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Chairman's Statement

Group Performance

As announced with our 1995 interim results, Expamet completed a strategic review and decided to exit the electronic security sector and so strengthen the balance sheet, eliminate net borrowings and provide the financial resources to develop the Group. Growth will be both organic and by acquisition in activities in which it has demonstrated its ability to make good returns.

In recent weeks, Expamet announced the sale of PAC International Ltd to Blick PLC and of Radionics Inc to Detections Systems Inc. In February 1995, Expamet disposed of Window & Door Service Ltd, which did not form part of our core activity.

After exceptional losses mainly associated with the disposal of Radionics, Expamet made a loss before tax of £31.3m compared to a profit before tax of £5.8m in 1994 when there were no exceptional items. Excluding non-recurring items, the 1995 profit before tax was £6.1m (1994: £5.8m) on sales of £143.9m (1994: £130.4m).

Radionics, PAC International and Window & Door Service have been treated as discontinued businesses in these accounts and, after excluding their results and non-recurring items, Expamet's remaining businesses increased their operating profit by 31%, from £4.9m to £6.4m, on sales increased from £93.8m to £110.2m and improved the operating profit from 5.3% to 5.8%.

Interest costs increased slightly to £1.7m from £1.6m in 1994 reflecting both the higher level of borrowings during the second half of the year and the effect of the stronger French Franc on the Sterling value of the interest cost on French borrowings. Nevertheless, interest cover, excluding non-recurring items, remained satisfactory at 4.5 times compared to 4.6 times in 1994.

The 1995 loss per share was 52.90p, compared to earnings per share of 6.15p last year. However, the adjusted earnings per share excluding non-recurring items was 6.19p, just above last year's figure despite the increased tax charge at 36% (1994: 33%) resulting from the absence of US profits against which to utilise US carried forward losses.

Dividend

The proposed final dividend is 1.65p (1994: 1.65p), bringing the total dividend per share for 1995 to 3.00p, the same as in 1994 and twice covered by earnings after excluding non-recurring items. The proposed final dividend will be paid on 3 May 1996 to shareholders on the register at the close of business on 26 March 1996.

Sector Performance

The Building sector's 1995 operating profits were £3.3m (1994: £3.7m), on sales of £35.6m (1994: £32.9m). Despite the significant downturn in the UK housing market and weak construction industry demand, Expamet Building Products increased its sales by £1.7m through continued gains in market share and the planned introduction of new products. Increases in sales were also achieved by BAT Continental in Holland, which returned to profit, and by Timloc, where the introduction of new products was an important factor. The majority of the reduction in the Building sector's profits came at IBC which experienced a reduced demand for its custom-made flush timber doors and doorsets, combined with increased raw material costs and increased labour costs due to greater manufacturing complexity involved with the product mix.

The Industrial sector's operating profits before purchase of the Olaer name were £3.1m, up 163% compared to £1.2m in 1994, on sales increased by 23% from £60.9m to £74.6m. Olaer's sales increased in all geographic areas. In Scandinavia and Western Europe the sales of cooler products rose by over £3m. The operational improvements initiated at Roth in 1994 enabled losses to be reduced to £0.4m this year compared to a loss of £0.7m in 1994. Since the potential partner for our intended joint venture in Roth has decided to concentrate elsewhere, a re-organisation of Roth's activities is now planned to focus on those products where it has a competitive advantage, particularly accumulator shells for Olaer. This will result in some assets not being required for future operations and in further re-organisation costs during 1996 of approximately £1m. Expamet Fencing has now been integrated into Expanded Metal and these businesses benefited from sales growth, particularly of mesh to the automotive filtration business.

Operating profits for the Security sector fell from £2.5m in 1994 to £1.4m in 1995 on sales which fell from £36.6m to £33.7m. This sales shortfall resulted from the sale of Window & Door Service to Mandercross plc in February 1995. PAC International had another excellent year, growing both profits and sales especially to the USA where it sold through Radionics and was the main reason for a small increase in Radionics' sales. At Radionics profits fell to $0.1m before tax and inter-company charges, mainly due to the lower margins achieved at the bottom end of the market, increased overhead costs relating to the relocation of the Morgan Hill development facility to the main factory at Salinas, and an increased level of development and marketing costs to ensure the launch of the new low end 2212 panel in December 1995.

Olaer Name

Costs of £0.6m were incurred during 1995 following an agreement to purchase the Olaer name from its owners. This agreement has been the subject of Court proceedings for some years during which time no royalties have been paid in respect of the Olaer name. The purchase protects the use of the Olaer name and avoids the payment of future royalties.

Exit from Security

On 31 January 1996, we announced the disposal of PAC International Ltd to Blick PLC for a cash consideration of £11.4m, inclusive of a £1.2m repayment of inter-company indebtedness and £0.5m deferred consideration contingent upon PAC's sales to Radionics being not less than £1.0m in 1996. On 13 February 1996, the sale of Radionics Inc to Detection Systems Inc was completed for a gross consideration of $17.7m.

These disposals complete Expamet's withdrawal from the Security sector and together result in the elimination of Expamet's net borrowings and an increase of £14.6m in Group shareholders' funds to £30.3m as illustrated in the pro-forma Group balance sheet included in the 1995 Accounts.

Cancellation of Share Premium Account

Because the proceeds from the sale of Radionics were considerably below its book value in the accounts of Expamet International PLC, the holding company, the disposal resulted in a write-off of £33.6m against the profit and loss account in the books of Expamet International PLC. Before the cancellation of the Share Premium Account, referred to in the Circular to shareholders dated 15 December 1995, this resulted in the significant deficit in the company's profit and loss account shown in the balance sheet as at 31 December 1995 and, because of the provisions in the Companies Act 1985, the company would have been prevented from paying dividends until the deficit on profit and loss account had been eliminated. The company therefore obtained shareholders' approval for the cancellation of the Share Premium Account at an Extraordinary General Meeting held on 8 January 1996 and the cancellation was confirmed by the High Court on 7 February 1996.

Under the terms of the Undertaking given to the High Court in order to obtain approval for the cancellation of the Share Premium Account, the 1995 interim and proposed final dividends are payable only if bank guarantees in an amount equivalent to the dividends to be paid are obtained. Such guarantees will be made available for the general benefit of the company's creditors as at the effective date of the cancellation of the Share Premium Account and will remain in force until not later than the tenth anniversary of the cancellation becoming effective. The guarantees may be cancelled or reduced before that time to the extent that the company elects to treat as not distributable reserves arising after 31 December 1995. The amount to be so treated will then be held as a non-distributable reserve until such time as the terms of the Undertaking have been satisfied.

Borrowings

Borrowings at the year-end, including bills discounted, were £12.8m which was £1.6m higher than at the end of 1994. Approximately £1.0m of this increase was due to the effect of exchange rate changes on the Sterling value of borrowings in overseas currencies, particularly French Francs. However, the exceptional costs of purchasing the Olaer name, significantly higher capital expenditure which will benefit future years' profits and the necessity to increase working capital in Olaer during the re-organisation of Roth have also increased borrowings.

Employees

Phil Reeder's leadership has overseen significant and important changes of focus in Expamet in 1995 and early 1996 which are good for the Group's future. The Board was strengthened by the appointment of Richard Baena on 23 January 1996. Richard, who is based in Paris, is responsible for the worldwide activities of Olaer.

Much has been achieved by our employees around the world and I would again like to express my thanks to all of them for their enthusiasm, loyalty and hard work without which we cannot make progress. Together we look forward to the challenges of 1996 and beyond as we seek to fulfil our objective to provide shareholders with consistent profit and dividend growth.

Future Prospects

As a consequence of exiting from the Security sector, the Group has a strong balance sheet and cash resources, as shown in the pro-forma balance sheets on pages 37 and 38, which can be utilised to increase profits both organically and by acquisition within the Building and Industrial sectors where the Group has proven strengths.

Activity level in the Building industry during January and February has been disappointing but it is hoped that reducing interest rates will stimulate an increased level of UK construction market activity. Expamet Building Products expects sales of the new steel stud products to grow during 1996 and is investing substantial capital in further planned new products. BAT Continental should continue to grow its sales of UK manufactured products through Dutch builders' merchants with whom it has developed excellent relationships during 1995. IBC has invested in CNC machinery to improve productivity and profitability and improve the manufacture of its increasingly complex product mix.

Olaer has started the year well and plans to grow its sales of accumulators by building upon its recently established operations in Germany and Hong Kong, to increase the sales of coolers across Europe and to improve its delivery service as Roth, which is a key supplier to Olaer, benefits from further re-organisation. Roth will have lower sales as some products are discontinued, but through greater operational efficiency is expected to return to profit in 1997.

Expanded Metal also anticipates sales growth as it continues to develop new products. Costs will also be reduced as a result of the integration of the Fencing business.

We have eliminated net borrowings and enjoy net cash. It is our intention to keep gearing below 35%, other than in circumstances of exceptional opportunity which would ensure a rapid return to our target level. We will only invest in projects or acquisitions to enhance our profit and earnings per share growth provided they fall within tight control criteria of strategy, size and risk.

A challenging year lies ahead which, given reasonable market conditions, should begin to show the benefits of our strong balance sheet and our focus on those activities in which we have demonstrated our ability to make good returns and grow our profits.

John A Roberts

JOHN A ROBERTS
Group Chairman

CHIEF EXECUTIVE'S REPORT

OVERVIEW

I was appointed as Chief Executive on 1 April 1995. My first task was to establish whether Expamet had a sound base from which to enhance shareholder value. This review led to the decision to exit the Security sector which is described more fully in the Chairman's Statement.

The remaining businesses cover a wide range of industries and market sectors, but they do have key characteristics or competences that are common. It is through these competences that Expamet can achieve good returns.

Specifically, the common elements are that the businesses are

- manufacturing or assembly operations
- serving mature markets
- with long product life cycles
- underpinned by a stable technology
- with a broad customer base
- and many, small value transactions.

Such businesses are typically complex to manage and where the delivery of service is valued by the customer. In these areas Expamet has shown it can not only deliver the required service but can do so at low cost.

Expamet's objective is to increase shareholder value. The strategy to achieve this will be to invest in existing subsidiaries consistent with their key strengths and to acquire new businesses that match the above criteria, such that their costs and/or service levels can be enhanced.

It is envisaged that in the foreseeable future the majority of such acquisitions and organic investments will be made in the UK and Continental Europe although there are some, smaller, opportunities in the Far East.

BUILDING SECTOR

In the Building sector, Expamet's objective is to achieve profitable growth by extending its significant presence in the UK building components market.

Expamet Building Products, based in Hartlepool, is the UK market leader with its bead, lath and BAT fixings range of carpenters' metalwork. Sales in the UK are predominantly made via builders' merchants, whose customers range from DIY enthusiasts to major contractors.

Having successfully reduced costs and grown market share in specific sectors, Expamet Building Products' key action for growth is the introduction of new products into established distribution channels.

This planned programme commenced at the end of 1994 and the first product, the Metpost, showed strong sales growth during 1995. The second product, a steel stud system, was launched in November 1995. The initial response to the benefit of steel over timber in terms of installed cost and ease of use has been encouraging. A third new product, which requires capital investment of in excess of £2m, will be launched in late 1996 and will be available for sale in 1997.

Despite the fall in the overall construction market in 1995, Expamet Building Products was able to increase both turnover and profit largely due to the new product sales. For the future, the growth opportunities presented by the remaining new products are considerable.

In Continental Europe, BAT Continental – part of Expamet Building Products – operates in Holland and Belgium selling fixings, brickwork support systems and, introduced in 1995, mesh products manufactured in the UK. The planned switch of distribution channels was very successful in 1995 with BAT Continental winning the business of the largest builders' merchant chain in Holland. The increased sales returned the company to profit and offers a sound base for further share gains in Holland and expansion into Belgium and Germany.

Also included in the 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 direct to the contractor but are also available through builders' merchants. IBC had a difficult year in 1995 with a fall in overall construction demand and increases in raw material costs. This was particularly the case in the large value doorset segment of the market, where there were also some quality problems. Cost reduction, product range rationalisation and a focus on smaller value projects, especially in doorsets, will enable IBC to enhance its profitability in 1996 and beyond. New products in the cubicle business coupled with IBC's quick delivery offer further growth potential.

Timloc is a specialist business based in Goole, supplying cavity trays, ventilation products and loft access doors, predominantly to the UK housing market. Sales were increased in 1995 despite the large fall in housing activity in the UK. This was achieved by the introduction of a new damp proof course product, the 'System 9000'. Further new products and market share gains, due to outstanding on-time delivery performance, give Timloc good prospects for the future.

INDUSTRIAL SECTOR

The Olaer group is the largest business in this sector where the objective is to build on its strong market share in hydraulic bladder accumulators and to increase sales of coolers and filters through the established channels of distribution. 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 in Europe, the US and the Far East, Olaer sells into over twenty market segments, including the aeronautic, machine tool, offshore oil, food processing and transport industries. 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 a high level of technical expertise and customers know they can rely on the company to supply a solution to any fluid movement problem. Its commitment to quality was extended in 1995 with the American subsidiary, Oil Air, winning ISO9001 approval.

Sales increased in 1995 across the range with coolers, in particular, continuing to grow through Olaer's existing distribution channels. Market share was won in Germany and new businesses were established in Hong Kong and Korea. The future is promising due to the additional cooler sales potential, significant opportunities in Germany and the possibilities to broaden the base in the Far East.

Operationally there are also potential benefits. To achieve these benefits the productivity and service of Roth must continue to be improved. Based in Lyon, Roth manufactures the steel shells which are used in Olaer's accumulators. Historically, Roth has also manufactured a range of gas cylinders where it has had difficulties in competing successfully. In 1996 Roth will be re-organised to focus on shell manufacture, which will both improve its service and reduce its losses. A return to profit is expected in 1997.

Also included in this sector is Expanded Metal, which manufactures a wide range of standard and special 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. In 1995 sales growth to the automotive industry continued and, despite increases in raw material costs, Expanded Metal was able to improve its operating margins significantly due to tight control of overheads.

With a large UK market share, a low cost structure and excellent customer service, Expanded Metal is in a powerful position from which to launch new products and sell existing products to overseas markets.

During 1995 Expamet Fencing, which sells high security fencing, security gates and related products, such as anti-vandal scaling barriers, to the industrial market, was integrated into Expanded Metal. This will reduce future operating costs whilst maintaining the separate sales and marketing focus that is required to service fencing customers. These customers showed increased activity in 1995 and with a new fencing system also launched during the year the prospects are good.

PHILIP REEDER
Chief Executive

Directors and Offices

Executive Directors

John Roberts Appointed a non-executive Director in 1988, he was appointed Chairman in July 1992. Currently also a non-executive Director of Hickson International PLC and GEI International PLC.

Philip Reeder Joined the Group in 1986 and held a number of senior appointments before being appointed to the Board in 1994 and becoming Chief Executive in April 1995. He is a Director of the Tees Valley Development Company Ltd.

Richard Baena Appointed to the Board in January 1996. He is Chief Executive of the Olaer group, a position which he has held since 1985.

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

Non-Executive Directors

Tony Herron* Joined the Board in 1971. He retired from Touche Ross in 1994, having been a senior partner in corporate finance for fifteen years. He continues in private practice as a corporate finance adviser and is a non-executive Director of three other companies.

Michel Jacquet* Joined the Board in 1991 and recently retired as Président Directeur Général of French company Nord Est. He serves on the boards of various EU-based companies.

Denis Vernon* After twenty years as a solicitor, and twenty as Chairman and Chief Executive of Ferguson International Holdings PLC, is now a non-executive Director of Barclays Bank Northern Region. He joined the Board in 1984.

***Member of Audit and Remuneration Committees**

Secretary John Hewitt

Registration Number 152305

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

Shareholders' Diary

Annual General Meeting	30 April 1996
Final dividend for 1995 payable	3 May 1996
Preliminary announcement of the results for the half year to June 1996	September 1996

Report of the Directors

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW The company is a holding company. The principal activities of the Group are the manufacture and supply of building components, expanded metal, hydraulic bladder accumulators, coolers and filters to a wide range of industrial users. In early 1996 the company exited the electronic security sector following the disposals of Radionics Inc and PAC International Ltd. A review of the business for the year ended 31 December 1995 and of likely future developments is contained in the Chairman's Statement and Chief Executive's Report. The principal subsidiary undertakings are listed on page 40.

RESULTS, DIVIDENDS AND SHARES The Group profit and loss account is set out on page 18. An amount of £35,387,000 has been withdrawn from reserves (1994: £1,988,000 transferred to reserves). Unaudited pro-forma balance sheets showing the effects on the Group and the company of the disposals of PAC International Ltd on 31 January 1996 and of Radionics Inc on 13 February 1996, together with the effects of the cancellation of the Share Premium Account passed by resolution of the company at an Extraordinary General Meeting held on 8 January 1996 and confirmed by an Order of the High Court on 7 February 1996, with an effective date of 15 February 1996, are set out on pages 37 and 38.

An interim dividend of 1.35p per share is to be paid on 26 March 1996. A final dividend of 1.65p (1994: 1.65p) per ordinary share is being recommended, making a total for the year of 3.00p (1994: 3.00p), to be paid on 3 May 1996 to shareholders at the close of business on 26 March 1996. In compliance with S270(4) of the Companies Act 1985 arrangements are being made to file interim accounts, evidencing that the company has sufficient distributable reserves available prior to payment of a final dividend.

Details of shares issued during 1995 and of options outstanding at 31 December 1995 are shown in note 22 to the accounts.

DIRECTORS The Directors of the company are shown on page 8 and details of their interests in the company's shares and options are shown in note 22 to the accounts. In addition, Alex Orr served as Group Managing Director until his retirement on 31 March 1995.

Richard Baena was appointed a Director on 23 January 1996. He is obliged to retire at the Annual General Meeting, in accordance with the provisions of Clause 101 of the Articles of Association, and, being eligible, offers himself for election. Richard Baena has a service contract with Olaer Industries SA, a subsidiary undertaking, which is terminable by either party giving six months' notice.

John Roberts and Denis Vernon retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. John Roberts' services are procured under a contract which is terminable at two years' notice. Denis Vernon does not have a service contract with the company.

Apart from service contracts, the Directors have no significant interest in any contract entered into by the company or its subsidiaries.

The company maintains Directors' and Officers' Liability insurance cover for Directors and officers of the Group, including those of the company.

DISPOSALS On 31 January 1996 PAC International Ltd was disposed of for a cash consideration of £11.4m, including repayment of inter-company indebtedness of £1.2m. £10.9m was received on completion, with £0.5m deferred for receipt during 1996 contingent upon the level of sales by PAC International Ltd to Radionics Inc – a former subsidiary. The entire deferred consideration will be receivable on such sales being not less than £1m during 1996.

On 13 February 1996 Radionics Inc was disposed of for a gross cash consideration of $17.7m, the total consideration having been received at completion.

SHAREHOLDINGS As at 12 March 1996 the company has had notice of the following shareholdings in excess of 3% of the issued share capital:

Shareholder	Number of shares held	Percentage of shares held
M&G Investment Management Ltd	9,308,663	14.70
Fleming Mercantile Investment Trust Plc	5,200,000	8.21
Britannic Assurance Public Limited Company	3,566,666	5.63
Barings (Guernsey) Ltd as Trustee for The Causeway Smaller Quoted Companies Fund	3,075,000	4.85
Scottish Amicable Investment Managers Ltd	2,968,582	4.69
AMP Asset Management Ltd	2,858,915	4.51
TR Smaller Companies Investment Trust Plc	2,750,000	4.34

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

RESEARCH AND DEVELOPMENT The Group is active in the improvement of production processes and existing products and the development of new products, to satisfy customer requirements and support the long term growth of its businesses.

TANGIBLE FIXED ASSETS The movement in tangible fixed assets is shown in note 10 on page 27.

EMPLOYMENT POLICIES Each operating business has continued its arrangements for communication and consultation through briefing groups and internal publications on matters relating to the business performance, objectives and other issues. Employees are represented on the board of the pension fund trustee company, the profit share trust and on local health and safety committees. The company is committed to providing equal opportunities to individuals within its businesses worldwide in all aspects of employments irrespective of colour, ethnic or national origin, sex or marital status. Employees' health and safety are of paramount importance and regular audits of compliance with safety standards are carried out at each location. It is company policy to ensure that disabled people are given due consideration for employment opportunities and, if employees become disabled, every effort is made to re-train them having regard to their disability.

DONATIONS During the year the company and its subsidiaries in the UK made charitable donations amounting to £3,000 (£1994: £5,000). No political donations were made during the year (1994: Nil).

CORPORATE GOVERNANCE In accordance with the recommendations of the Cadbury Committee on the Financial Aspects of Corporate Governance, the company has complied with the relevant provisions of the Code of Best Practice throughout the financial year. In particular, the company has applied the following procedures:

Board of Directors

— The Board meets regularly and has adopted a formal Schedule of Matters detailing key aspects of the company's affairs which must be referred to it for decision.

— There is a clear division of responsibilities through the separation of the positions of Chairman and Chief Executive.

— There are currently three non-executive Directors of varied backgrounds and experience and of independent judgement on the Board. Their views carry significant weight in the Board's decisions and they monitor the company's performance and executive management. The non-executive Directors do not participate in any share option scheme nor do they qualify for pension benefits. They are normally appointed for three-year terms with renewal subject to shareholders' approval.

— All Directors have access to the advice and services of the Secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed. In addition, the Directors are able, if necessary, to take independent professional advice at the company's expense.

Board Committees The Audit Committee, which comprises the three non-executive Directors, is primarily responsible for assisting the Board to discharge its responsibilities for accounting policies, internal control and financial reporting.

The Remuneration Committee is composed of the non-executive Directors and is responsible for considering the remuneration arrangements of the executive Directors. The compliance implications for the Remuneration Committee arising as a result of the recommendations of the Greenbury Committee on Directors' Remuneration and the Code of Best Practice it introduced are considered more fully on pages 13 and 14.

All members of the Board are involved in the formal selection and appointment of Directors.

The Directors' biographies are set out on page 8 and identify the members of the Audit Committee and the Remuneration Committee.

Internal Financial Controls The Board of Directors has overall responsibility for the Group's system of internal financial control which is managed by the Group Finance Director and finance officers of the operating business units. This system of controls is intended to provide reasonable but not absolute assurance that financial information is accurate and reliable and that the Group's assets are correctly accounted for and adequately safeguarded. The current system comprises:

(i) a detailed budgeting procedure with annual budgets approved by the Board;

(ii) the monthly comparison of actual results against budget and forecasts prepared on a regular basis, including a vigorous following up of variances;

(iii) detailed procedures for the approval and monitoring of capital expenditure, investments, treasury products and legal, pension and insurance matters;

(iv) completion of self-assessment questionnaires by operating subsidiaries. These questionnaires are also reviewed by the external auditors.

This control system is designed to monitor the key business and financial risks to which the Group is exposed and is updated as required. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's system of internal financial controls.

Going Concern The Directors are satisfied that both the company and the Group have adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the "going concern" basis for preparing the accounts.

Directors' Responsibilities A statement of the Directors' responsibilities for the preparation of financial statements for the year to 31 December 1995 is given on page 14.

Stock Market Settlement System CREST is the new computerised system for settling sales and purchases of shares, which is to become operational in July 1996. CREST will give shareholders the option of holding and transferring their shares in an electronic form or continuing to hold them in certificate form as at present.

The Directors will be taking the appropriate steps to ensure that the company's shares are eligible for the new system in early 1997; shareholders will be notified prior to the company's shares being admitted to CREST.

Payment of Dividend by BACS The Registrar has introduced the BACS (Bankers' Automated Clearing Service) system, whereby dividends may be paid by mandate directly to a shareholder's bank or building society account. The benefit to shareholders of the BACS payment method is that the Registrar posts the tax vouchers directly to them, whilst the dividend is credited on the payment date to the appropriate account. Shareholders who wish to benefit from this service should complete the mandate form which will be attached to their dividend tax voucher in May 1996.

Special Business to be Considered at the Annual General Meeting The Companies Act 1985 ("the Act") prevents directors of companies from allotting unissued securities without the authority of shareholders. In certain circumstances this would be unduly restrictive. The proposed ordinary resolution will renew the authority currently granted to the Directors to allot the unissued ordinary shares of the company. The total number of relevant securities (as defined in Section 80 of the Act) which the Directors seek the authority to allot is 22,000,000 shares. The authority will expire on 30 April 2001. The Directors have no present intention to exercise this authority.

The Directors are also seeking renewal of shareholders' 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 of £791,734 (being 5% of the issued share capital at 31 December 1995) not pursuant to a rights issue. The proposal will grant authority which will extend until the date of the 1997 Annual General Meeting or the date which is fifteen months from the date of the 1996 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
JOHN HEWITT
Secretary

12 March 1996

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee reviews and agrees the company's policy for the remuneration of the Chairman and the other executive Directors and approves the form and content of their service contracts or agreements. The Committee also sets the remuneration of the Chairman and other executive Directors. In this context remuneration includes basic salary, bonus, share options, pension and other benefits.

The Remuneration Committee is comprised of Tony Herron, Michel Jacquet and Denis Vernon and its chairman is appointed by the members. The current Committee chairman is Tony Herron.

In framing remuneration policy the Committee has given full consideration to Section B of The Best Practice Provisions annexed to The Listing Rules.

SHORT TERM REWARDS

Salary. Salaries for executive Directors and the contract for the provision of the services of the Chairman are reviewed annually prior to 1 January in each year, being the date for the implementation of changes.

In times of low inflation it has been the policy to review salaries and other remuneration formally against the market every three years. Over the last three years executive Directors' salaries have increased as follows: from 1 January 1994 by 2%, 1995 by 2.5% and 1996 by 3%. The Committee recognised that these increases were below market levels, but did not consider that the status of the company justified higher increases.

Annual bonus. Performance targets are established prior to the commencement of the financial year and are set at a demanding but achievable level. The annual bonus scheme provided in 1995 for bonuses to executive Directors, with a cap of £55,000 depending on performance. For 1995 targets were based on achieving combined profits and cash flow targets. No bonuses have been earned from this scheme for 1995 as the targets have not been achieved. Targets for 1996 have been set on new profit improvement targets.

MEDIUM AND LONG TERM REWARDS

Medium term bonus. A medium term bonus scheme was put in place on 28 June 1994 and is related to the improvement in share price above 85p after allowing for inflation plus 2%. This bonus becomes eligible for payment in 1999. This bonus scheme was devised following the collapse of the share price in 1992 and was designed to retain key executive Directors and focus them strongly towards solving the critical problems facing the company at that time. This scheme was an answer to a particular problem and any successor scheme in the future may well be significantly different.

Option schemes. UK based executive Directors are entitled to participate in the Expamet Savings Related Share Option Scheme and details of such Directors' options are set out in note 22 to the accounts.

Pension arrangements. Executive Directors in the UK, excluding the Chairman, are members of the Expamet International PLC Group Retirement and Life Assurance Scheme. The Scheme is a final salary scheme, designed to provide a pension of two-thirds of final salary after the requisite service at retirement at age 62. Individuals contribute 4% of pensionable salary annually.

Richard Baena's pension is secured through contributions made to the national mandatory pension system in France.

No element of remuneration other than basic salary is eligible for pension.

Other Benefits Executive Directors, excluding the Chairman, receive medical cover at a modest scale for themselves and their families. They are also provided with a car of a type and value consistent with their responsibilities and market practice.

Service Agreements The Chairman's service contract is terminable by two years' notice until expiry in August 1999 and the Chief Executive's service contract is terminable by two years' notice until April 1997 and is terminable thereafter at twelve months' notice. The remaining executive Directors' service contracts are terminable at not more than twelve months' notice.

Disclosure As presently recommended by the Greenbury Code full details of executive Directors' remuneration and benefits are given on page 26 in note 8 to the financial statements.

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 18 to 36, 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 18 to 36 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 22.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS As described in the Responsibilities of the Directors statement on page 14, 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 of the Group as at 31 December 1995 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

Price Waterhouse

Chartered Accountants
and Registered Auditors

Newcastle upon Tyne
12 March 1996

REPORT BY THE AUDITORS TO THE DIRECTORS OF EXPAMET INTERNATIONAL PLC ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements we have reviewed your statements on pages 10 to 12 concerning the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

BASIS OF OPINION We carried out our review having regard to the Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures nor on the ability of the Group to continue in operational existence.

OPINION In our opinion, your statements on internal financial controls on page 11 and on going concern on page 12 have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain Directors and officers of the company and examination of relevant documents, your statement on pages 10 and 11 appropriately reflects the Group's compliance with the other paragraphs of the Code specified for our review.

Price Waterhouse

Price Waterhouse
Chartered Accountants

Newcastle upon Tyne
12 March 1996

EXPAMET INTERNATIONAL PLC

Financial Statements 1995

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	Before purchase of Olaer name 1995 £'000	Purchase of Olaer name 1995 £'000	Total 1995 £'000	Total 1994 £'000
TURNOVER					
Continuing businesses		110,232	–	110,232	93,770
Discontinued businesses		33,694	–	33,694	36,615
	1	143,926	–	143,926	130,385
OPERATING PROFIT					
Continuing businesses		6,436	(648)	5,788	4,924
Discontinued businesses		1,424	–	1,424	2,541
	2	7,860	(648)	7,212	7,465
DISCONTINUED BUSINESSES					
Loss on disposal of businesses before purchased goodwill eliminated	4			(419)	–
Purchased goodwill eliminated	4			(36,336)	–
Loss on disposal of businesses				(36,755)	–
				(29,543)	7,465
Interest receivable and similar income				373	138
Interest payable and similar charges	3			(2,104)	(1,773)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1&3			(31,274)	5,830
Tax on (loss)/profit on ordinary activities	18			(2,213)	(1,946)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				(33,487)	3,884
Dividends paid and proposed	5			(1,900)	(1,896)
(Withdrawal from)/transfer to reserves	23			(35,387)	1,988
(LOSS)/EARNINGS PER ORDINARY SHARE	6			(52.90)p	6.15p
ADJUSTED EARNINGS PER ORDINARY SHARE	6			6.19p	6.15p

Group Profit and Loss Account

for the year ended 31 December 1995

	Notes	Before purchase of Olaer name 1995 £'000	Purchase of Olaer name 1995 £'000	Total 1995 £'000	Total 1994 £'000
TURNOVER					
Continuing businesses		110,232	–	110,232	93,770
Discontinued businesses		33,694	–	33,694	36,615
	1	143,926	–	143,926	130,385
OPERATING PROFIT					
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Discontinued businesses		1,424	–	1,424	2,541
	2	7,860	(648)	7,212	7,465
DISCONTINUED BUSINESSES					
Loss on disposal of businesses before purchased goodwill eliminated	4			(419)	–
Purchased goodwill eliminated	4			(36,336)	–
Loss on disposal of businesses				(36,755)	–
				(29,543)	7,465
Interest receivable and similar income				373	138
Interest payable and similar charges	3			(2,104)	(1,773)
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(Withdrawal from)/transfer to reserves	23			(35,387)	1,988
(LOSS)/EARNINGS PER ORDINARY SHARE	6			(52.90)p	6.15p
ADJUSTED EARNINGS PER ORDINARY SHARE	6			6.19p	6.15p

BALANCE SHEETS

as at 31 December 1995

	Notes	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
FIXED ASSETS					
Tangible assets	10	16,423	16,034	41	54
Investments	12	149	38	23,434	47,763
		16,572	16,072	23,475	47,817
CURRENT ASSETS					
Stock and work in progress	13	18,309	14,674	–	–
Debtors	14	29,714	27,240	20,426	22,668
Short term deposits and securities		5,000	845	5,000	–
Cash at bank and in hand		3,760	4,305	1,271	1,589
		56,783	47,064	26,697	24,257
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR					
Loans and overdrafts		(19,963)	(14,626)	(7,367)	(2,995)
Other creditors	15	(33,590)	(29,283)	(19,441)	(16,824)
NET CURRENT ASSETS/(LIABILITIES)		3,230	3,155	(111)	4,438
TOTAL ASSETS LESS CURRENT LIABILITIES		19,802	19,227	23,364	52,255
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loans	17	(639)	(782)	–	–
Other creditors	16	(1,478)	(1,535)	–	–
PROVISIONS FOR LIABILITIES AND CHARGES	19	(1,985)	(2,301)	–	–
		15,700	14,609	23,364	52,255
CAPITAL AND RESERVES					
Called up share capital	22	15,835	15,801	15,835	15,801
Share premium	23	28,450	28,364	28,450	28,364
Revaluation reserve	23	3,652	3,888	–	–
Capital redemption reserve	23	142	142	142	142
Profit and loss account	23	(17,008)	18,119	(25,301)	3,710
		31,071	66,314	19,126	48,017
Other reserve	23	(15,371)	(51,705)	4,238	4,238
EQUITY SHAREHOLDERS' FUNDS		15,700	14,609	23,364	52,255

The financial statements on pages 18 to 36 were approved by the Directors on 12 March 1996 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 1995

	1995 £'000	1994 £'000
(Loss)/profit for the year	(33,487)	3,884
Currency adjustments on foreign currency net investments	24	(48)
Total recognised gains and losses relating to the year	(33,463)	3,836

NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 December 1995

	1995 £'000	1994 £'000
Reported (loss)/profit on ordinary activities before taxation	(31,274)	5,830
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	360	383
Historical cost (loss)/profit on ordinary activities before taxation	(30,914)	6,213
Historical cost (loss)/profit for the year after taxation and dividends	(35,027)	2,371

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

for the year ended 31 December 1995

	1995 £'000	1994 £'000
(Loss)/profit for the year	(33,487)	3,884
Dividends	(1,900)	(1,896)
	(35,387)	1,988
Other recognised gains and losses relating to the year (net)	24	(48)
New share capital issued	120	85
Goodwill arising in the year	(2)	–
Purchased goodwill eliminated	36,336	–
Net movement in shareholders' funds	1,091	2,025
Shareholders' funds at 1 January	14,609	12,584
Shareholders' funds at 31 December	15,700	14,609

GROUP CASHFLOW STATEMENT

for the year ended 31 December 1995

	Notes	1995 £'000	1995 £'000	1994 £'000	1994 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24		7,190		9,135
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		378		112	
Interest paid		(2,101)		(1,780)	
Dividends paid		(1,043)		(1,642)	
			(2,766)		(3,310)
TAXATION					
UK corporation tax paid		(1,134)		(691)	
Overseas tax paid		(201)		(268)	
			(1,335)		(959)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(3,607)		(1,993)	
Purchase of subsidiary undertaking		(2)		–	
Purchase of associated undertaking		(100)		–	
Proceeds on sale of tangible fixed assets		58		90	
Proceeds on sale of subsidiary undertakings (net of cash and cash equivalents)	27	55		41	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(3,596)		(1,862)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(507)		3,004
FINANCING					
Ordinary shares issued under profit share scheme		120		85	
New loans taken out		87		95	
Loans repaid		(384)		(387)	
Capital element of finance lease rentals paid		(125)		(125)	
	26		(302)		(332)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	25		(809)		2,672

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.

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 reserve 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. Goodwill is also written off 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. A separate defined contribution scheme is also operated for certain employees in the UK. In other countries, pensions are provided in accordance with local law and practice.

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 1995

1 SEGMENT INFORMATION	Turnover 1995 £'000	Turnover 1994 as restated £'000	(Loss)/profit on ordinary activities before taxation 1995 £'000	(Loss)/profit on ordinary activities before taxation 1994 as restated £'000	Net assets 1995 £'000	Net assets 1994 as restated £'000
Class of business:						
Building	**35,604**	32,905	**3,343**	3,748	**5,382**	4,016
Industrial	**74,628**	60,865	**2,445**	1,176	**21,941**	20,268
Security	**33,694**	36,615	**1,424**	2,541	**6,837**	6,044
	143,926	130,385	**7,212**	7,465	**34,160**	30,328
Losses on disposal or closure of businesses	–	–	**(36,755)**	–	–	–
Interest/net borrowings	–	–	**(1,731)**	(1,635)	**(12,771)**	(11,218)
Net unallocated liabilities	–	–	–	–	**(5,689)**	(4,501)
	143,926	130,385	**(31,274)**	5,830	**15,700**	14,609
Country of origin:						
United Kingdom	**57,726**	56,388	**5,949**	5,616	**13,790**	12,604
France	**17,587**	14,970	**(1,213)**	(839)	**8,783**	8,296
Nordic	**13,019**	8,857	**2,143**	1,175	**1,773**	796
Rest of Europe	**20,988**	15,867	**428**	(156)	**3,371**	2,814
USA	**32,833**	32,640	**(78)**	1,513	**6,193**	5,516
Rest of World	**1,773**	1,663	**(17)**	156	**250**	302
	143,926	130,385	**7,212**	7,465	**34,160**	30,328
Losses on disposal or closure of businesses	–	–	**(36,755)**	–	–	–
Interest/net borrowings	–	–	**(1,731)**	(1,635)	**(12,771)**	(11,218)
Net unallocated liabilities	–	–	–	–	**(5,689)**	(4,501)
	143,926	130,385	**(31,274)**	5,830	**15,700**	14,609
Geographical market:						
United Kingdom	**52,094**	51,062				
France	**15,635**	13,496				
Nordic	**13,701**	9,757				
Rest of Europe	**24,500**	19,193				
USA	**32,333**	32,123				
Rest of World	**5,663**	4,754				
	143,926	130,385				

Net unallocated liabilities comprise fixed asset investments, dividends payable,corporation tax and deferred tax balances, onerous lease provisions and other assets and liabilities not attributable to individual segments.

During 1995 Expamet Fencing, which had previously been included within the Security sector, was integrated with Expanded Metal and is now included within the Industrial sector. Also, within the analysis of (loss)/profit before taxation by class of business, continuing Group overheads are only allocated to continuing businesses. Prior year figures have been restated accordingly.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

2 OPERATING PROFIT

	Continuing £'000	Discontinued £'000	1995 Total £'000	Continuing £'000	Discontinued £'000	1994 Total £'000
Turnover	110,232	33,694	143,926	93,770	36,615	130,385
Cost of sales	(73,388)	(20,088)	(93,476)	(60,783)	(21,655)	(82,438)
Gross profit	36,844	13,606	50,450	32,987	14,960	47,947
Distribution costs	(18,652)	(4,169)	(22,821)	(16,809)	(4,155)	(20,964)
Administrative expenses	(12,423)	(8,013)	(20,436)	(11,254)	(8,264)	(19,518)
Share of profits of associated undertaking	19	–	19	–	–	–
Operating profit	5,788	1,424	7,212	4,924	2,541	7,465

Administrative expenses of continuing businesses include costs of purchasing the Olaer name of £648,000 (1994: £Nil).

Discontinued businesses comprise Window & Door Service Holdings Ltd and its subsidiary Window & Door Service Ltd which were disposed of on 8 February 1995 and PAC International Ltd and Radionics Inc which were disposed of during 1996 (Note 30).

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £'000	1994 £'000
(Loss)/profit on ordinary activities is stated after charging:		
Staff costs:		
Wages and salaries	29,041	28,577
Social security costs	5,081	5,100
Other pension costs	403	346
Depreciation of tangible fixed assets (including £108,000 in respect of assets acquired under finance leases; 1994: £107,000)	3,460	3,290
Operating lease rentals for plant and machinery	1,278	1,472
Other operating lease rentals	2,738	2,508
Auditors' remuneration:		
Statutory audit of the Group	256	270
Other services in the UK	71	86
Interest payable on bank and other borrowings repayable within five years	2,017	1,682
Finance lease interest	87	91
Research and development expenditure	3,182	2,560

4 DISPOSAL OF BUSINESSES

	1995 £'000	1994 £'000
Loss on disposal of Window & Door Service Holdings Ltd and Window & Door Service Ltd	(419)	–
Purchased goodwill eliminated to reflect the permanent diminution in value of Radionics Inc (Note 30)	(36,336)	–
Loss on the disposal of businesses	(36,755)	–

5 Dividends

	1995 £'000	1994 £'000
Ordinary – interim declared 1.35p (1994: 1.35p)	855	853
– final proposed 1.65p (1994: 1.65p)	1,045	1,043
	1,900	1,896

6 Earnings per share

The (loss)/earnings per share has been calculated in accordance with Financial Reporting Standard No 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.

	1995 £'000	1994 £'000
(Loss)/profit attributable to shareholders	(33,487)	3,884
Purchase of Olaer name	648	–
Loss on disposal of businesses before purchased goodwill eliminated	419	–
Purchased goodwill eliminated	36,336	–
Adjusted earnings attributable to shareholders	3,916	3,884

The weighted average number of ordinary shares in issue in the year was 63,306,104 (1994: 63,165,982).

7 Employees

	1995	1994
The average number employed by the Group within each category of persons was:		
Production staff	737	807
Sales and distribution staff	353	365
Administration staff	263	295
	1,353	1,467

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

8 DIRECTORS' EMOLUMENTS

	Fee/ salary	Taxable benefits	Annual bonus	Medium term bonus accrual	1995 Total	1994 Total
	£'000	£'000	£'000	£'000	**£'000**	£'000
Remuneration of the Directors was:						
Executive Directors:						
J A Roberts, Chairman	78	–	–	(20)	**58**	142
P Reeder, Chief Executive	110	10	–	12	**132**	22
T N Hauxwell, Group Finance Director	97	8	–	(15)	**90**	148
A W Orr, Group Managing Director (retired 31 March 1995)	33	2	–	–	**35**	168
Non-executive Directors:						
A G Herron	16	–	–	–	**16**	16
M Jacquet	16	–	–	–	**16**	16
D S Vernon	16	–	–	–	**16**	16
	366	20	–	(23)	**363**	528

J A Roberts and the non-executive Directors are not members of the Group's pension scheme. Pension contributions in respect of P Reeder and T N Hauxwell were £Nil (1994: £Nil) and £4,000 (1994: £Nil) respectively.

The emoluments, excluding pension contributions, of the Directors were in the following ranges:

	1995 Number	1994 Number
£ 15,001 – £ 20,000	**3**	3
£ 20,001 – £ 25,000	**–**	1
£ 35,001 – £ 40,000	**1**	–
£ 55,001 – £ 60,000	**1**	–
£ 90,001 – £ 95,000	**1**	–
£130,001 – £135,000	**1**	–
£140,001 – £145,000	**–**	1
£145,001 – £150,000	**–**	1
£165,001 – £170,000	**–**	1

9 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The principal pension scheme operated by the Group is a defined benefit scheme which is available for all eligible UK employees, including the executive Directors (except the Chairman). 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 1994. The main financial assumptions for accounting purposes were an investment return of 8.5% per annum, members' salaries increases of 6.0% per annum, pensions in payment increases at the rate of 3.5% per annum and equity dividend increases of 4.5% per annum. At 31 March 1994 the value of the scheme's assets was £28.1m, which was sufficent on the stated assumptions to cover 121% 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 (1994: £Nil) as a result of this surplus. The actuary advises that the excess of assets over past service liabilities is sufficient to allow the company's contribution holiday to continue at least until the next valuation which will be carried out on 31 March 1997.

A separate defined contribution scheme is also available for UK employees whose remuneration includes a significant bonus element, to which the company contributes 8.0% of the bonus paid.

In other countries pensions and other post-retirement benefits are provided either through government sponsored arrangements, participation in which is a statutory requirement, or by payments to defined contribution schemes.

10 TANGIBLE ASSETS

			Group	Company
	Land and buildings £'000	Plant and equipment £'000	Total £'000	Plant and equipment £'000
Cost or valuation:				
At 1 January 1995	4,167	45,051	49,218	161
Currency translation adjustments	311	974	1,285	–
Additions	389	3,111	3,500	11
Disposals	–	(671)	(671)	(32)
Disposal of businesses	(79)	(247)	(326)	–
At 31 December 1995	4,788	48,218	53,006	140
Comprising:				
Valuation 1974	–	717	717	–
Valuation 1989	–	12,689	12,689	–
Valuation 1992	2,912	–	2,912	–
Cost	1,876	34,812	36,688	140
	4,788	48,218	53,006	140
Depreciation:				
At 1 January 1995	1,307	31,877	33,184	107
Currency translation adjustments	76	657	733	–
Provided in the year	220	3,240	3,460	15
Released on disposal	–	(605)	(605)	(23)
Released on disposal of businesses	(11)	(178)	(189)	–
At 31 December 1995	1,592	34,991	36,583	99
Net book amount at 31 December 1995	3,196	13,227	16,423	41

LAND AND BUILDINGS – NET BOOK AMOUNT

Freehold	2,631
Short leasehold	565
	3,196

Under the historical cost convention land and buildings and plant and equipment at 31 December 1995 would have been included at cost of £3,351,000 (1994: £2,860,000) and £37,315,000 (1994: £34,148,000) respectively and accumulated depreciation of £1,506,000 (1994: £1,255,000) and £27,078,000 (1994: £24,298,000).

Included within the net book amount at 31 December 1995 are land and buildings of £2,285,000 (1994: £2,138,000) and plant and equipment of £128,000 (1994: £192,000) acquired under finance leases.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

11 CAPITAL COMMITMENTS

	1995 £'000	1994 £'000
Group:		
Contracted	121	135
Authorised but not contracted	2,263	416
	2,384	551

12 FIXED ASSETS - INVESTMENTS

	Associated undertaking £'000	Unlisted investments £'000	Total £'000
Group:			
Cost at 1 January 1995	–	38	38
Currency translation adjustments	–	4	4
Additions	100	–	100
Disposals	–	(6)	(6)
Cost at 31 December 1995	100	36	136
Share of post acquisition reserves:			
Retained profits for the year ended 31 December 1995	13	–	13
Net book amount at 31 December 1995	113	36	149

The net book amount of the associated undertaking is represented by the Group share of net assets. The addition to associated undertaking in the year relates to a 49% investment in Fawcett Christie Korea Ltd, a company incorporated in Korea.

	£'000
Company – Shares in subsidiary undertakings:	
Cost less amounts written off at 1 January 1995	47,763
Additions	9,700
Disposals	(626)
Provisions	(33,403)
Cost less amounts written off at 31 December 1995	23,434

The net book amount of shares in subsidiary undertakings is stated after deducting provisions for permanent diminution in value of £44,880,000 (1994: £15,446,000).

Details of the principal subsidiary and associated undertakings are noted on page 40.

13 STOCK AND WORK IN PROGRESS

	1995 £'000	1994 £'000
Group:		
Raw materials and consumables	8,611	6,936
Work in progress	1,556	1,550
Finished goods	8,142	6,188
	18,309	14,674

14 Debtors

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Amounts falling due within one year:				
Trade debtors	25,745	22,895	–	–
Advance corporation tax recoverable	–	–	475	261
Amounts owed by Group undertakings	–	–	10,653	7,828
Other debtors	1,385	1,820	206	40
Corporation tax (including overseas tax)	359	60	–	–
Pension fund prepayment	300	300	–	–
Prepayments and accrued income	1,372	1,305	358	157
	29,161	26,380	11,692	8,286
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	–	–	8,734	14,382
Other debtors	233	194	–	–
Corporation tax (including overseas tax)	320	666	–	–
	553	860	8,734	14,382
	29,714	27,240	20,426	22,668

15 Other creditors (amounts falling due within one year)

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Obligations under finance leases	127	121	–	–
Trade creditors	19,566	17,959	–	–
Amounts owed to Group undertakings	–	–	16,430	15,216
Other creditors	2,243	2,117	86	59
Corporation tax (including overseas tax)	3,136	2,257	525	198
Other taxation and social security	2,224	2,531	29	21
Accruals and deferred income	4,394	3,255	471	287
Proposed dividend	1,900	1,043	1,900	1,043
	33,590	29,283	19,441	16,824

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

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Obligations under finance leases	802	839	–	–
Other creditors	676	696	–	–
	1,478	1,535	–	–

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

17 LOANS, OBLIGATIONS UNDER FINANCE LEASES AND SECURED CREDITORS

	Loans		Finance leases	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Group:				
The periods when repayments are due:				
Repayable between one and two years	272	244	120	114
Repayable between two and five years	331	538	422	351
Repayable after five years	36	–	260	374
	639	782	802	839

The above loans are at varying interest rates up to 9.0%.

At 31 December 1995 loans and overdrafts totalling £14,818,000 (1994: £9,800,000) 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. Following the disposals of PAC International Ltd and Radionics Inc (Note 30), all these charges are to be released and replaced by guarantees of the company.

18 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£'000	£'000
Tax on profit on ordinary activities comprises:		
UK corporation tax at 33% (1994: 33%)	1,824	2,050
Deferred taxation	250	123
Overprovision for prior years	(403)	(153)
Overseas taxation	536	(74)
Associated undertaking	6	–
	2,213	1,946

Tax on profit on ordinary activities includes a credit of £Nil (1994: £Nil) relating to the purchase of the Olaer name and losses on disposal of businesses.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Deferred taxation (Note 20)	497	561	–	–
Other provisions (Note 21)	1,488	1,740	–	–
	1,985	2,301	–	–

20 Deferred taxation

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
(i) Movement in the year:				
At 1 January	561	390	–	–
Currency translation adjustments	20	–	–	–
Credit for the year	60	123	–	–
Under provision in previous year	190	28	–	–
Recoverable advance corporation tax	(214)	89	–	–
Transfers to corporation tax payable	(120)	(69)	–	–
At 31 December	497	561	–	–
(ii) Provisions at year end:				
Deferred taxation provided in the accounts, which comprises the full potential liability, is as follows:				
Accelerated tax depreciation	1,347	1,472	–	–
Other timing differences	(375)	(650)	–	–
Deferred relief for advance corporation tax	(475)	(261)	–	–
	497	561	–	–

Deferred taxation is not provided in respect of liabilities which may arise on the distribution of reserves of overseas subsidiary and associated undertakings.

21 Other provisions

	Onerous lease provisions £'000	Post retirement benefits £'000	Group Total £'000
At 1 January 1995	1,182	558	1,740
Currency translation adjustments	–	58	58
Charged to profit and loss account	(79)	45	(34)
Utilised in year	(261)	(15)	(276)
At 31 December 1995	842	646	1,488

Post-retirement benefits represent statutory lump sums payable to certain employees of Olaer Industries SA and its subsidiaries on retirement.

22 Share capital

	1995 £'000	1994 £'000
Authorised:		
85,600,000 ordinary shares of 25p each (1994: 85,600,000)	21,400	21,400
Allotted and fully paid:		
63,338,748 ordinary shares of 25p each (1994: 63,203,288)	15,835	15,801

During the year 132,788 shares have been allotted and credited as fully paid to the trustees of the company's Profit Share Scheme and 2,672 shares have been allotted as fully paid to various individuals in accordance with the rules of the Expamet Savings Related Share Option Scheme.

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

22 SHARE CAPITAL (CONTINUED)

As at 31 December 1995, the company had outstanding options granted under the Expamet Savings Related Share Option Scheme as follows:

Date granted	Number	Price	Date exercisable
June 1992	94,982	124.50p	June 1997
June 1993	173,309	67.43p	June 1998 and June 2000
June 1994	113,774	69.95p	June 1999 and June 2001
June 1995	264,106	64.70p	June 2000 and June 2002

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

Date granted	June 1995	June 1994
P Reeder	30,139	–
T N Hauxwell	–	27,877

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 1995		1 January 1995	
	Ordinary shares	Options over Ordinary shares	Ordinary shares	Options over Ordinary shares
J A Roberts, Chairman	504,843	–	504,843	–
P Reeder, Chief Executive	16,118	30,139	678	–
T N Hauxwell, Group Finance Director	42,434	27,877	42,018	27,877
A G Herron, Non-executive Director	18,000	–	18,000	–
M Jacquet, Non-executive Director	10,000	–	10,000	–
D S Vernon, Non-executive Director	28,750	–	28,750	–
A W Orr, Group Managing Director (retired 31 March 1995)	–	–	65,629	297,707

The market price of the shares at the close of business on 31 December 1995 was 90p and the range during the year ended 31 December 1995 was 71p to 94p. During the year the options held by A W Orr lapsed and no options were exercised by the other Directors.

23 Reserves

	Profit and loss £'000	Other reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Share premium £'000	Total £'000
Group:						
At 1 January 1995	18,119	(51,705)	142	3,888	28,364	(1,192)
Withdrawn during the year	(35,387)	–	–	–	–	(35,387)
Arising on shares issued in year	–	–	–	–	86	86
Currency translation adjustments	(100)	–	–	124	–	24
Purchased goodwill eliminated	–	36,336	–	–	–	36,336
Goodwill arising in the year	–	(2)	–	–	–	(2)
Realised on revalued tangible assets	360	–	–	(360)	–	–
At 31 December 1995	(17,008)	(15,371)	142	3,652	28,450	(135)
Company:						
At 1 January 1995	3,710	4,238	142	–	28,364	36,454
Arising on shares issued in year	–	–	–	–	86	86
Withdrawn during the year	(28,646)	–	–	–	–	(28,646)
Currency translation adjustments	(365)	–	–	–	–	(365)
At 31 December 1995	(25,301)	4,238	142	–	28,450	7,529

At 31 December 1995 the cumulative amount of goodwill eliminated against other reserve in the Group was £19,609,000 (1994: £55,943,000).

The company has not presented its own profit and loss account as permitted by Section 230(1) of the Companies Act 1985. The loss for the financial year dealt with in the accounts of the holding company is £26,746,000 (1994: £71,000).

The company's only recognised gains and losses other than those shown in the profit and loss account were currency losses on foreign currency net investments of £365,000 (1994: £1,218,000). There is no difference between reported and historical cost losses.

24 Reconcilation of operating profit to net cash inflow from operating activities

	1995 £'000	1994 £'000
Operating profit before purchase of Olaer name	7,860	7,465
Purchase of Olaer name	(621)	–
Redundancy costs paid	(72)	(1,096)
Depreciation of tangible assets	3,460	3,290
(Increase)/decrease in stock and work in progress	(3,066)	582
Increase in debtors	(1,760)	(1,025)
Increase in creditors	1,673	949
Exceptional property costs associated with disposal or closure of businesses	(261)	(941)
Other	(23)	(89)
	7,190	9,135

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

25 ANALYSIS OF MOVEMENT IN CASH AND CASH EQUIVALENTS

	1995 £'000	1994 £'000
At 1 January	(9,119)	(11,809)
Net cash (outflow)/inflow before adjustments for the effect of foreign exchange rate changes	(809)	2,672
Effect of foreign exchange rate changes	(969)	18
At 31 December	(10,897)	(9,119)

ANALYSIS OF NET BORROWINGS

	1995 £'000	1994 £'000
Cash and cash equivalents:		
Short term deposits and securities	5,000	845
Cash at bank and in hand	3,760	4,305
Bank overdrafts	(19,657)	(14,269)
	(10,897)	(9,119)
Loans	(945)	(1,139)
	(11,842)	(10,258)
Obligations under finance leases	(929)	(960)
Net borrowings	(12,771)	(11,218)

26 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium)		Loans and finance lease obligations	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Balance at 1 January	44,165	44,080	2,099	2,362
Net cash inflow/(outflow) from financing	120	85	(422)	(417)
Inception of finance lease contracts	–	–	8	47
Foreign currency movements	–	–	189	107
Balance at 31 December	44,285	44,165	1,874	2,099

27 Disposal of subsidiary undertakings

	1995 £'000	1994 £'000
Tangible fixed assets	137	–
Stock	195	–
Debtors	580	–
Creditors	(451)	–
	461	–
Loss on disposal	(419)	–
	42	–
Satisfied by:		
Cash	267	–
Disposal provisions created	(225)	–
	42	–

Analysis of inflow/(outflow) in cash and cash equivalents in respect of the disposal of subsidiary undertakings

	1995 £'000	1994 £'000
Cash consideration	267	–
Deferred consideration received	–	41
Prepaid disposal costs	(212)	–
Total cash inflow	55	41

Prepaid disposal costs relate to the sales of PAC International Ltd and Radionics Inc (Note 30).

28 Lease commitments

The minimum annual rental commitments at 31 December 1995 in respect of non-cancellable operating leases expiring in the following years, for which provision has not been made, were:

	1995 Property £'000	1995 Equipment £'000	1994 Property £'000	1994 Equipment £'000
Group:				
Within one year	98	236	58	191
Between one and two years	68	350	123	348
Between two and five years	387	382	772	666
In five years or more	1,428	26	1,920	–
Company:				
Within one year	–	21	–	–
Between one and two years	–	1	–	27
Between two and five years	–	19	–	9
In five years or more	42	–	42	–

29 Contingent liabilities

At 31 December 1995 there were contingent liabilities in the normal course of business for the Group of £559,000 (1994: £551,000) in respect of which no losses are expected.

The company has guaranteed certain borrowings of a subsidiary undertaking. The amount outstanding under this guarantee at 31 December 1995 amounted to £1,789,000 (1994: £Nil). The maximum potential liability under this guarantee is £1,943,000 (1994: £Nil). The company has also given guarantees in respect of the contractual performance of a subsidiary undertaking amounting to £396,000 (1994: £392,000).

NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

30 SUBSEQUENT EVENTS

On 31 January 1996 PAC International Ltd was disposed of for a cash considereration of £11,405,000, including repayments of amounts due to Group undertakings of £1,205,000. £10,905,000 was received on completion, with the balance being receivable over the following 12 months, contingent upon the PAC's sales to Radionics Inc being not less than £1m during 1996.

On 13 February 1996 Radionics Inc was disposed of for a gross cash consideration of $17,728,000.

The company obtained shareholders' approval for the cancellation of the Share Premium Account at an Extraordinary General Meeting held on 8 January 1996. The cancellation was confirmed by the High Court on 7 February 1996.

PRO-FORMA GROUP BALANCE SHEET (UNAUDITED)

as at 31 December 1995

	1995 £'000	Cancellation of Share Premium £'000	Sale of PAC £'000	Sale of Radionics £'000	Pro-forma £'000
FIXED ASSETS					
Tangible assets	16,423	–	(585)	(1,047)	14,791
Investments	149	–	–	–	149
	16,572	–	(585)	(1,047)	14,940
CURRENT ASSETS					
Stock and work in progress	18,309		(386)	(3,198)	14,725
Debtors	29,714	–	(1,086)	(3,155)	25,473
Short term deposits and securities	5,000	–	–	–	5,000
Cash at bank and in hand	3,760	–	10,546	3,067	17,373
	56,783	–	9,074	(3,286)	62,571
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Loans and overdrafts	(19,963)	–	–	6,887	(13,076)
Other creditors	(33,590)	–	1,329	2,216	(30,045)
NET CURRENT ASSETS	3,230	–	10,403	5,817	19,450
TOTAL ASSETS LESS CURRENT LIABILITIES	19,802	–	9,818	4,770	34,390
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loans	(639)	–	–	–	(639)
Other creditors	(1,478)	–	–	–	(1,478)
PROVISIONS FOR LIABILITIES AND CHARGES	(1,985)	–	–	–	(1,985)
	15,700	–	9,818	4,770	30,288
CAPITAL AND RESERVES					
Called up share capital	15,835	–	–	–	15,835
Share premium	28,450	(28,450)	–	–	–
Revaluation reserve	3,652	–	–	–	3,652
Capital redemption reserve	142	–	–	–	142
Profit and loss account	(17,008)	28,450	8,690	–	20,132
	31,071	–	8,690	–	39,761
Other reserve	(15,371)	–	1,128	4,770	(9,473)
EQUITY SHAREHOLDERS' FUNDS	15,700	–	9,818	4,770	30,288

NOTES:

1: The unaudited pro-forma Group balance sheet above is for illustrative purposes only and does not give a complete picture of the Group's financial affairs on any particular date. The only accounting entries dealt with in the above balance sheet are those resulting from:

- The cancellation of the Share Premium Account approved by the Court on 7 February 1996.
- The sale of PAC International Ltd completed on 31 January 1996.
- The sale of Radionics Inc completed on 13 February 1996.

2: The figures for both PAC International's and Radionics' disposals assume that all costs have been paid in cash and all deferred proceeds received. All movements in capital employed between 31 December 1995 and disposal have been ignored. The repayment of a loan of $10,675,000 was a requirement of the Radionics' sale agreement and is reflected above.

3: Due to seasonality, cash and cash equivalents will be lower and borrowings will be higher most of the year than at 31 December.

PRO-FORMA COMPANY BALANCE SHEET (UNAUDITED)

as at 31 December 1995

	1995 £'000	Cancellation of Share Premium £'000	Sale of PAC £'000	Sale of Radionics £'000	Pro-forma £'000
FIXED ASSETS					
Tangible assets	41	–	–	–	**41**
Investments	23,434	–	(209)	–	**23,225**
	23,475	–	(209)	–	**23,266**
CURRENT ASSETS					
Debtors	20,426	–	–	(3,042)	**17,384**
Short term deposits and securities	5,000	–	–	–	**5,000**
Cash at bank and in hand	1,271	–	3,927	3,042	**8,240**
	26,697	–	3,927	–	**30,624**
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Loans and overdrafts	(7,367)	–	–	–	**(7,367)**
Other creditors	(19,441)	–	–	–	**(19,441)**
NET CURRENT (LIABILITIES)/ASSETS	(111)	–	3,927	–	**3,816**
TOTAL ASSETS LESS CURRENT LIABILITIES	23,364	–	3,718	–	**27,082**
CAPITAL AND RESERVES					
Called up share capital	15,835	–	–	–	**15,835**
Share premium	28,450	(28,450)	–	–	**–**
Capital redemption reserve	142	–	–	–	**142**
Profit and loss account	(25,301)	28,450	3,718	–	**6,867**
	19,126	–	3,718	–	**22,844**
Other reserve	4,238		–	–	**4,238**
EQUITY SHAREHOLDERS' FUNDS	23,364	–	3,718	–	**27,082**

NOTES:

1: The unaudited pro-forma company balance sheet above is for illustrative purposes only and does not give a complete picture of the company's financial affairs on any particular date. The only accounting entries dealt with in the above balance sheet are those resulting from :

- The cancellation of the Share Premium Account approved by the Court on 7 February 1996.
- The sale of PAC International Ltd completed on 31 January 1996.
- The sale of Radionics Inc completed on 13 February 1996.

2: The above figures demonstrate that the company has sufficient distributable reserves from which to pay the 1995 dividends. Additionally, before the proposed final dividend for 1995 is paid, the company will be filing interim accounts at Companies House. It should also be noted that, under the terms of the undertaking given to the Court in order to obtain approval of the cancellation of the Share Premium Account, both 1995 dividends must be supported by bank guarantees in an amount equivalent to the dividends paid.

3: The figures for both PAC International's and Radionics' disposals assume that all costs have been paid in cash and all deferred proceeds received. The PAC proceeds received by the company relate to its 40% shareholding in PAC, the remaining 60% being held by Expamet UK Ltd, a wholly-owned subsidiary.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Expamet International PLC will be held at Painters' Hall, 9 Little Trinity Lane, London EC4V 2AD, on 30 April 1996 at 11.00 am for the following purposes:

1 To receive the Report and Accounts for the year ended 31 December 1995.

2 To declare a final dividend.

To re-elect the following Directors:

3 J A Roberts.

4 D S Vernon.

To elect as a Director:

5 R Baena.

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

7 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 the resolution numbered 8 will be proposed as an ordinary resolution and the resolution numbered 9 will be proposed as a special resolution:

8 THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the company to allot relevant securities (as defined in Section 80 of the Act) up to a maximum nominal amount of £5,500,000 and so that the authority shall expire on 30 April 2001 unless and to the extent that such authority is renewed or extended prior to such date save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

9 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 £791,734

and shall expire on the date which is the earlier of fifteen months from 30 April 1996 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

3 April 1996

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 and at the place of the meeting from 15 minutes prior to and during the meeting.

Group Particulars

Principal Active Companies

Industrial

Expanded Metal

PO Box 14, Stranton Works, Hartlepool,
Cleveland TS25 1PR, England.
Tel: 01429 266633
Fax: 01429 279158
Chief Executive Tom Rayner

Olaer Group

16 Rue de Seine, BP7,
92700 Colombes, France.
Tel: 00 331 4119 1700
Fax: 00 331 4780 3296
Chief Executive Richard Baena

This business comprises:
Fawcett Christie Hydraulics Ltd*, England;
Fawcett Christie Hydraulics Pty Ltd, Australia;
Fawcett Christie Korea Ltd, Korea;
Oil Air Inc, USA;
Oiltech AB, Sweden;
Olaer Asia Pacific Ltd, Hong Kong;
Olaer Benelux SA, Belgium;
Olaer Industries GmbH, Germany;
Olaer Industries SA**, France;
Olaer Italiana SpA, Italy;
Olaer Oiltech Iberia SA, Spain;
Olaer Suisse SA, Switzerland.

Roth SA

43 Rue des Brosses, BP8,
69780 Mions, France.
Tel: 00 337 820 8995
Fax: 00 337 821 1626
Chief Executive Richard Baena

Building

Expamet Building Products

PO Box 52, Stranton Works, Hartlepool,
Cleveland TS25 1YW, England.
Tel: 01429 866699
Fax: 01429 866633
Chief Executive Jim Moorhouse

This business comprises:
BAT Continental BV, The Netherlands;
Expamet Building Products, England.

Industrial Building Components Ltd*

PO Box 36, Longhill Industrial Estate (North),
Hartlepool, Cleveland TS25 1QR, England.
Tel: 01429 221111
Fax: 01429 274035
Chief Executive Neil Richardson

Timloc Building Products Ltd*

Rawcliffe Road, Goole,
North Humberside DN14 6UG, England.
Tel: 01405 765567
Fax: 01405 720479
Chief Executive Phil Peek

The principal country in which each company operates and that of its registration or incorporation is as shown at its address.

Notes:

*Shareholdings marked thus are directly owned by Expamet International PLC and the remainder are held through subsidiary undertakings.

**98% owned

In addition, PAC International Ltd, incorporated in England, and Radionics Inc, incorporated in the USA, were subsidiary undertakings as at 31 December 1995 but have been disposed of since the year end.

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