

Reconciliation of Movements in Group Shareholders' Funds

for the year ended 31 December 1993

	1993 £'000	1992 £'000
Opening shareholders' funds as originally stated	15,428	21,592
Prior year adjustments	(1,324)	(1,045)
Opening shareholders' funds as restated	14,104	20,547
Loss for the year	(475)	(20,444)
Dividends	(1,578)	(2,064)
	(2,053)	(22,508)
Other recognised gains and losses relating to the year (net)	(185)	1,611
New share capital issued	100	73
Goodwill eliminated on disposal or closure of businesses	618	10,670
Goodwill eliminated on businesses intended for resale	–	6,993
Goodwill acquired during the year	–	(3,282)
Net movement in shareholders' funds	(1,520)	(6,443)
Shareholders' funds at 31 December	12,584	14,104

GROUP CASHFLOW STATEMENT

for the year ended 31 December 1993

	Notes	1993 £'000	1993 £'000	1992 as restated £'000	1992 as restated £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A		9,682		16,423
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		66		113	
Interest paid		(2,440)		(3,027)	
Dividends paid		(1,520)		(5,233)	
			(3,894)		(8,147)
TAXATION					
UK corporation tax paid		(991)		(3)	
Overseas tax paid		(311)		(586)	
			(1,302)		(589)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(3,034)		(2,258)	
Purchase of subsidiary undertakings (net of cash and cash equivalents)	D	-		(4,013)	
Proceeds on sale of tangible fixed assets		74		645	
Proceeds on sale of subsidiary undertakings (net of cash and cash equivalents)	D	4,664		(6,697)	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			1,704		(12,323)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			6,190		(4,636)
FINANCING					
Ordinary shares issued under SAYE and profit share schemes		100		73	
New loans taken out		76		1,370	
Loans repaid		(320)		(13,371)	
Capital element of finance lease rentals paid		(168)		(139)	
	C		(312)		(12,067)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	B		5,878		(16,703)

Notes to Group Cashflow Statement

for the year ended 31 December 1993

A Reconciliation of operating profit to net cash inflow from ordinary operating activities

	1993	199? as restated
	£'000	£'000
Operating profit before redundancy costs	5,958	6,963
Redundancy costs paid	(918)	
Depreciation of tangible assets	3,490	4,153
Loss/(profit) on sale of tangible fixed assets	5	(12)
Decrease in stock and work in progress	1,393	1,692
(Increase)/decrease in debtors	(1,488)	3,866
Increase/(decrease) in creditors	1,715	(171)
Exceptional property costs associated with disposal or closure of businesses	(397)	
Other	(76)	(68)
	9,682	16,423

B Analysis of movement in cash and cash equivalents

	1993	199?
	£'000	£'000
At 1 January	(14,731)	3,095
Net cash inflow/(outflow) before adjustments for the effect of foreign exchange rate changes	5,878	(16,703)
Effect of foreign exchange rate changes	49	(1,123)
At 31 December	(8,804)	(14,731)

Analysis of net borrowings

	1993	199?
Cash and cash equivalents		
Short term deposits and securities	1,351	1,487
Cash at bank and in hand	2,721	3,923
Bank overdrafts	(12,876)	(20,141)
	(8,804)	(14,731)
Loans	(1,369)	(1,680)
Net borrowings	(10,173)	(16,411)
Obligations under finance leases	(993)	(1,174)
	(11,166)	(17,585)

C Analysis of changes in financing during the year

	Share capital (including premium)		Loans and finance lease obligations	
	1993	199?	1993	199?
	£'000	£'000	£'000	£'000
Balance at 1 January	43,980	43,907	2,854	14,687
Net cash inflow/(outflow) from financing	100	73	(412)	(12,140)
Acquisition of subsidiary undertakings	–		–	597
Disposal of subsidiary undertakings	–		–	(831)
Inception of finance lease contracts	–		33	77
Foreign currency movements	–		(113)	533
Balance at 31 December	44,080	43,980	2,362	2,854

NOTES TO GROUP CASHFLOW STATEMENT (CONTINUED)

D ACQUISITION/DISPOSAL OR CLOSURE OF SUBSIDIARY UNDERTAKINGS

	Acquisitions 1993	Acquisitions 1992	Disposals or closures 1993	Disposals or closures 1992 as restated
	£'000	£'000	£'000	£'000
Tangible fixed assets	–	283	2,005	1,564
Stock	–	1,175	2,475	2,850
Debtors	–	1,278	4,937	6,966
Cash and cash equivalents	–	157	–	1,786
Bank overdrafts	–	(422)	–	
Creditors	–	(1,363)	(5,037)	(10,417)
Loans and finance leases	–	(527)	–	(831)
Other	–		–	(29)
Deferred taxation	–	(115)	(75)	(481)
	–	466	4,305	1,408
Goodwill on acquisition	–	3,282	–	
Profit/(loss) on disposal	–		921	(6,860)
	–	3,748	5,226	(5,452)
Satisfied by:				
Cash	–	3,748	5,185	(4,961)
Deferred consideration	–		41	(491)
	–	3,748	5,226	(5,452)

ANALYSIS OF (OUTFLOW)/INFLOW IN CASH AND CASH EQUIVALENTS IN RESPECT OF THE ACQUISITION/DISPOSAL OR CLOSURE OF SUBSIDIARY UNDERTAKINGS

	Acquisitions 1993	Acquisitions 1992	Disposals or closures 1993	Disposals or closures 1992 as restated
	£'000	£'000	£'000	£'000
Cash consideration	–	(3,748)	5,185	(4,961)
Deferred consideration (paid)/received	–		(521)	50
Cash at bank and in hand acquired/(on disposal)	–	157	–	(1,786)
Bank overdraft acquired	–	(422)	–	
NET (OUTFLOW)/INFLOW IN CASH AND CASH EQUIVALENTS	–	(4,013)	4,664	(6,697)
Loans and finance leases (acquired)/on disposal	–	(527)	–	831
TOTAL CASH (OUTFLOW)/INFLOW	–	(4,540)	4,664	(5,866)

The principal businesses disposed of or closed during the year were CQR Security Components Ltd, CASF ICC Ltd and its subsidiary undertakings and Batco France SARL. The subsidiary undertakings disposed of during the year utilised £479,000 of the Group's net operating cash flow, paid £Nil in respect of returns on investments and servicing of finance, paid £Nil in respect of taxation and utilised £108,000 for investing activities.

ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards.

CHANGE IN BASIS OF PREPARATION The accounts have been prepared in accordance with Financial Reporting Standard No 3 "Reporting Financial Performance" (FRS 3) and Urgent Issues Task Force Abstract No 6 "Accounting for post retirement benefits other than pensions" (UITF 6). Prior year figures have been restated accordingly (Note 2).

GROUP CONSOLIDATION The Group accounts comprise a consolidation of the audited accounts of the holding company and its subsidiary undertakings, which have been made up to 31 December. Results of subsidiary undertakings either acquired or sold during the year are accounted for according to the effective dates of acquisition or disposal.

GOODWILL Goodwill is eliminated against other reserves in the year of acquisition. On the disposal of a business the related goodwill is written off to the profit and loss account as part of the profit and loss on disposal. Provision is also made to write off goodwill to the profit and loss account where it is considered that there has been a permanent diminution in the value of the related investment.

FOREIGN CURRENCY TRANSLATION The profits and losses of foreign subsidiary undertakings are translated into sterling at the average rate prevailing during the year. Assets and liabilities of these companies are translated into sterling at rates ruling at the year end, exchange differences being taken directly to reserves. Other assets and liabilities expressed in foreign currency are translated into sterling at rates ruling at the year end and translation differences are dealt with in the profit and loss account. In the case of foreign currency borrowings used to finance foreign equity investments, translation differences are taken directly to reserves.

STOCK VALUATION Stock and work in progress are stated at the lower of cost and net realisable value and include an appropriate proportion of manufacturing overheads. Provision is made in full for estimated future losses on uncompleted contracts.

RESEARCH AND DEVELOPMENT Research and development expenditure and product introduction and launch costs incurred prior to commercial sale of new products are charged to profit in the year in which they are incurred.

DEPRECIATION Depreciation is calculated so as to write off the cost or revalued amount of tangible fixed assets over their expected useful lives. Freehold buildings are depreciated over 50 years, leasehold buildings over the life of the lease, and plant and equipment between 3 and 20 years.

DEFERRED TAXATION No provision is made for deferred taxation unless a liability is expected with reasonable probability to arise in the foreseeable future.

TURNOVER Turnover represents the amounts invoiced by the Group, excluding value added tax, for goods supplied and services provided to external customers.

LEASED ASSETS Operating lease rentals are charged to the profit and loss account as they fall due. Assets subject to finance leases which are judged material to the accounts are capitalised at the present value of the minimum lease payments payable during the lease term, with the corresponding obligation to the lessor shown as a liability. Depreciation on these assets is charged to the profit and loss account using the same rates as for other tangible fixed assets. The finance element of the respective lease payments is accounted for as it falls due.

PENSIONS AND OTHER POST RETIREMENT BENEFITS The Group operates a defined benefit pension scheme for its employees in the UK. The expected cost of providing pensions is charged to profit so as to spread the pension cost over the average expected service lives of employees in the scheme.

Certain employees of Olaer Industries SA and its subsidiaries receive statutory lump sum payments on retirement based on length of service. The costs of these payments are charged to the profit and loss account on a straight line basis over the service lives of the employees.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1993

1 PRIOR YEAR ADJUSTMENTS

(i) The accounts have been prepared in accordance with UITF 6. Consequently, statutory lump sum payments made to certain employees of Olaer Industries SA and its subsidiaries on retirement, which had previously been charged to profit when paid, are now recognised in the accounts over the service lives of the employees. The unprovided obligation at 31 December 1992 of £576,000 has been included in these accounts as a prior year adjustment.

(ii) Product introduction and launch costs were previously capitalised and written off against expected future sales revenues. This was considered to be inconsistent with the treatment of similar costs and the policy has been changed. All such expenditure is now charged to profit when incurred.

2 RESTATEMENT OF COMPARATIVES

The main changes to the 1992 profit and loss account resulting from the adoption of FRS 3 and the prior year adjustments detailed in Note 1 are:

	Operating profit	Profit/(loss) on ordinary activities before taxation	Withdrawn from reserves
	£'000	£'000	£'000
As originally stated	7,676	4,360	(22,372)
Adjustments under FRS 3			
(i) Loss before taxation of businesses held for resale now included within operating profit of continuing businesses, rather than within extraordinary items. The related taxation credit has been included within tax on loss on ordinary activities.	(292)	(298)	
(ii) Reclassification of extraordinary deficit before taxation on the disposal or closure of businesses as exceptional. The related taxation credit has been included within tax on loss on ordinary activities.		(24,523)	
(iii) Reorganisation costs previously classified as exceptional costs now included within operating profit of continuing businesses.	(270)		
As restated under FRS 3	7,114	(20,461)	(22,372)
Prior year adjustments			
(iv) Product introduction and launch costs charged to operating profit as incurred. The related taxation credit has been included within tax on loss on ordinary activities.	(151)	(151)	(136)
As restated	6,963	(20,612)	(22,508)

NOTES TO THE ACCOUNTS

for the year ended 31 December 1993

3 SEGMENT INFORMATION

	Turnover 1993	Turnover 1992 as restated	Profit on ordinary activities before taxation 1993	Profit on ordinary activities before taxation 1992 as restated	Net assets 1993	Net assets 1992 as restated
	£'000	£'000	£'000	£'000	£'000	£'000
Class of business:						
Security	44,018	59,229	1,856	3,149	6,574	9,866
Industrial	53,340	50,171	(349)	1,112	11,739	15,697
Building	29,552	29,651	2,331	2,702	4,444	4,952
	126,910	139,051	3,838	6,963	22,757	30,515
Losses on disposal or closure of businesses	–		(1,529)	(24,523)	–	
Interest/net borrowings	–		(2,292)	(3,052)	(10,173)	(16,411)
	126,910	139,051	17	(20,612)	12,584	14,104
Country of origin:						
United Kingdom	53,183	69,686	3,580	3,851	10,060	12,741
France	16,377	17,945	(953)	302	3,245	5,447
Rest of Europe	22,383	21,816	(380)	1,132	3,741	5,055
USA	33,335	28,162	1,304	1,545	5,152	6,697
Rest of World	1,632	1,442	287	133	559	575
	126,910	139,051	3,838	6,963	22,757	30,515
Losses on disposal or closure of businesses	–		(1,529)	(24,523)	–	
Interest/net borrowings	–		(2,292)	(3,052)	(10,173)	(16,411)
	126,910	139,051	17	(20,612)	12,584	14,104
Geographical market:						
United Kingdom	49,145	63,855				
France	14,448	15,846				
Rest of Europe	25,477	26,731				
USA	32,700	27,822				
Rest of World	5,140	4,797				
	126,910	139,051				

4 OPERATING PROFIT

	1993 Continuing	1993 Discontinued	1993 Total	1992 Continuing	1992 Discontinued	1992 Total as restated
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	121,310	5,600	126,910	111,321	27,730	139,051
Cost of sales	(75,983)	(3,729)	(79,712)	(69,556)	(18,831)	(88,387)
Gross profit	45,327	1,871	47,198	41,765	8,899	50,664
Distribution costs	(20,117)	(1,071)	(21,188)	(19,551)	(3,526)	(23,077)
Administrative expenses	(20,942)	(1,230)	(22,172)	(16,439)	(4,185)	(20,624)
Operating profit	4,268	(430)	3,838	5,775	1,188	6,963

Administrative expenses of continuing businesses include redundancy costs of £2,120,000 (1992: £Nil).

5 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1993	1992 as restated
Profit/(loss) on ordinary activities is stated after charging:	£'000	£'000
Staff costs:		
Wages and salaries	29,327	33,787
Social security costs	4,898	5,196
Other pension costs	217	359
Depreciation of tangible fixed assets (including £108,000 in respect of assets acquired under finance leases, 1992: £124,000)	3,490	4,153
Operating lease rentals for plant and machinery	983	952
Other operating lease rentals	2,757	2,635
Auditors' remuneration		
Statutory audit of the Group	300	360
Other services in the UK	82	340
Interest payable on bank and other borrowings repayable within five years	2,256	3,071
Finance lease interest	118	111
Research and development expenditure	2,656	2,913
Reorganisation costs	–	270

6 EXPAMET INTERNATIONAL PLC PROFIT AND LOSS ACCOUNT

Expamet International PLC has not presented its own profit and loss account as permitted by Section 230(1) of the Companies Act 1985. The amount of the consolidated loss for the financial year dealt with in the accounts of the holding company is £281,000 (1992: £12,743,000).

7 DISPOSAL AND CLOSURE OF BUSINESSES

	1993	1992 as restated
	£'000	£'000
Profit/(loss) on the disposal or closure of businesses	921	(6,860)
Purchased goodwill eliminated on the disposal of businesses	(618)	(10,670)
Profit/(loss) on the disposal or closure of businesses	303	(17,530)
Purchased goodwill eliminated on businesses intended for sale	–	(6,993)
Provision for onerous property leases retained by the Group following the disposal or closure of businesses	(1,832)	
	(1,529)	(24,523)

8 DIVIDENDS

		1993	1992
		£'000	£'000
Ordinary	interim paid 1.25p (1992: 2.09p)	789	1,333
	final proposed 1.25p (1992: 1.16p)	789	731
		1,578	2,064

NOTES TO THE ACCOUNTS

for the year ended 31 December 1993

9 EARNINGS PER SHARE

The loss per share has been calculated in accordance with FRS 3. In addition, an adjusted earnings per share has been presented which excludes items of a non recurring nature and is consequently considered to provide a clearer indication of the underlying earnings of the Group.

	1993	1992 as restated
	£'000	£'000
Loss attributable to shareholders	(475)	(20,444)
Redundancy costs	2,120	
Net losses on disposal or closure of businesses	911	6,860
Purchased goodwill eliminated	618	17,663
Tax on adjustments	(659)	(1,212)
Adjusted earnings attributable to shareholders	2,515	2,867

The weighted average number of ordinary shares in issue in the year was 63,053,657 (1992: 62,945,779).

10 EMPLOYEES

	1993	1992
The average number employed by the Group within each category of persons was:		
Production staff	891	1,155
Sales and distribution staff	404	505
Administration staff	317	413
	1,612	2,073

11 DIRECTORS' EMOLUMENTS

	1993	1992 as restated
	£'000	£'000
Group staff costs (Note 5) include the following in respect of Directors of Expamet International PLC:		
Fees	48	52
Salary and benefits	312	321
Pension contributions	49	39
Performance related pay	39	15
	448	427

The emoluments of the Chairmen, attributable to their period as Chairman were:

J A Roberts	£75,000	£41,500
J G Beasley	–	£73,253

The remuneration of Dr J A Roberts includes no performance related pay or pension contributions. The remuneration of Mr J G Beasley included no performance related pay and pension contributions of £6,363.

The emoluments of the highest paid Director were:	1993	1992
Salary and benefits	100,033	131,469
Pension contributions	13,128	24,661
Performance related pay	38,916	
	£152,077	£156,130

11 DIRECTORS' EMOLUMENTS (CONTINUED)

The emoluments, excluding pension contributions, of the other Directors were in the following ranges:	1993 Number	1992 Number
£5,001 £10,000	–	1
£10,001 £15,000	–	3
£15,001 £20,000	3	
£95,001 £100,000	–	1
£135,001 £140,000	1	

Executive Directors are entitled, under the terms of their service contracts, to performance related payments, related to the return on the company's shares relative to the Financial Times All Share Index. The Remuneration Committee may also award discretionary bonuses. Directors' emoluments do not include the monetary value of the Directors' share options detailed in Note 25 The 1992 Directors' emoluments have been restated to disclose performance related pay on an accruals basis.

12 PENSIONS AND OTHER POST RETIREMENT BENEFITS

The Group operates a defined benefit pension scheme which is available for all eligible UK employees, including the Executive Directors. The scheme is financed through a separate trustee-administered fund.

The pension costs relating to the scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial review of the scheme considered the position as at 31 March 1991. The assumptions which have the most significant effect on the results are those relating to rate of return on investments and the rates of increases in salaries and pensions. It was assumed in calculating the pension cost that the investment return would be 9% per annum, members' salaries would increase at the rate of 6.5% per annum and pensions in payment would increase at the rate of 3.5% per annum. At 31 March 1991 the value of the scheme's assets was £25.1 million, which was sufficient on the stated assumptions to cover 137% of the accrued benefits based on expected final salary levels. The surplus assets are being spread over the average remaining service lives of current employees.

The net pension cost of the UK scheme was £Nil (1992: £Nil) as a result of this surplus. On the recommendation of the actuary no company contributions will be made to the scheme before 31 March 1994 at the earliest.

In overseas countries pensions and other post retirement benefits are provided in accordance with local custom, practice and statutory requirements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1993

13 TANGIBLE ASSETS

	Land and buildings £'000	Plant and equipment £'000	Group Total £'000	Company Plant and equipment £'000
Cost or valuation				
At 1 January 1993	4,233	47,036	51,269	228
Currency translation adjustments	(145)	(234)	(379)	–
Additions	44	3,023	3,067	4
Disposals	(20)	(974)	(994)	(52)
Disposal of businesses	(684)	(4,085)	(4,769)	–
At 31 December 1993	3,428	44,766	48,194	180
Comprising:				
Valuation 1974	–	2,199	2,199	–
Valuation 1989	–	12,689	12,689	–
Valuation 1992	2,527	–	2,527	–
Cost	901	29,878	30,779	180
	3,428	44,766	48,194	180
Depreciation				
At 1 January 1993	819	30,652	31,471	118
Currency translation adjustments	(27)	(98)	(125)	–
Provided in the year	104	3,386	3,490	21
Released on disposal	(10)	(905)	(915)	(37)
Released on disposal of businesses	(59)	(2,705)	(2,764)	–
At 31 December 1993	827	30,330	31,157	102
Net book amount at 31 December 1993	2,601	14,436	17,037	78

LAND AND BUILDINGS – NET BOOK AMOUNT

Freehold	2,250
Short leasehold	351
	2,601

Under the historical cost convention land and buildings and plant and equipment at 31 December 1993 would have been included at cost of £2,181,000 (1992: £2,928,000) and £33,863,000 (1992: £36,133,000) respectively and accumulated depreciation of £801,000 (1992: £819,000) and £23,108,000 (1992: £23,821,000).

Included within the net book amount at 31 December 1993 are land and buildings of £2,099,000 (1992: £2,153,000) and plant and equipment of £199,000 (1992: £214,000) acquired under finance leases.

14 CAPITAL COMMITMENTS

	1993 £'000	1992 £'000
Group		
Contracted	121	137
Authorised but not contracted	12	76
	133	213

15 Fixed assets – investments

	1993 £'000
Group - Unlisted investments	
At 1 January 1993	37
Currency translation adjustments	(1)
At 31 December 1993	36
Company - Interest in subsidiary undertakings	
Cost less amounts written off at 1 January 1993	40,260
Additions	10,864
Disposals	(1,793)
Provisions	(1,336)
Cost less amounts written off at 31 December 1993	47,995

Details of subsidiary undertakings are noted on page 33.

16 Stock and work in progress

	1993 £'000	1992 £'000
Group		
Raw materials and consumables	7,284	7,999
Work in progress	2,155	2,886
Finished goods	5,744	8,535
	15,183	19,420

17 Debtors

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Trade debtors	17,982	22,406	–	
Advance corporation tax recoverable	–		197	244
Amounts owed by Group undertakings	–		27,547	44,444
Other debtors	2,606	3,576	487	871
Pension fund prepayment	300	300	–	
Prepayments and accrued income	1,393	1,600	58	130
	22,281	27,882	28,289	45,689

Included in Group other debtors is an amount of £160,000 (1992: £834,000), which is receivable after more than one year.

Included in amounts owed by Group undertakings is an amount of £15,198,000 (1992: £14,866,000) which is receivable after more than one year.

18 Other creditors (amounts falling due within one year)

	Group 1993 £'000	Group 1992 as restated £'000	Company 1993 £'000	Company 1992 £'000
Obligations under finance leases	111	158	–	
Trade creditors	17,049	18,702	–	
Amounts owed to Group undertakings	–		12,345	12,148
Other creditors	2,686	2,005	122	427
Corporation tax (including overseas tax)	655	1,496	197	244
Other taxation and social security	2,337	2,871	18	43
Accruals and deferred income	3,451	6,260	200	731
Proposed dividend	789	731	789	731
	27,078	32,223	13,671	14,324

Notes to the Accounts

for the year ended 31 December 1993

19 Other creditors (amounts falling due after more than one year)

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Obligations under finance leases	882	1,016	–	
Government grants	98	214	–	
Other creditors	729	1,109	–	
	1,709	2,339	–	

20 Loans, obligations under finance leases and secured creditors

	Loans 1993 £'000	Loans 1992 £'000	Finance leases 1993 £'000	Finance leases 1992 £'000
Group				
The periods when repayments are due:				
Repayable between one and two years	306	318	93	131
Repayable between two and five years	704	750	333	273
Repayable after five years	–	288	456	612
	1,010	1,356	882	1,016

The above loans are at varying interest rates up to 7.1%.

At 31 December 1993 loans and overdrafts totalling £11,977,000 (1992: £16,948,000) were secured against fixed and floating charges over the Group's assets in the UK and by charges over the shares of certain of the Group's overseas subsidiary undertakings.

21 Tax on profit/(loss) on ordinary activities

	1993 £'000	1992 as restated £'000
Tax on profit/(loss) on ordinary activities comprises:		
UK corporation tax at 33% (1992: 33%)	1,080	280
Deferred taxation	(694)	(859)
Overprovision for prior years	(19)	(258)
Overseas taxation	125	669
	492	(168)

Tax on profit/(loss) on ordinary activities includes a credit of £659,000 (1992: £1,212,000) relating to redundancy costs and losses on disposal or closure of businesses.

22 Provisions for liabilities and charges

	Group 1993 £'000	Group 1992 as restated £'000	Company 1993 £'000	Company 1992 £'000
Deferred taxation (Note 23)	390	1,484	–	5
Other provisions (Note 24)	2,603	576	–	
	2,993	2,060	–	5

23 Deferred taxation

	Group 1993 £'000	Group 1992 as restated £'000	Company 1993 £'000	Company 1992 £'000
(i) Movement in the year				
At 1 January	1,484	1,604	5	52
Currency translation adjustments	(7)		–	
Credit for the year	(694)	(859)	(5)	(18)
(Over)/under provision in previous year	(15)	155	–	(29)
Recoverable advance corporation tax	47	1,056	–	
Transfers from corporation tax payable	(350)	(106)	–	
Acquisition of subsidiary undertakings	–	115	–	
Disposal of subsidiary undertakings	(75)	(481)	–	
At 31 December	390	1,484	–	5
(ii) Provisions at year end				
Deferred taxation provided in the accounts, which comprises the full potential liability, is as follows:				
Accelerated tax depreciation	1,581	1,679	–	
Other timing differences	(644)	49	–	5
Deferred relief for advance corporation tax	(547)	(244)	–	
	390	1,484	–	5

In addition to the above, taxation losses of £1,673,000 (1992: £1,780,000) are available to set off against the future income of subsidiary undertakings in the USA. No account has been taken of taxation which may arise if retained earnings in overseas subsidiary undertakings were remitted to the UK.

24 Other provisions

	Onerous lease provisions £'000	Post retirement benefits £'000	Group Total £'000
At 1 January 1993 as restated	–	576	576
Currency translation adjustments	–	(23)	(23)
Prior years provisions	660	–	660
Charged to profit and loss account (Note 7)	1,832	–	1,832
Utilised in year	(369)	(73)	(442)
At 31 December 1993	2,123	480	2,603

25 Share capital

	1993 £'000	1992 £'000
Authorised:		
85,600,000 ordinary shares of 25p each (1992: 85,600,000)	21,400	21,400
Allotted and fully paid:		
63,104,617 ordinary shares of 25p each (1992: 62,970,435)	15,776	15,743

During the year 134,182 shares have been allotted and credited as fully paid to the Trustees of the company's Profit Share Scheme.

As at 31 December 1993 the company had granted an option to subscribe for 424,390 shares at 139.5p per share which is exercisable prior to 28 March 1995.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1993

25 SHARE CAPITAL (CONTINUED)

As at 31 December 1993, the company had outstanding options granted under the Expamet Savings Related Share Option Scheme as follows:

Date granted	Number	Price	Date exercisable
May 1987	5,833	173.30p	May 1994
May 1988	15,627	162.12p	June 1995
June 1990	101,536	163.24p	June 1995
June 1992	153,225	124.50p	June 1997
June 1993	223,904	67.43p	June 1998 and June 2000

As at 31 December 1993, the company had outstanding options granted under the Expamet Senior Executive Share Option Scheme as follows:

Date granted	Number	Price	Date exercisable
September 1985	114,396	104.90p	September 1988 to September 1995
April 1987	24,565	183.20p	April 1990 to April 1997
September 1988	132,289	162.50p	September 1991 to September 1998
March 1989	44,437	180.00p	March 1992 to March 1999
April 1990	197,099	205.50p	April 1993 to April 2000
September 1991	196,935	155.50p	September 1994 to September 2001
March 1992	342,371	143.50p	March 1995 to March 2002

Included in the above schemes are the following options granted to Directors:

			Expamet Senior Executive Share Option Scheme		Expamet Savings Related Share Option Scheme	
Date granted	September 1985	September 1988	April 1990	March 1992	June 1990	June 1992
A W Orr	114,396	86,142	87,597		4,850	4,722
T N Hauxwell				250,871		

The disclosed interests of the Directors in the shares of the company are set out below. These amounts include family interests, all of which are beneficial. There have been no changes in the holdings since the year end.

	31 December 1993 Ordinary shares	31 December 1993 Options over Ordinary shares	1 January 1993 Ordinary shares	1 January 1993 Options over Ordinary shares
Dr J A Roberts, Chairman	504,843		54,843	
Mr A W Orr, Group Managing Director	50,066	297,707	36,828	297,707
Mr T N Hauxwell, Group Finance Director	10,488	250,871		250,871
Mr A G Herron, Non Executive Director	18,000		18,000	
Mr M Jacquet, Non Executive Director	10,000		10,000	
Mr D S Vernon, Non Executive Director	28,750		103,750	

26 Reserves

	Profit and loss £'000	Other reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Share premium £'000	Total £'000
Group						
At 31 December 1992 as originally stated	18,942	(52,323)	142	4,687	28,237	(315)
Prior year adjustments (Note 1)						
provision for post retirement benefits	(576)	–	–	–	–	(576)
write off of product introduction and launch costs	(748)	–	–	–	–	(748)
At 1 January 1993 as restated	17,618	(52,323)	142	4,687	28,237	(1,639)
Withdrawn during the year	(2,053)	–	–	–	–	(2,053)
Arising on shares issued in year	–	–	–	–	67	67
Eliminated on disposal of businesses	–	618	–	–	–	618
Currency translation adjustments (see below)	(185)	–	–	–	–	(185)
Realised on revalued tangible assets	416	–	–	(416)	–	–
At 31 December 1993	15,796	(51,705)	142	4,271	28,304	(3,192)
Company						
At 1 January 1993	8,255	4,238	142	–	28,237	40,872
Arising on shares issued in year	–	–	–	–	67	67
Withdrawn during the year	(1,859)	–	–	–	–	(1,859)
Currency translation adjustments (see below)	499	–	–	–	–	499
At 31 December 1993	6,895	4,238	142	–	28,304	39,579

At 31 December 1993 the cumulative amount of goodwill eliminated against other reserve was £55,943,000 (1992: £56,561,000).

Included in currency translation adjustments is a profit of £231,000 (1992: £322,000 loss) in respect of translation differences arising on foreign currency borrowings used to hedge foreign equity investments.

27 Lease commitments

The minimum annual rental commitments at 31 December 1993 in respect of non cancellable operating leases expiring in the following years, for which provision has not been made, were:

	1993 Property £'000	1993 Equipment £'000	1992 Property £'000	1992 Equipment £'000
Group				
Within one year	271	271	16	477
Between one and two years	161	349	106	271
Between two and five years	70	399	135	253
In five years or more	2,308	4	2,626	15
Company				
Between two and five years	–	28		
In five years or more	42	–	50	

28 Contingent liabilities

At 31 December 1993 there were contingent liabilities in the normal course of business for the Group of £3,646,000 (1992: £3,279,000) in respect of which no losses are expected.

The company has also given guarantees in respect of the contractual performance of a subsidiary undertaking amounting to £414,000 (1992: £420,000).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Expamet International PLC will be held in the Mountbatten Room, The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS, on 5 May 1994 at 12 noon for the following purposes:-

1 To receive the Report and Accounts for the year ended 31 December 1993.

2 To declare a final dividend.

To re elect the following Directors:

3 Dr J A Roberts

4 Mr T N Hauxwell

5 To re-appoint Price Waterhouse as the auditors of the company.

6 To authorise the Directors to fix the remuneration of the auditors.

As **SPECIAL BUSINESS** to consider and, if thought fit, pass the following resolutions, of which resolution number 7 will be proposed as an ordinary resolution and resolution number 8 as a special resolution:-

7 THAT the Directors be and are hereby authorised to alter the rules of the Expamet Employee Profit Share Scheme and the Expamet Savings Related Share Option Scheme (subject to the prior approval of the Inland Revenue) in the manner described in the Directors' Report accompanying the Notice of this meeting.

8 THAT the Directors are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash as if subsection (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited

(a) 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 subject to such exclusions or other arrangements as the Directors may consider necessary or desirable to deal with fractional entitlements, legal or practical problems arising in overseas territories, directions from shareholders and/or requirements of any regulatory body or stock exchange or any other matter whatsoever

and

(b) to the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of £788,807

and shall expire on the date which is the earlier of fifteen months from 5 May 1994 and the date of the next Annual General Meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By Order of the Board
J D K Hewitt
Secretary

7 April 1994

A member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and to vote in his/her stead. A proxy need not be a member of the company. A form of proxy for use at the above meeting is enclosed and, if used, should be lodged with the Secretary of the company not less than 48 hours before the time of holding the meeting. Submission of a form of proxy will not preclude a member from attending and voting in person.

A statement of transactions during the past year of the Directors' and their families' interests in the company's ordinary shares will, together with Directors' service contracts, be available for inspection at the Registered Office of the company during normal business hours from the date of the above Notice until the date of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting.