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COMPANIES HOUSE 10/07/98

# Report and Accounts 1998



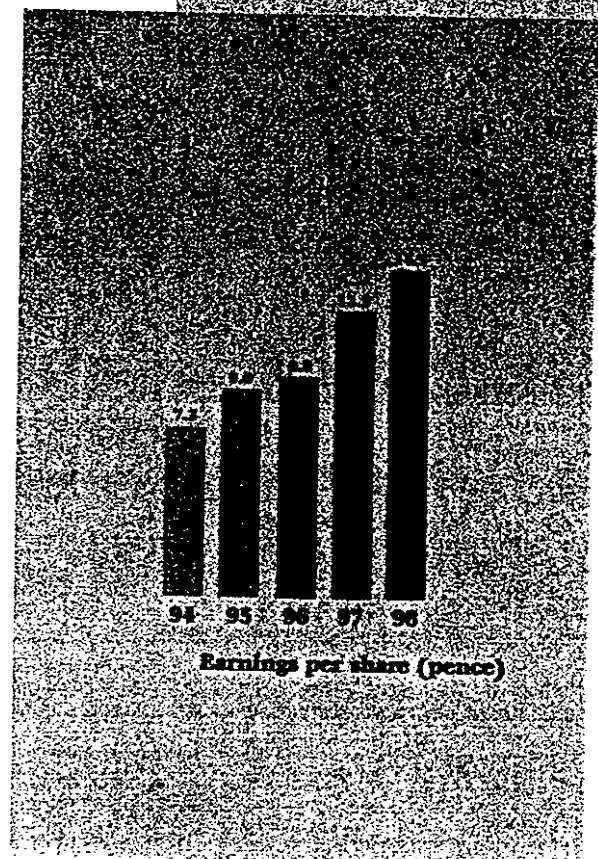
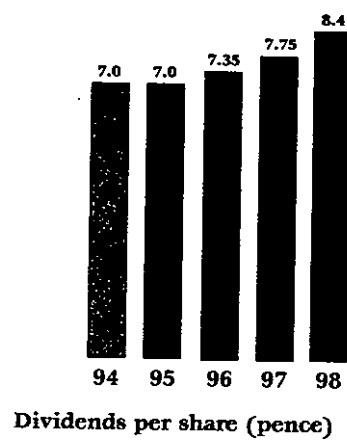
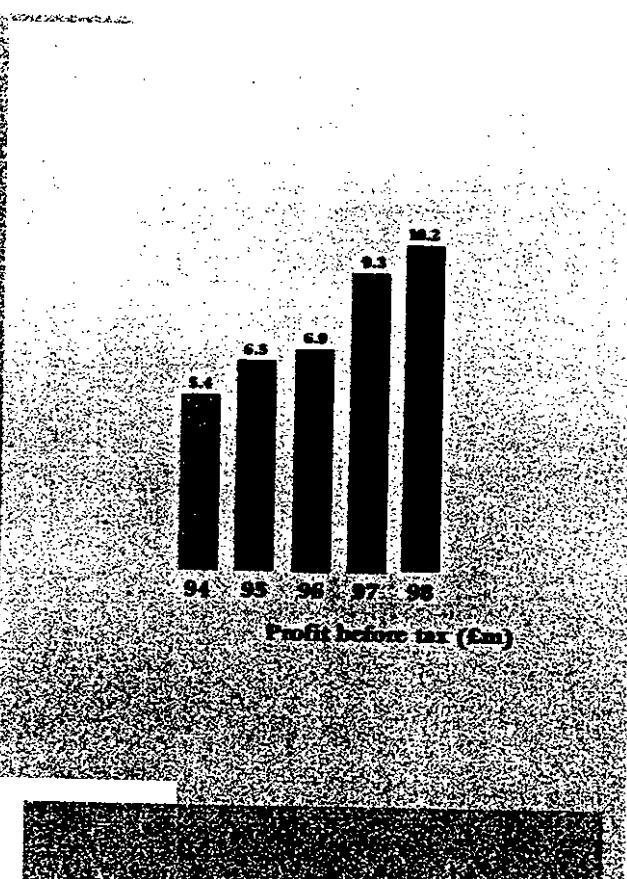
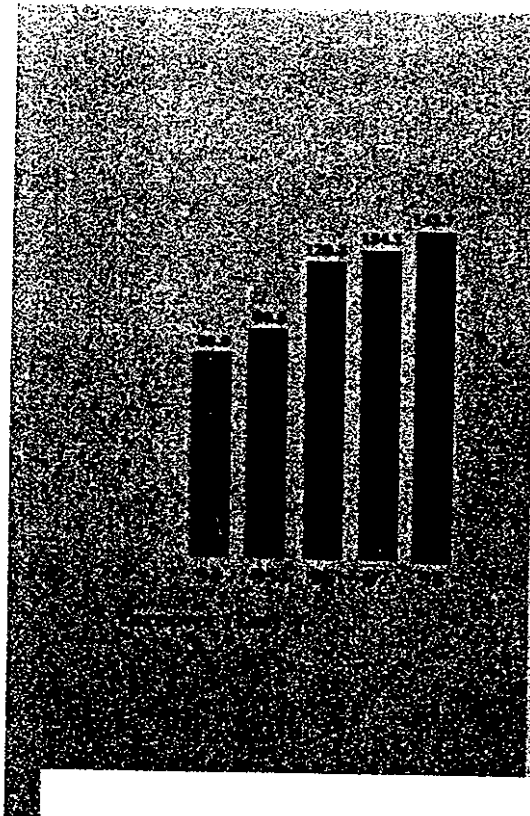
**Plysu's strategic  
objective is to grow a balanced  
portfolio of businesses.**

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# Financial highlights

## 1994-1998



# Chairman's statement



## Further significant progress in the development of our businesses.

I am pleased to report that the group has produced another good performance and that we have also made further significant progress in the development of our businesses.

Profit before tax increased 10% to £10.2m on sales up 7% to £143.7m (1997: £134.1m). This was achieved after exceptional costs of £0.5 million incurred in connection with acquisitions made during the year. Earnings per share improved further to 14.5p – an increase of 16.0%.

All divisions contributed to these improvements notwithstanding considerable disruption whilst new businesses were integrated into existing operations.

The acquisitions were part of the ongoing process of improving the balance of our businesses to which I have referred before, and the year saw further good progress towards the fulfilment of our strategy.

Liquid Foods division, whilst maintaining its commitment to its UK dairy customers, has broadened its product range as well as its geographical base. The results of our Spanish operations are encouraging, but we also see further opportunities elsewhere to exploit our technology and expertise.

When we acquired AMK Plastics, it was the first step in the formation of our Personal Care division which I described then as a key strategic move. I am pleased to report that this year has seen considerable growth and the successful realisation of our initial plans for this business. Through the acquisition of Simon Renfrew Containers and with the establishment of a long-term partnership with The Body Shop International, the prospects for further growth are excellent. We plan to develop on our position in this market and to explore international opportunities.

Continuing emphasis on new products and concentration on chosen market sectors have been important to the progress of Containers division. Substantially improved results have been achieved in the UK but adverse market conditions in northern Europe restricted progress there.

There are some more encouraging signs but overall performance on the Continent has been disappointing and it would be premature to forecast any substantial improvement at this stage.

At the half year I referred to the development of our Housewares division - renamed Plysu Brands. The acquisition and integration of the Ward product range has now been followed by the purchase of Lucy Housewares from Rexam, thus broadening still further the base of our business and increasing market penetration.

Mention should also be made of the excellent performance of our Protection Systems business. This services a small specialist niche market and it does so most successfully with newly-introduced products being particularly well received.

It has been a demanding year and once again I would like to thank all of our employees for their commitment and loyalty. Without their enthusiasm and support we would not be able to implement the changes essential to our continuing success.

Sadly, I have to report the death last September of James Summerlin. For 50 years since he founded Plysu in 1945, James made an extraordinary contribution to the success of the company. He is greatly missed.

During the year we have made significant capital investments totalling £14.6m. These have been necessary to secure the continued future growth and prosperity of the company. Our gearing is now 44%. However, cash flow from operations is very strong and the company is well positioned to capitalise still further on the acquisitions and investments of recent years.

The board is recommending a final dividend of 6.2p per share (1997: 5.75p per share). This increase reflects our confidence in the continuing progress of the company.



David O'Shaughnessy

*Chairman*

8 June 1998

# Chief executive's review

After an extremely eventful 12 months, it is pleasing to be able to report a fifth year of improved profits and turnover. This busy year affected all of our divisions which in addition were given, where appropriate, new names and corporate identities to better reflect their activities and present a

more consistent image to our customers. Thus Dairy & Juice became Plysu Liquid Foods division, Housewares became Plysu Brands division and AMK Plastics became Plysu Personal Care division.

On 1 January 1998 environmental legislation took effect and our strategy of using reprocessed post consumer waste in new processes is expected to achieve our objective of

offering our customers the environmental benefit of recycled plastics as well as satisfying our legal obligations. Much work in Plysu Recycling is going into the sourcing of material while the funding



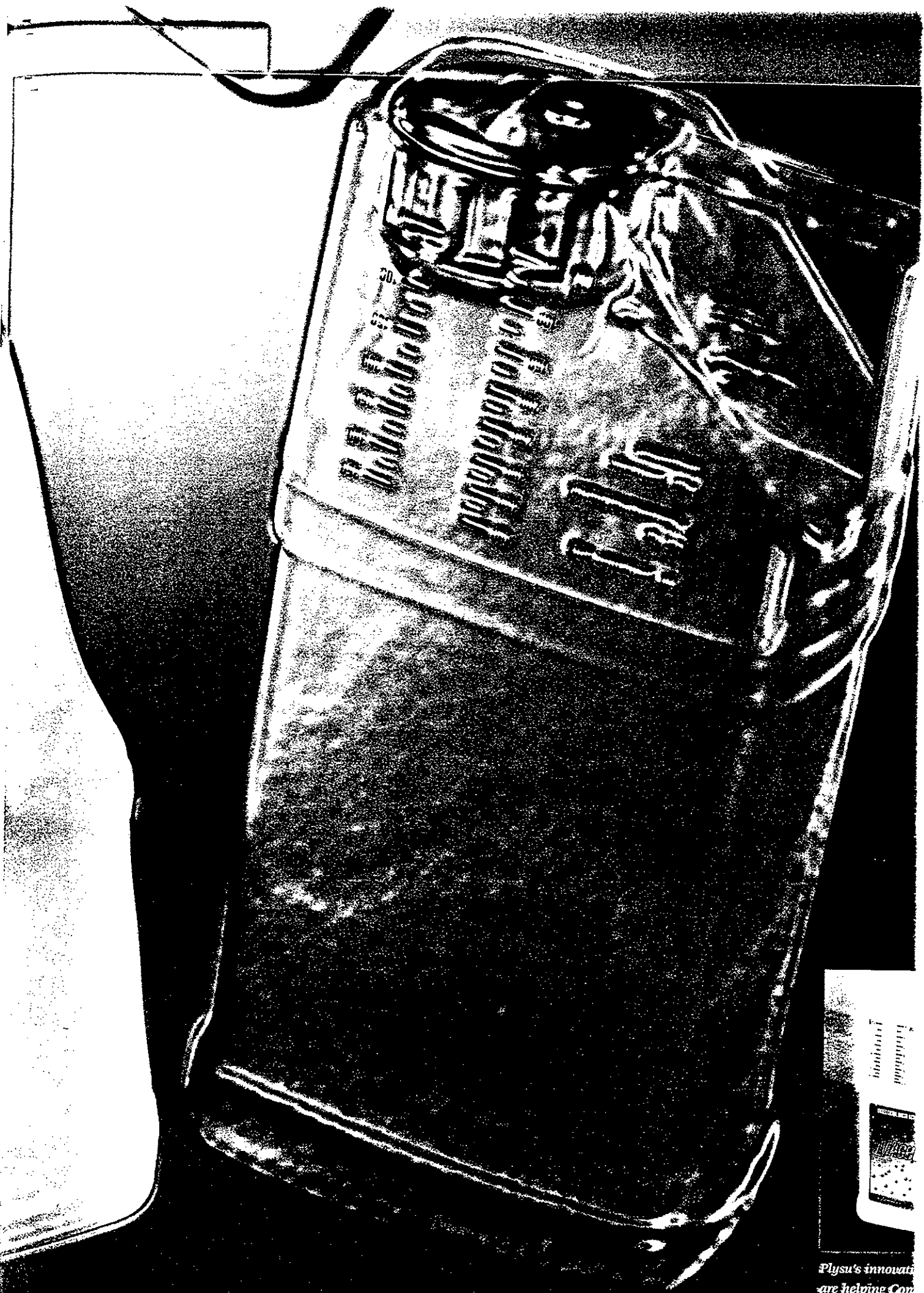
which arises from the legislation will take time to feed back into the supply chain and stimulate growth.

The work started last year on our IT systems has seen significant milestones achieved, including the introduction of new software for most of our divisions, a wide area network to achieve efficient group communications and an important increase in the number of our customers who now interface with us through EDI. All of these measures will improve our manufacturing and sales operation efficiencies whilst at the same time helping to ensure that we are not prey to the 'millennium bug'.



*New Tip 'n' Measure containers are popular with customers, including Decosol, a leading supplier of screenwash.*





Plysu's innovati  
are helping Con  
division mainta  
strong position  
agrochemical m

## Chief executive's review continued

### Containers division

The increased focus on our chosen markets – agrochemical, automotive and industrial, and consumer packaging – has been successful in giving us additional opportunities during the year. This focus and our aggressive pursuit of new products has enabled us to increase market share in our chosen sectors across Europe.

The Continental scene remains unexciting and some rationalisation has also occurred in our industry; it is too

early to predict that more satisfactory trading conditions will emerge in the medium term.

### Liquid Foods division

The re-naming of this division highlights the widening of its product base, away from UK fresh milk packaging into other liquid foods, exemplified by the acquisition of Iplast, a company in southern Spain which has a significant position in PET bottles for olive oil. Also, in the northern Spanish region of Galicia we established our first in-plant operation outside the UK, in this case providing a variety of sizes of PET bottles for mineral water.

In the UK we have a sound base of contracted business and our programme of continuing improvement saw us outperforming our competitors whilst at the same time broadening the product base to encompass other 'added value' dairy products. We were delighted to receive MD Foods' *Supplier of the Year* award for 1998. In addition, a major international contract was recently won to produce a range of containers for a newly-launched fruit drink.

The division also announced last year an alliance, on a 'turn-key' basis, with Stork, a major Dutch company specialising in filling and sterilising equipment. This arrangement strengthens our reputation and ability to manage in-plant projects internationally.

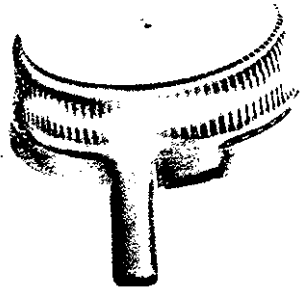


*Liquid Foods division has successfully expanded into the Spanish water and edible oils markets.*

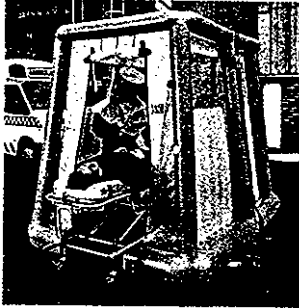
**A fifth year  
of improved profits  
and turnover.**







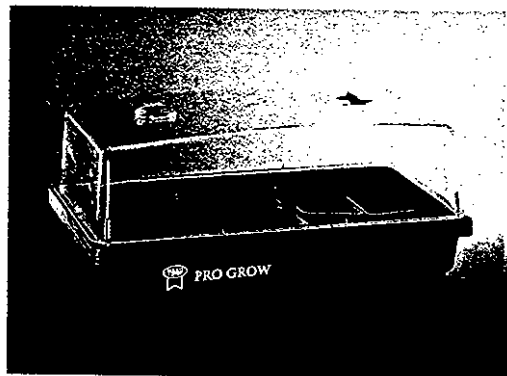
## Chief executive's review continued



*PPS continues to develop its successful specialist decontamination showers for industry and the emergency services.*

### Protection Systems division

This division produced an improved profit and turnover for the fourth year in succession. The new products introduced last year are finding ready markets and yet further innovative products are in the pipeline, leading to strong order books at the end of the year.



*The business of Ward Products was integrated with Brands division during the year.*

### Brands division

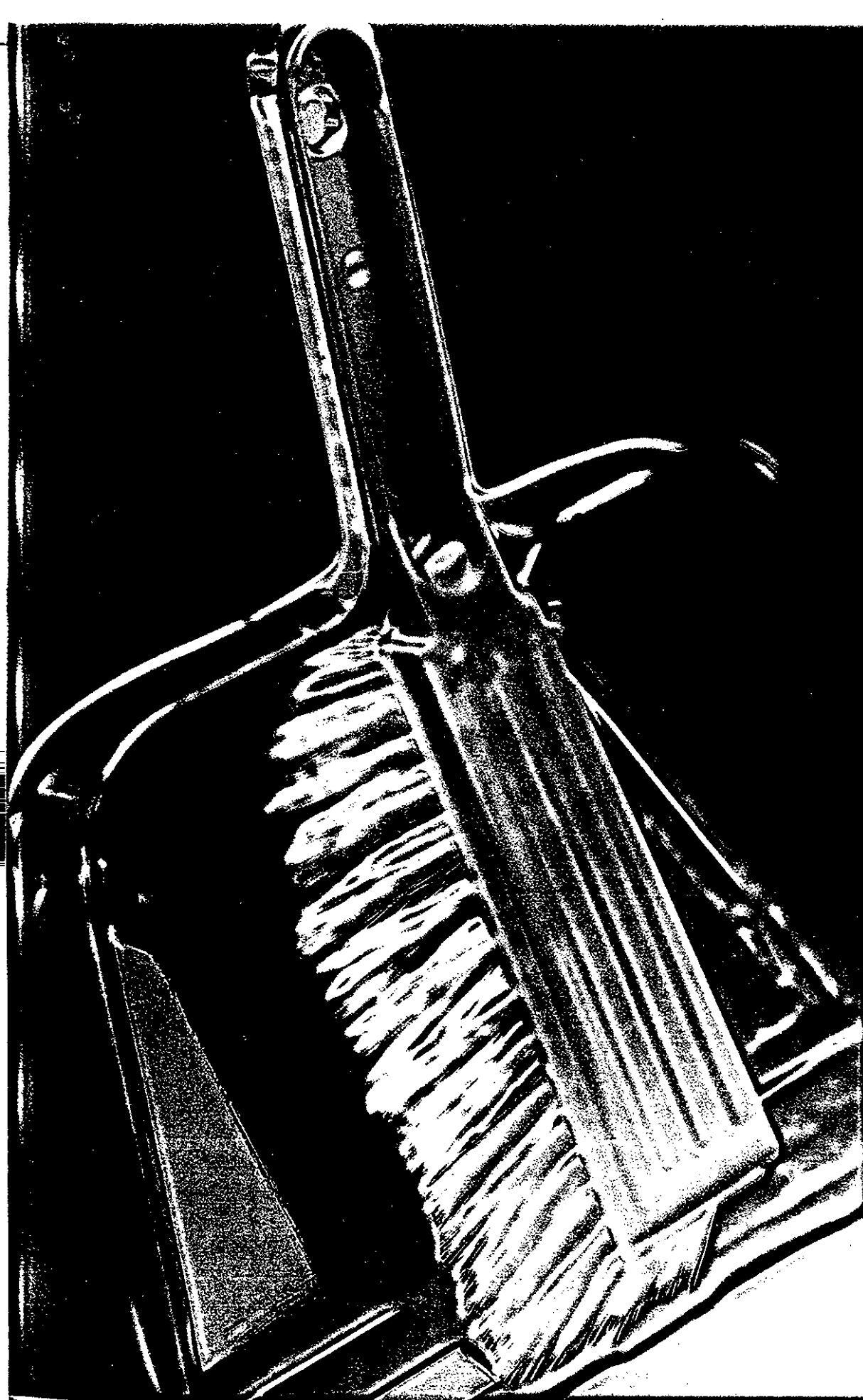
The acquisition of Ward Products in March 1997 has given this division the access it needed to the independent sector, thus building on its position with Plysu gardening products as the leader in gardening in the multiples.

At the end of March 1998 the acquisition of Lucy Housewares was announced, giving an additional brand in the housewares sector and thus broadening the appeal of this division across its customer base.

Plysu Recycling introduced new products during the year and was also one of the first plastics recyclers to be accredited

under the Environment Agency scheme. Trading in Packaging Waste Recovery Notes (PRNs) commenced on 1 January 1998. Management of the division has been strengthened to meet the challenge of more than doubling the size of this operation in the medium term.





*The recent acquisition  
of Lucy Houseware  
broadened Brands  
division's product  
and customer base*

## Chief executive's review continued

### Personal Care division

This division has achieved strong organic growth and, with the acquisition of Simon Renfrew Containers, has also strengthened its range of products and materials processed. A partnership with The Body

Shop International was entered into during the year to take over their 'in-house' blow moulding activities and to develop with them a range of new PET products.

Although this contract has already started, its main effect will begin to be felt during 1998/99.

The Llantrisant factory is being enlarged to cope with a business that will have nearly trebled in size since

we acquired AMK Plastics in 1995. The building extension has set new standards for factory premises, particularly in the environmental features of its design.




*In October 1997 the group announced a partnership with The Body Shop International plc to undertake its container manufacturing.*

### Closures

With the sale of our dairy closures operation last year to Portola of the US this operation has been confined to the manufacture of industrial closures. However, the Body Shop contract has meant an additional load which, together with the increasing demands of the Personal Care division, will necessitate the relocation of this operation elsewhere within the group.

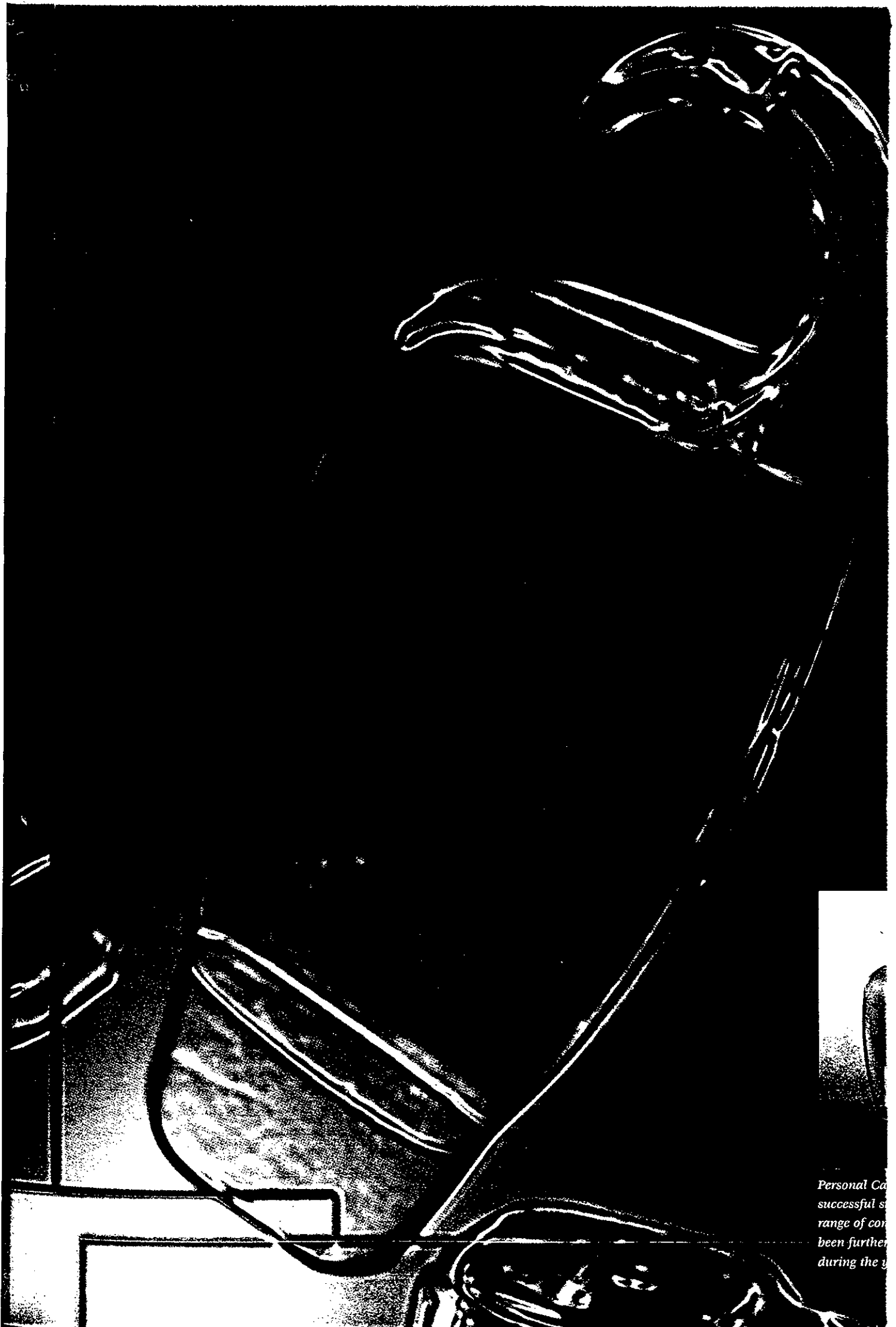
### The outlook

The past year has seen the shaping of a better balanced business. We have leading positions in rigid plastics industrial containers, UK fresh milk, and UK plastics gardening products, and we are strengthening complementary areas, laying the foundations of a more robust business for the future and maintaining the progress made in the last five years.

  
Malcolm MacIntyre  
Chief executive

**Personal Care division  
has nearly trebled  
in size since 1995.**





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# Environmental record

Last year we published our environmental policy for the first time, and one of its important provisions was 'to publish annually a record of our environmental activities and achievements'. Consequently there follows a report of progress in our quest to take a responsible position on the environment and our activities in the plastics packaging industry.

## Environmental policy

Concern for the environment is of increasing importance in everyday life with the gradual realisation that our planet's precious resources and ecosystems are in grave jeopardy if decisive action is not taken.

Plysu recognises that industrial concerns have a special responsibility to ensure that the impact of their activities on the environment are assessed and recognised, and that appropriate action is taken to minimise any detrimental effects.

Consideration of environmental issues at central and divisional business unit level is recognised as being essential to good business management. The plastics industry in which we operate is one in which we are using, albeit at a small rate, a non renewable resource. Plysu intends to aggressively pursue and promote this environmental policy, the objects of which are:

1. To ensure that Plysu products, services, machinery, packaging and operations are safe for our employees, customers and the environment, and that proper resources are allocated to achieve this goal.
2. To meet and wherever possible exceed the requirements of all environmental legislation and regulations of the countries in which we operate, and to expect similar environmental standards and commitment from all third parties involved in our business – suppliers, vendors and contractors.
3. To develop and implement environmental management systems, integrating them into divisional BS5750 (ISO9000) quality systems.
4. To continue to work in partnership with our customers to develop innovative products incorporating environmentally sound

## Systems

The key to any sustainable environmental policy is the operation of a proper system. Item 3 in our policy is 'to develop and implement environmental management systems, integrating them into divisional ISO9000 quality systems'.

Good progress has been made in the year by all divisions. The group policy

principles, including lightweighting, recyclability and the development of the use of PCR (post-consumer recycled) material in a variety of applications.

5. To continue to ensure that all process wastes are recycled whenever possible or are treated and disposed of without detriment to the environment.
6. To continue to research into, and develop economic, viable methods of collecting, processing and utilising recycled plastics materials, with particular emphasis on assisting our customers.
7. To ensure that all new sites, buildings, plant and vehicles (including delivery routes) are selected and operated to minimise detrimental environmental impact, in consultation where necessary with local bodies.
8. Notwithstanding 7 above, to ensure that all new sites, buildings, plant and vehicles (including delivery routes) are selected and operated to achieve maximum energy efficiency.
9. To ensure that all Plysu employees understand this environmental policy and incorporate its provisions into all aspects of their jobs and business activities, with full accountability.
10. To review our environmental policy on a regular basis.
11. To publish annually a record of our environmental activities and achievements.

Malcolm Macintyre  
*Chief executive*

statement has now been integrated into all the divisional ISO9002 documentation. The consequence is that a whole range of new procedures covering such diverse items as the selection of new sites and buildings, internal and external transport, supplier assessment and packaging weight reduction are now being written into the system. Additionally and most importantly, procedures for audit and monitoring are to be included.

As a consequence of the work related to our environmental policy a number of projects have been undertaken during the year which illustrate the value and sometimes the cost of this approach.

#### **The Llantrisant building project**

The growing Personal Care business has necessitated the extension of the Llantrisant plant in Wales by over 40,000 sq ft. The new building has been designed to comply with the environmental code of practice for buildings and is the first of our buildings to have this feature. The consequences of this are really quite far reaching.

The building has a finished horizontal ceiling over the production areas to provide a satisfactory working environment and to create a void in which to place the production services. The ceiling also allowed for a significant reduction in the steelwork content in the building's main frame and also in the size of the foundations.

The ceiling will be clad with insulating white metal sheets. As a result, no heating will be required at all, above the waste heat from the process for the main production areas. Finally, the use of highly reflective cladding in both the ceiling and the walls has resulted in very high efficiency design factors for the production lighting and this in turn has meant a 15% reduction in the energy requirement for lighting.

In ventilation too there have been savings. The reduced volume within the production area means it is possible to provide up to 11 air changes an hour with savings in installation cost and lower energy consumption than a normal factory building.

Detailed consideration was given to the design of the process chilling equipment. The scheme incorporates a primary circuit feeding two separate heat exchangers resulting in an overall reduction in chilling capacity of some 20%, with associated reduction in energy and refrigerant requirements.

Finally, the whole of the PET operation has been provided with dual material feed pipes for each machine, allowing the use of post consumer recycled material for the production of new bottles.



*Personal Care division recently won an environmental award for its use of recycled PET material.*

## Environmental record continued

The result is a building which not only complies with the environmental code of practice for buildings but provides a favourable environment for staff and extremely efficient use of energy for the process.

### Liquid Foods transport project

Every day, 365 days a year, Liquid Foods division transports huge quantities of dairy containers around the UK and, whilst we have the benefit of having plants located strategically near to our customers, this logistics exercise is costly and potentially damaging to the environment.

A project was initiated to improve logistics efficiency by moving the manufacture of certain products to more advantageous locations and by looking at the efficiency of the transport fleet.

The result is a programme of continuous improvement, with close tracking of our customers' requirements, matched against our manufacturing locations. We have made an ongoing commitment to replace older inefficient vehicles with modern fuel efficient units, hauling trailers capable of carrying the maximum volume of products allowed by current legislation.

The saving in fuel alone when taken over the life of the project is impressive for, as each inefficient vehicle is replaced, an annual saving of over 15,000 litres of fuel is made. Over the last year four vehicles were replaced and a further three have already

been put on the road this year, a potential saving of 105,000 litres – enough to power a saloon car for over a million miles!

### Containers division projects

A major project on saving material was initiated which includes product light weighting, the increased use of post consumer recycled material, and the collection of obsolete polyethylene containers from customers, together with improved material utilisation and better management of factory scrap. This project has resulted in savings which, over a full year, will account for 1,000 tons less high density polyethylene used for the same production in our UK plant.

A second project concerns the provision of additional equipment to ensure that the water which is drained from our site is cleaned before passing into the local environment. At our Woburn Sands factory, surface water is drained from the site by open water courses which are shared with our neighbours. Following detailed discussions with the Environment Agency, over £30,000 has been spent this year in fitting 'by pass interceptors' to the two main water outfalls. These interceptors will not only take out any oils and other spillages from cars and goods vehicles but will also remove any plastic granules before they contaminate the water courses.



# Group directory

## Containers division

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Tel: +44 (0)1908 582311  
Fax: +44 (0)1908 585450  
Website: www.plysu.com

## Protection Systems division

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Fax: +44 (0)1908 583741

## Brands division

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Bedford  
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## Personal Care division

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## Menshen Packaging UK Ltd

## Liquid Foods division

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## Plysu Envases Alimentarios S.A. Great Western Business Park

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Fax: +44 (0)1753 572122

Carretera de Calatayud

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Tel: +34 921 123941  
Fax: +34 921 123942

Greenwell Heath

276 Dairy Road

Salisbury

Tel: +44 (0)1753 572121  
Fax: +44 (0)1753 572122

## Plysu plc Directors and advisers

### Chairman

David O'Shaughnessy is aged 63, was appointed non-executive chairman in September 1993 and is chairman of the remuneration committee and a member of the audit committee. He is non-executive chairman of Fulmar plc, a non-executive director of B.W.I. plc and is also a director of Pira International.

### Executive directors

Malcolm Macintyre is aged 55 and joined Plysu in 1979. He was appointed to the board as production director in 1982 and became chief executive in 1994. He is a director of Recoup Ltd. Mr Macintyre is a chartered engineer.

Stephen Nobbs is aged 49 and was appointed finance director in December 1986. He is a chartered accountant.

Nick Templeton-Ward is aged 47. He joined Plysu as sales and marketing director in 1991 and was appointed group managing director in 1996.

### Non-executive director

Alan Brooker is aged 66 and was appointed a director in 1988. He is chairman of the audit committee and a member of the remuneration committee. He is a director of Aukett Associates plc and Acal plc. Mr Brooker is a chartered accountant.

### Company secretary

Paul Manuel BA FCIS

### Registered office

120 Station Road  
Woburn Sands  
Milton Keynes  
MK17 8SE

### Registered number

400002

### Auditors

KPMG Audit Plc  
Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HA

### Bankers

Barclays Bank plc  
Ashton House  
497 Silbury Boulevard  
Central Milton Keynes  
MK9 2LD

ABN Amro Bank N.V.  
101 Moorgate  
London  
EC2M 6SB

### Merchant bankers

Robert Fleming & Co Ltd  
25 Copthall Avenue  
London  
EC2R 7DR

### Public relations

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4 City Road  
Finsbury Square  
London  
EC1Y 2AA

### Registrars

Independent Registrars  
Group Ltd  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

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200 Aldersgate Street  
London  
EC1A 4JJ

Howes Percival  
Oxford House  
Cliftonville  
Northampton  
NN1 5PN

### Stockbrokers

SBC Warburg Dillon Read  
Swiss Bank Corporation  
1 Finsbury Avenue  
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EC2M 2PP  
  
Matheson Investments Ltd  
63 St Mary Axe  
London  
EC3A 8AA

# Report of the directors

for the year ended 31 March 1998

## Business review

The chairman's statement and chief executive's review on pages 2 to 11 outline the significant developments during the year and the future prospects of the group.

## Dividends and group profit

An interim dividend of 2.2p (1997: 2.0p) per share was paid on 2 February 1998. A final dividend of 6.2p (1997: 5.75p) will be paid on 23 July 1998 to holders of ordinary shares on the register at the close of business on 19 June 1998. This will result in a total dividend for the year of 8.4p (1997: 7.75p).

Dividends account for £4.0m (1997: £3.7m) of the profit on ordinary activities after taxation, leaving a retained profit for the year of £3.0m (1997: £2.3m).

## Fixed assets

Following a recent valuation the directors are of the opinion that the value of the group's land and buildings is now £34.9m, which is in excess of the net book value shown in the financial statements. The valuation was undertaken by Fuller Peiser using existing use value, depreciated replacement cost and open market value, as appropriate to each of the sites.

## Directors

The names of the executive and non-executive directors at the end of the year are set out on page 16.

Messrs O'Shaughnessy, Brooker, Macintyre, Nobbs and Templeton-Ward served as directors throughout the year. In accordance with the articles of association, Mr Brooker will retire by rotation at the annual general meeting and, being eligible, offers himself for re-election. As a non-executive director, Mr Brooker does not have a service agreement. Mr F M Bircher resigned on 16 July 1997.

## Directors' interests in shares in Plysu plc

Directors' interests in the ordinary shares and options to subscribe for ordinary shares of the company at 31 March 1998 are shown in the tables on page 23. There have been no changes in these interests since that date. The executive directors hold share options under the terms of the Plysu Executive Share Option Schemes and the Plysu Savings Related Share Option Scheme. Shares are also held under the terms of the Plysu Share Purchase Scheme.

## Substantial shareholdings

As at 5 June 1998 (the latest practicable date before publication of this report) the company had been notified of the following substantial interests in the issued share capital of the company, in accordance with the provisions of the Disclosure of Interests in Shares (Amendment) Regulations 1993:

PDFM	9,607,189	19.97%
Britannic Assurance	5,424,000	11.27%
Prudential Corporation	4,013,224	8.34%
Norwich Union	2,990,000	6.21%

## Employees

Plysu encourages the involvement of its employees in the performance of the group's businesses and aims to achieve a sense of shared commitment. In addition to a regular magazine providing information on the group's developments there is regular consultation with employees through works councils.

It is the group's policy that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates. Employees who become disabled during their working life will be retained in employment wherever possible and given help with rehabilitation or training.

## Employee share schemes

There are four schemes under which employees may obtain an interest in the share capital of the company:

### 1. Plysu Savings Related Share Option Scheme

During the year the company has granted options to employees under the terms of this scheme over 409,572 shares at an option price of 126p each. The total number of shares subject to options granted and outstanding under this scheme at 31 March 1998 was 932,341 shares at exercise prices between 126p and 239p, exercisable by the year 2004.

# Report of the directors continued

## 2. *Plysu Executive Share Option Scheme*

No further grants have been made under the terms of this scheme. The total number of shares subject to options granted and outstanding at 31 March 1998 was 480,620 shares exercisable by 2005 at exercise prices between 197.6p and 240p.

## 3. *Plysu 1996 Executive Share Option Scheme*

No options were granted during the year. The total number of shares subject to options granted and outstanding on 31 March 1998 was 405,700 shares exercisable by 2006 at exercise prices between 158.5p and 165p.

## 4. *Plysu Share Purchase Scheme*

15,271 shares were acquired on 19 June 1997 by the trustees of the scheme and are held on behalf of participating executives. Matching Awards over 26,917 shares were made on 23 July 1997 under the terms of the scheme. As at 31 March 1998 the trustees held options over 200,000 shares at an exercise price of 180p exercisable in respect of awards of matching shares.

## Political and charitable donations

The group made no political donations during the year. Donations to UK charities amounted to £5,000 (1997: £7,000).

## Research and development

It is the group's policy to commit sufficient funds to enable it to keep abreast of all product, process, market and system developments in the fields in which it operates.

## Share capital

During the year 93,924 ordinary shares were issued to employees under the terms of the Plysu Savings Related Share Option Scheme.

## Auditors

A resolution is to be proposed at the annual general meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

## Supplier payment policy

The group does not follow a specific standard or code for the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. In the company, as at 31 March 1998, 66 days purchases remained outstanding (1997: 55 days).

## Year 2000

The group is making every effort to ensure that the widely publicised year 2000 computer problem is dealt with well in advance of the end of 1999 – insofar as it is possible to identify and remedy every possible non-compliant component.

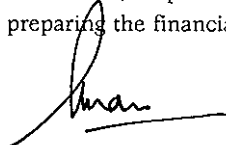
The group is in the final stages of introducing a completely new management information system (at a cost of some £1.4m) which is designed to be 'millennium-proof' and which will replace almost all of the systems which would otherwise be likely to be non-compliant. In addition a survey of manufacturing and other equipment components is being undertaken. The directors receive regular and frequent reports on the group's efforts in this area, which are overseen directly by the finance director.

## European monetary union

Plysu is currently adapting its commercial and financial processes (by means of the group's new management information system) so that it can conduct business in the Euro after its introduction in some countries on 1 January 1999. The capability to conduct business in national currencies will be retained for as long as necessary.

## Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



By order of the board

Paul Manuel

Secretary

8 June 1998

# Corporate governance

## Statement on compliance

The directors consider that the company has complied throughout the accounting period with the Cadbury Committee's Code of Best Practice, with the exception that, in respect of section 4.3 of the code, the audit committee (and the board) has included just two non-executive directors since 16 July 1997.

## Principal board committees

In furtherance of the principles of good corporate governance, the board has appointed the following committees, each with a formal constitution. The membership of the committees is shown on page 16.

### *Audit committee*

The committee is chaired by Alan Brooker and normally meets three times a year, with the chief executive, the finance director and representatives of the auditors in attendance as required. The committee assists the board in the discharge of its duties concerning the announcements of results, the annual report and accounts and the maintenance of proper internal controls. It reviews the scope and planning of the audit, reviews the auditors' findings and considers group accounting policies and the compliance of those policies with applicable legal and accounting standards.

### *Remuneration committee*

The committee is chaired by David O'Shaughnessy. Its members are the non-executive directors of the company having no personal financial interest, other than as shareholders, in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business. It meets on a regular basis twice a year and additionally when required. The meetings are normally attended by the chief executive. The committee determines the remuneration and other benefits of the executive directors. The report of the committee is set out on pages 21 to 23.

## Internal financial control

The board of directors has overall responsibility for the group's systems of internal financial control and reviews them regularly for their effectiveness. Internal control systems can, however, provide only reasonable and not absolute assurance against material misstatement or loss.

The key components of the group's systems of internal financial control comprise:

- an organisational structure of divisions with defined reporting lines, levels of responsibility and delegation of authority;
- procedures to assess the major risks faced by the group, quantify their potential financial effects and ensure that controls are in place to manage them. Responsibility for internal control at divisional level rests with divisional management, with guidance being provided by written policies and procedures which define minimum control standards applicable throughout the group;
- a comprehensive system of financial planning and reporting in which operating divisions prepare annual budgets and forecasts, based on agreed corporate objectives, which are reviewed and approved by the board. Financial performance and plans are monitored regularly within individual divisions and monthly by the executive directors;
- central monitoring and divisional self-assessment of the principal financial controls operating across the group to ensure that they are comprehensive and appropriate;
- procedures to appraise, review and control acquisitions and capital investment.

The audit committee has reviewed the effectiveness of the group's systems of internal financial control and reported on them to the board. The audit committee is assisted by its executive body, the control review committee, group management and external auditors.

## Auditors' review report on corporate governance matters

to Plysu plc

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 18 and 19 on the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43 (j) and 12.43(v).

### Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the group's system of internal financial control or the company's corporate governance procedures, or on the ability of the group to continue in operational existence.

### Opinion

With respect to the directors' statements on internal financial control on page 19 and going concern on page 18, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statements on pages 18 and 19 appropriately reflect the company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.

*KPMG Audit Plc*

KPMG Audit Plc

Chartered Accountants

8 June 1998

# Plysu plc

## Report of the remuneration committee

for the year ended 31 March 1998

### Remuneration policy

The remuneration committee, constituted as stated on page 19, aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate directors and senior executives of the right calibre. The committee also seeks to recognise and reward performance in achieving growth both annually and in the long term. The remuneration committee's composition, responsibilities and operations have complied throughout the period with the best practice provisions in Section A of the annex to the London Stock Exchange Listing Rules. In forming its remuneration policy the committee has given full consideration to the provisions of Section B of the annex to the Listing Rules.

### Executive directors

The main components of the package for each executive director are:

#### Basic salary

Basic salary is determined after taking into account the performance of the individual and information from independent sources on the rates of salary for similar positions in companies of comparable size in a range of competitive industries.

#### Annual bonus scheme

The annual performance bonus is based on the achievement of specific profit and cash flow targets selected each year which will prove to be of value to the company and its shareholders. The bonus targets are set by the board each year. Bonuses payable under this scheme are capped at 21% of each director's basic salary. No bonuses were payable to the executive directors under the terms of the annual bonus scheme in respect of the year ended 31 March 1998.

#### Medium-term incentive scheme

This scheme is based on meeting cash flow and earnings per share targets set initially for the three years ending with the financial year ending 31 March 1998, and every year for rolling three-year periods thereafter. Bonuses payable under this scheme are capped at 150% of salary. Bonuses totalling £361,000 are payable to the executive directors in respect of the three-year period ended 31 March 1998.

#### Share purchase scheme

At the invitation of the remuneration committee an executive director may acquire an interest in company shares using part or all of the bonuses payable to him under the annual bonus and medium-term incentive schemes. No funds from other sources may be

### Directors' remuneration

	1998 Salary	1998 Bonus†	1998 Fees	1998 Share options §	1998 Benefits*	1998 Total	1998 Pension contributions	1997 Total	1997 Pension contributions
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Chairman</i>									
D H O'Shaughnessy †	-	-	46	-	-	46	-	45	-
<i>Executive directors</i>									
M V S Macintyre	138	138	-	-	9	285	12	164	12
S S Nobbs	105	105	-	10	8	228	9	123	9
N D Templeton-Ward	135	118	-	-	8	261	10	148	10
<i>Non-executive directors</i>									
F M Bircher †(R)	-	-	5	-	-	5	-	16	-
A B Brooker †	-	-	18	-	-	18	-	16	-
<b>Totals</b>	<b>378</b>	<b>361</b>	<b>69</b>	<b>10</b>	<b>25</b>	<b>843</b>	<b>31</b>	<b>512</b>	<b>31</b>

\* Payable under long-term incentive scheme (the Plysu Medium-term Incentive Scheme described above). In accordance with the rules of the Plysu Share Purchase Scheme ('the Scheme'), the executive directors have elected to purchase company shares in the open market using the entire proceeds of the bonuses (net of tax) and to deposit these shares with the trustees of the Scheme.

§ Gain upon exercise of share options.

\* Benefits comprise all benefits arising from employment by the company: these relate mainly to the provision of a company car and private medical cover.

† Denotes non-executive director.

(R) Resigned 16 July 1997.

## Report of the remuneration committee continued

provided by participants who qualify for eligibility under this scheme in acquiring shares. The participant deposits such shares acquired by him with the trustees of the Plysu 1995 Employees' Share Ownership Plan Trust (Mourant & Co. Trustees Limited, an independent trustee company based in Jersey) and the trustees grant to the participant a right to purchase up to a matching number of company shares at a nominal price. This right can in normal circumstances only be exercised (if the participant is still employed by the group) for a period of two years commencing five years after the right is granted. It is not intended that participants in the share purchase scheme be granted options under the Plysu 1996 Executive Share Option Scheme.

Awards were made under the terms of this scheme in July 1997, as noted in the Report of the Directors.

### Share options

Options are held by the executive directors under the executive share option and savings related share option schemes. Details of these are shown on page 23.

### Pensions

The executive directors are entitled to pensions of two-thirds of their pensionable salary upon retirement at age 60 but N D Templeton-Ward's entitlement from the company pension plan is limited to the level of the earnings cap. An additional contribution is paid annually to Mr Templeton-Ward to fund the balance of his pension benefits up to the level due as if the earnings cap did not apply. All executive directors' pension arrangements include dependants' pensions and lump sums payable in the event of death in service.

All pensions in payment are reviewed annually with a guaranteed increase in line with RPI up to a maximum of 5%. Pensionable salary is the director's basic salary. The value of the directors' pensions benefits accrued during the year are set out below.

### Chairman

The remuneration of the chairman is determined in his absence by the remuneration committee after consultation with the chief executive and reflects the nature and extent of his part-time responsibilities.

### Non-executive directors

The fees of the non-executive directors are determined by the board (but with the individual non-executive directors themselves abstaining from voting) on the chairman's recommendation based on comparable market levels.

### Service agreements

Each executive director has a service agreement providing for a notice period from the company of two years and for retirement on the 60th birthday of the director. The remuneration committee considers that two-year notice periods are appropriate. No other director has a service agreement.

### Directors' remuneration

The table on page 21 shows salary and other benefits for each director. The chairman and non-executive directors are not entitled to pension benefits. The executive directors are all members of the Plysu plc Staff Pension Plan and the pension contributions made by the company were as agreed with the actuary to the plan.

### Details of directors' accrued pension benefits

	Accumulated total accrued pension at 31 March 1997		Increase in accrued pension during the year		Accumulated total accrued pension at 31 March 1998	Transfer value of increase as at 31 March 1998
	£ per annum		Due to inflation £ per annum	In addition to inflation £ per annum		
M V S Macintyre	61,352		2,194	5,496	69,042	68,150
S S Nobbs	27,307		977	4,651	32,935	51,584
N D Templeton-Ward	15,298		547	2,588	18,433	27,360

The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year. It does not include any increases which might occur during the period from the date shown to retirement age. The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.



### Directors and their interests in shares in Plysu plc at 31 March

	Age	Year of appointment	1998 Ordinary shares (including deposited shares*)	1998 Ordinary shares under option	1998 Matching shares awarded†	1997 Ordinary shares	1997 Ordinary shares under option
D H O'Shaughnessy	63	1993	8,000	-	-	8,000	-
M V S Macintyre	55	1982	20,507	103,939	10,243	14,695	103,939
S S Nobbs	49	1987	35,525	105,931	7,781	16,596	120,447
N D Templeton-Ward	47	1991	5,046	171,348	8,893	-	171,348
A B Brooker	66	1988	2,000	-	-	2,000	-

\* Deposited shares are shares purchased by the directors in accordance with the terms of the Plysu Share Purchase Scheme.

† Matching shares are normally transferred to the directors only after a period of five years from the date of the award, in accordance with the terms of the Plysu Share Purchase Scheme.

### Directors' share options

Director and date of grant of option	At 1 April 1997	Number of options		At 31 March 1998	Exercise price  Pence	Market price at date of exercise Pence	Date from which exercisable	Expiry date
<b>M V S Macintyre</b>								
22 December 1992	44,000	-	-	<b>44,000</b>	240.0	-	22/12/95	22/12/02
8 October 1993	1,825	-	-	<b>1,825</b>	189.0	-	08/10/98	08/03/99
10 January 1994	25,000	-	-	<b>25,000</b>	217.4	-	10/01/97	10/01/04
25 August 1994	4,539	-	-	<b>4,539</b>	152.0	-	14/10/99	14/04/00
7 July 1995	2,183	-	-	<b>2,183</b>	158.0	-	18/09/00	18/03/01
9 July 1996	1,392	-	-	<b>1,392</b>	140.0	-	13/09/99	13/03/00
13 December 1996	25,000	-	-	<b>25,000</b>	158.5	-	13/12/99	13/12/03
	103,939	-	-	<b>103,939</b>				
<b>S S Nobbs</b>								
23 January 1991	14,516	-	14,516	-	93.0	161.5	01/03/98	01/09/98
22 December 1992	44,000	-	-	<b>44,000</b>	240.0	-	22/12/95	22/12/02
10 January 1994	25,000	-	-	<b>25,000</b>	217.4	-	10/01/97	10/01/04
25 August 1994	4,539	-	-	<b>4,539</b>	152.0	-	14/10/99	14/04/00
9 July 1996	7,392	-	-	<b>7,392</b>	140.0	-	13/09/01	13/03/02
13 December 1996	25,000	-	-	<b>25,000</b>	158.5	-	13/12/99	13/12/03
	120,447	-	14,516	<b>105,931</b>				
<b>N D Templeton-Ward</b>								
22 December 1992	110,000	-	-	<b>110,000</b>	240.0	-	22/12/95	22/12/02
10 January 1994	25,000	-	-	<b>25,000</b>	217.4	-	10/01/97	10/01/04
25 August 1994	11,348	-	-	<b>11,348</b>	152.0	-	14/10/99	14/04/00
13 December 1996	25,000	-	-	<b>25,000</b>	158.5	-	13/12/99	13/12/03
	171,348	-	-	<b>171,348</b>				

The options granted on 23 January 1991, 8 October 1993, 25 August 1994, 7 July 1995 and 9 July 1996 relate to the Plysu Savings Related Share Option Scheme. All other options relate to the Plysu Executive Share Option Schemes.

The market price of Plysu plc ordinary shares at 31 March 1998 was 171.5p and the range during the year was 140.5p to 174.5p.

## Directors' responsibilities

in the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

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## Auditors' report on the financial statements

to the members of Plysu plc

We have audited the financial statements on pages 25 to 42. We have also examined the amounts disclosed relating to emoluments, share options, long-term incentive scheme interests and directors' pension entitlements which form part of the report of the remuneration committee on pages 21 to 23.

### 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 group's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Milton Keynes  
8 June 1998

## Group accounting policies

### Financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with the Companies Act 1985 and applicable accounting standards.

### Consolidation

The consolidated financial statements incorporate the assets and liabilities of the company and all of its subsidiary undertakings at 31 March 1998 and their results for the periods during the year to that date in which they were part of the group. Advantage is taken of the exemption provided by section 230 of the Companies Act 1985 and a separate profit and loss account of Plysu plc is not presented. The results of the company are disclosed in note 17. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the separable net assets acquired and is written off on acquisition, firstly against the merger reserve, and secondly against retained profits.

### Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets to their residual values over their estimated useful economic lives as follows:

#### *Straight line*

Freehold buildings	50 years
Plant and machinery	5 to 10 years
Moulds	2 to 5 years

#### *Reducing balance*

Motor vehicles	25% to 33% per year
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No depreciation is provided on freehold land.

Profits and losses on the sale of fixed assets which represent marginal adjustments to depreciation previously charged are included in the profit and loss account in the same place as their related depreciation.

### Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of overheads.

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made if it is probable that such deferred taxation will be payable in the foreseeable future.

### Foreign currencies

For consolidation purposes, attributable profits of overseas subsidiaries are translated into sterling at the average rate for the year and their assets and liabilities are translated at the rate ruling at the balance sheet date. The exchange differences arising are taken directly to reserves.

### Pension costs

The group operates both defined benefit and defined contribution pension schemes, the assets of which are held independently from the group. Contributions paid to the defined benefit schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' average working lives with the group. Contributions paid to defined contribution schemes are charged to the profit and loss account in the period in which they arise.

### Government grants

Government grants are credited to the profit and loss account evenly during the development phase of the project to which they relate.

### Leases

Rental charges for the group's operating leases are charged to the profit and loss account. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital element of future obligations under these leases and hire purchase contracts are included as liabilities in the balance sheet.

### Research and development

The research and development costs of new products and services are written off in the year of expenditure except for projects where recovery is reasonably certain, in which case development costs may be capitalised and amortised over the period expected to benefit from the development.

Plysu plc

## Consolidated profit and loss account

for the year ended 31 March 1998

	Notes	1998 £m	1997 £m
<b>Turnover</b>	1	143.7	134.1
Cost of sales	3	(105.9)	(99.4)
<b>Gross profit</b>		37.8	34.7
Net operating expenses	2-3	(25.6)	(23.8)
<b>Operating profit on ordinary activities before interest</b>		12.2	10.9
Interest payable	5	(2.0)	(1.6)
<b>Profit on ordinary activities before taxation</b>		10.2	9.3
Taxation on profit on ordinary activities	6	(3.2)	(3.3)
<b>Profit on ordinary activities after taxation</b>		7.0	6.0
Appropriated for dividends paid and to be paid	7	(4.0)	(3.7)
<b>Retained profit for the year</b>	17	3.0	2.3
<b>Earnings per fully paid ordinary share</b>	8	14.5p	12.5p
<b>Earnings per fully paid ordinary share before exceptional costs</b>	8	15.2p	12.5p

All of the profits for the current and prior year relate to continuing activities. There are no material differences between the profit as reported above and those under a historical cost basis. The acquisitions in the year were not material in the context of the group's turnover and operating profit and have therefore not been separately disclosed.

## Consolidated statement of total recognised gains and losses


for the year ended 31 March 1998

	1998 £m	1997 £m
Profit on ordinary activities after taxation	7.0	6.0
Exchange losses on foreign currency net investments	(2.4)	(4.1)
<b>Total recognised gains and losses for the financial year</b>	4.6	1.9

Plysu plc  
**Balance sheets**  
as at 31 March 1998

		<i>Group</i>		<i>Company</i>	
	Notes	1998 £m	1997 £m	1998 £m	1997 £m
<b>Fixed assets</b>					
Tangible assets	9	67.2	62.3	51.5	48.7
Investments	10	-	-	19.0	17.4
		<u>67.2</u>	<u>62.3</u>	<u>70.5</u>	<u>66.1</u>
<b>Current assets</b>					
Stocks	11	11.2	11.2	7.9	8.2
Debtors	12	32.7	28.1	27.3	20.7
Cash		4.5	2.9	3.1	0.9
		<u>48.4</u>	<u>42.2</u>	<u>38.3</u>	<u>29.8</u>
<b>Creditors</b>					
Amounts falling due within one year	13	(52.0)	(37.4)	(46.3)	(37.0)
<b>Net current (liabilities)/assets</b>		<u>(3.6)</u>	<u>4.8</u>	<u>(8.0)</u>	<u>(7.2)</u>
<b>Total assets less current liabilities</b>		<u>63.6</u>	<u>67.1</u>	<u>62.5</u>	<u>58.9</u>
<b>Creditors</b>					
Amounts falling due after more than one year	13	(15.9)	(14.8)	(15.4)	(14.7)
Provisions for liabilities and charges	14-15	(2.4)	(2.2)	(2.2)	(1.8)
<b>Net assets</b>		<u>45.3</u>	<u>50.1</u>	<u>44.9</u>	<u>42.4</u>
<b>Capital and reserves</b>					
Called up equity share capital	16	4.8	4.8	4.8	4.8
Share premium account	17	0.9	0.9	0.9	0.9
Merger reserve	17	-	4.3	1.7	5.0
Profit and loss account	17	39.6	40.2	37.5	31.7
		<u>45.3</u>	<u>50.2</u>	<u>44.9</u>	<u>42.4</u>
<b>Shareholders' funds</b>		<u>45.3</u>	<u>50.2</u>	<u>44.9</u>	<u>42.4</u>
Minority interest		-	(0.1)	-	-
		<u>45.3</u>	<u>50.1</u>	<u>44.9</u>	<u>42.4</u>

These financial statements were approved by the board of directors on 8 June 1998 and were signed on its behalf by:

  
M V S Macintyre  
Chief executive

Plysu plc

## Consolidated cash flow statement

for the year ended 31 March 1998

### Consolidated cash flow

	Notes	1998 £m	1997 £m
Cash flow from operating activities	20	22.3	20.2
Returns on investments and servicing of finance	22	(2.0)	(1.6)
Taxation	22	(2.3)	(2.2)
Capital expenditure and financial investment	22	(11.1)	(8.6)
Acquisitions and disposals	22	(4.8)	(4.1)
Equity dividends paid		(3.7)	(3.5)
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(1.6)</b>	<b>0.2</b>
Financing – issue of shares	22	-	0.4
– increase/(decrease) in debt	22	3.8	(2.7)
<b>Increase/(decrease) in net cash in the period</b>		<b>2.2</b>	<b>(2.1)</b>

### Reconciliation of net cash flow to movement in net debt

	Notes	1998 £m	1997 £m
Increase/(decrease) in net cash in the period		2.2	(2.1)
Cash (inflow)/outflow from increase in debt and lease financing		(3.8)	2.7
<b>Change in net debt resulting from cash flows</b>		<b>(1.6)</b>	<b>0.6</b>
Loans and finance leases acquired with subsidiaries		(1.2)	-
Translation difference		0.1	(0.4)
<b>Movement in net debt in the period</b>		<b>(2.7)</b>	<b>0.2</b>
Net debt at 31 March 1997	21	(17.4)	(17.6)
<b>Net debt at 31 March 1998</b>	21	<b>(20.1)</b>	<b>(17.4)</b>

# Reconciliation of movements in shareholders' funds

for the year ended 31 March 1998

	1998	1997
	£m	£m
Profit on ordinary activities after taxation	7.0	6.0
Dividends	(4.0)	(3.7)
Other recognised gains and losses related to the year (net)	(2.4)	(4.1)
New share capital issued including share premium	-	0.4
Goodwill written off in the year	(5.5)	(1.0)
	<hr/>	<hr/>
<b>Net reduction in shareholders' funds</b>	<b>(4.9)</b>	<b>(2.4)</b>
	<hr/>	<hr/>
Opening shareholders' funds	50.2	52.6
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>45.3</b>	<b>50.2</b>
	<hr/>	<hr/>

## Notes to the financial statements

## 1. Turnover and operating assets

Turnover comprises the value of sales (excluding sales taxes and net of discounts) of goods and services in the normal course of business.

<b>Geographical segments</b>	<b>1998</b>	<b>1997</b>
<i>Turnover by destination</i>	<b>£m</b>	<b>£m</b>
United Kingdom	110.8	101.7
Netherlands	8.8	10.1
Belgium	6.7	8.2
France	8.9	9.4
Spain	3.4	-
Germany	3.3	3.3
Rest of Europe	1.6	1.3
Rest of the world	0.2	0.1
<b>Group</b>	<b>143.7</b>	<b>134.1</b>

	<i>Total sales</i>		<i>Inter-country sales</i>		<i>Sales to third parties</i>	
<i>Turnover by origin</i>	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
United Kingdom	116.9	111.8	(4.0)	(8.1)	112.9	103.7
Netherlands	12.9	15.0	(0.1)	(0.3)	12.8	14.7
Belgium	12.4	14.3	(0.1)	(0.2)	12.3	14.1
France	2.2	1.6	-	-	2.2	1.6
Spain	3.5	-	-	-	3.5	-
<b>Group</b>	<b>147.9</b>	<b>142.7</b>	<b>(4.2)</b>	<b>(8.6)</b>	<b>143.7</b>	<b>134.1</b>

<i>Operating assets</i>	<b>1998</b>	<b>1997</b>
	<b>£m</b>	<b>£m</b>
United Kingdom	51.1	49.0
Netherlands	7.5	9.0
Belgium	6.2	7.7
France	(1.0)	0.2
Spain	3.6	0.1
Germany	0.1	0.1
Allocated operating assets	67.5	66.1
Unallocated provisions and creditors	(22.3)	(16.0)
<b>Net assets</b>	<b>45.3</b>	<b>50.1</b>

Results by geographical segment have not been disclosed as, in the opinion of the directors, this would be seriously prejudicial to the interests of the group.



## 2. Operating expenses

	1998	1997
	£m	£m
Distribution costs	12.2	11.4
Administration charges (see note 3)	13.4	12.4
	<u>25.6</u>	<u>23.8</u>

## 3. Operating profit

	1998	1997
	£m	£m
<i>Stated after charging:</i>		
Depreciation on tangible fixed assets – owned	9.9	10.2
– leased	0.2	0.2
Auditors' remuneration:		
Audit fees – company £0.1m (1997: £0.1m)	0.2	0.2
Non-audit fees to the auditor and its associates – company £0.2m (1997: £0.1m)	0.2	0.1
Charges under operating leases for hire of plant and machinery	0.2	0.3
Research and development costs	0.5	0.5
Exceptional costs	0.5	–
<i>And after crediting:</i>		
Government grants	0.1	–
Net exchange movements	0.1	0.5
	<u>0.1</u>	<u>0.5</u>

The exceptional costs in 1998 of £0.5m related to the integration of the acquired businesses of Ward Products and Simon Renfrew Containers Limited. £0.2m was charged to cost of sales and £0.3m to administration charges.

## 4. Staff costs including directors' emoluments

	1998	1997
	£m	£m
Wages and salaries	31.1	31.3
Social security costs	4.0	4.4
Cost to group of employees' pension funds (see note 23)	1.2	1.2
	<u>36.3</u>	<u>36.9</u>
	<i>Numbers</i>	<i>Numbers</i>
Average number of employees involved in:		
Production	1,412	1,374
Administration, sales and distribution	378	379
	<u>1,790</u>	<u>1,753</u>

The disclosures of directors' emoluments and share interests required by statute are set out in the report of the remuneration committee on pages 21 to 23.

## Notes to the financial statements continued

**5. Interest payable**

	1998	1997
	£m	£m
Interest payable on overdrafts and bank loans	1.9	1.5
Interest on finance leases	0.1	0.1
Net interest	2.0	1.6

**6. Taxation on profit for the year on ordinary activities**

	1998	1997
	£m	£m
UK corporation tax at 31 % (1997: 33%)	2.9	2.5
Adjustment in respect of previous years	(0.1)	(0.1)
Overseas tax	0.2	0.5
	3.0	2.9
Charge for deferred tax	0.2	0.4
	3.2	3.3

**7. Dividends on fully paid ordinary shares**

	1998	1997
	£m	£m
Interim of 2.2p (1997: 2.0p) paid 2 February 1998	1.0	1.0
Final of 6.2p (1997: 5.75p) payable 23 July 1998	3.0	2.7
	4.0	3.7

**8. Earnings per fully paid ordinary share**

	1998	1997
Normal earnings per share	14.5p	12.5p

Earnings per fully paid ordinary share are calculated by dividing the profit attributable to ordinary shareholders of £7.0m (1997: £6.0m) by 48,123,013 shares (1997: 47,908,068), the average number of ordinary shares in issue during the year. The earnings per share on a fully diluted basis are not materially different from the earnings per share on a normal basis.

	1998	1997
	£m	£m
<b>Earnings per share excluding exceptional costs</b>		
Profit attributable to ordinary shareholders	7.0	6.0
Add exceptional costs	0.5	-
Less tax effect of exceptional costs	(0.2)	-
Profit attributable to ordinary shareholders after adjusting for exceptional costs	7.3	6.0
Earnings per share based on profits attributable to ordinary shareholders after adjusting for exceptional costs divided by the average number of ordinary shares in issue during the year	15.2p	12.5p

## 9. Tangible fixed assets

	Group			Company		
	Freehold land and buildings	Plant and machinery	Total	Freehold land and buildings	Plant and machinery	Total
	£m	£m	£m	£m	£m	£m
<i>Cost or valuation</i>						
At 31 March 1997	28.0	122.2	150.2	16.3	92.8	109.1
Exchange rate adjustments	(1.4)	(4.0)	(5.4)	-	-	-
On acquisitions	0.4	3.7	4.1	-	0.5	0.5
Additions	1.9	12.7	14.6	1.8	8.2	10.0
Intra-group transfers	-	-	-	-	2.6	2.6
Disposals	-	(3.3)	(3.3)	-	(2.2)	(2.2)
At 31 March 1998	<b>28.9</b>	<b>131.3</b>	<b>160.2</b>	<b>18.1</b>	<b>101.9</b>	<b>120.0</b>
<i>Depreciation</i>						
At 31 March 1997	(5.8)	(82.1)	(87.9)	(2.4)	(58.0)	(60.4)
Exchange rate adjustments	0.3	3.0	3.3	-	-	-
Charge for year	(0.4)	(9.7)	(10.1)	(0.3)	(7.9)	(8.2)
Intra-group transfers	-	-	-	-	(1.5)	(1.5)
Disposals	-	1.7	1.7	-	1.6	1.6
At 31 March 1998	<b>(5.9)</b>	<b>(87.1)</b>	<b>(93.0)</b>	<b>(2.7)</b>	<b>(65.8)</b>	<b>(68.5)</b>
At 31 March 1997						
<i>Net book value</i>	22.2	40.1	62.3	13.9	34.8	48.7
<i>Non depreciable assets content</i>						
Land	5.9	-	5.9	3.6	-	3.6
Assets in the process of commissioning	-	2.7	2.7	-	2.6	2.6
At 31 March 1998						
<i>Net book value</i>	<b>23.0</b>	<b>44.2</b>	<b>67.2</b>	<b>15.4</b>	<b>36.1</b>	<b>51.5</b>
<i>Non depreciable assets content</i>						
Land	6.1	-	6.1	4.0	-	4.0
Assets in the process of commissioning	-	5.3	5.3	-	5.1	5.1

Details of assets held under finance leases and included within plant and machinery:

	Group		Company	
	1998 Plant and machinery	1997 Plant and machinery	1998 Plant and machinery	1997 Plant and machinery
	£m	£m	£m	£m
Net book value	1.1	1.2	1.1	1.2
Depreciation charge for year	0.2	0.2	0.2	0.1

## Notes to the financial statements continued

## 9. Tangible fixed assets continued

	1998	1997
Details of revalued assets of the group and company	£m	£m
Land and buildings at 1978 open market valuation	2.9	2.9
Aggregate depreciation thereon	(0.8)	(0.8)
Net book value	2.1	2.1
Historical cost of revalued assets	1.4	1.4
Aggregate depreciation based thereon	(0.6)	(0.6)
Net book value based on historical cost	0.8	0.8

## 10. Fixed asset investments at cost

	Ordinary shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
Company	£m	£m	£m
At 31 March 1997	12.5	4.9	17.4
Write down	(2.4)	-	(2.4)
Exchange rate adjustments	-	(0.7)	(0.7)
New loans	-	2.7	2.7
Acquisitions	2.0	-	2.0
At 31 March 1998	12.1	6.9	19.0

## Trading subsidiaries

<i>Manufacture and sale of moulded plastics containers</i>	<i>Country of incorporation</i>	<i>Sale of moulded plastics containers</i>	<i>Country of incorporation</i>
Plysu Halfweg B.V.	Netherlands	Plysu Containers Limited	Great Britain
Plysu Kerkrade B.V.	Netherlands	Plysu Belgium N.V.	Belgium
Plysu Gent N.V.	Belgium	Plysu France S.A.	France
Plysu Montpont S.A.	France	Plysu Deutschland VmbH	Germany
Plysu Envases Alimentarios, S.L.	Spain		
Iplast S.A.	Spain	<i>Sale of plastics protection systems</i>	
Simon Renfrew Containers Limited*	Great Britain	Plysu Protection Systems Limited	Great Britain
<i>Sale of moulded plastics, housewares and garden products</i>		<i>Overseas holding company</i>	
Plysu Brands Limited§	Great Britain	Plysu Continental Holdings B.V.	Netherlands
<i>Sale of plastics closures</i>		<i>Dormant companies</i>	
Menshen Packaging UK Limited†	Great Britain	Thermakeep Plastics Limited	Great Britain
		AMK Plastics Limited	Great Britain
		Paklite Limited	Great Britain

All companies are wholly owned and operate principally in their country of incorporation. All non-UK subsidiaries are owned by Plysu Continental Holdings B.V. with the exception of Plysu Montpont S.A. which is owned by Plysu France S.A. and Iplast S.A. which is owned by Plysu Envases Alimentarios, S.L. All companies draw up their accounts to 31 March.

\* Simon Refrew Containers Limited was acquired on 30 September 1997 and became dormant on 31 December 1997 as part of a group reorganisation.

§ Plysu Housewares Limited changed its name to Plysu Brands Limited on 2 October 1997.

† The group owns 50% of the ordinary share capital of Menshen Packaging UK Limited which has been established as a joint venture with Menshen UK Limited, part of the Menshen group of Germany.

## 11. Stocks

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Raw materials and consumables	6.4	6.0	4.4	4.3
Work in progress	0.2	0.4	0.2	0.4
Finished goods	4.6	4.8	3.3	3.5
	<u>11.2</u>	<u>11.2</u>	<u>7.9</u>	<u>8.2</u>

## 12. Debtors

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Trade debtors	28.1	24.3	4.2	1.6
Amounts owed by group undertakings	-	-	20.8	17.2
Other debtors	3.7	2.7	2.0	1.0
Prepayments and accrued income	0.9	1.1	0.3	0.9
	<u>32.7</u>	<u>28.1</u>	<u>27.3</u>	<u>20.7</u>

£0.5m (1997: £0.8m) of group other debtors and £0.1m (1997: £0.4m) of group prepayments are due after more than one year.

£0.2m (1997: £0.4m) of company other debtors are due after more than one year.

## 13. Creditors

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
<b>Amounts falling due within one year</b>				
Bank loans and overdrafts	9.9	5.4	9.6	5.4
Trade creditors	24.3	16.3	17.5	10.8
Amounts due to group undertakings	-	-	3.3	6.5
Other taxes and social security	2.3	2.2	2.0	2.0
Corporation tax	3.4	2.5	3.2	2.4
Other creditors and accruals	8.8	7.9	7.4	6.8
Finance lease creditors	0.3	0.4	0.3	0.4
Proposed dividend	3.0	2.7	3.0	2.7
	<u>52.0</u>	<u>37.4</u>	<u>46.3</u>	<u>37.0</u>

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
<b>Amounts falling due after more than one year and repayable within five years</b>				
Bank loans	14.3	14.1	14.2	14.1
Other creditors	1.5	0.3	1.1	0.3
Finance lease creditors	0.1	0.4	0.1	0.3
	<u>15.9</u>	<u>14.8</u>	<u>15.4</u>	<u>14.7</u>

## Notes to the financial statements continued

13. Creditors *continued*

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Bank loans: amounts repayable in more than one year				
Repayable within one to two years	14.3	14.1	14.2	14.1

The group has no secured borrowings (1997: £nil).

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Finance lease creditors: amounts repayable in more than one year				
Repayable within one to two years	0.1	0.3	0.1	0.2
Repayable within two to five years	-	0.1	-	0.1
	0.1	0.4	0.1	0.3

## 14. Provisions for liabilities and charges

	Deferred taxation provisions	Pensions	Total
Group	£m	£m	£m
At 31 March 1997	2.0	0.2	2.2
Charge to profit and loss account	0.2	-	0.2
At 31 March 1998	2.2	0.2	2.4
Company			
At 31 March 1997	1.8	-	1.8
Acquired upon hive up of subsidiary	0.1	-	0.1
Charge to profit and loss account	0.3	-	0.3
At 31 March 1998	2.2	-	2.2

## 15. Deferred taxation

	1998		1997	
	Provided	Unprovided	Provided	Unprovided
Group	£m	£m	£m	£m
Accelerated capital allowances	3.0	1.2	2.6	1.2
Advance corporation tax	(0.8)	-	(0.6)	-
	2.2	1.2	2.0	1.2
Company				
Accelerated capital allowances	3.0	1.2	2.4	1.2
Advance corporation tax	(0.8)	-	(0.6)	-
	2.2	1.2	1.8	1.2

No provision is made for taxation which would arise in the event of the distribution of the retained profits of overseas subsidiaries unless such a distribution is proposed.

## 16. Equity share capital of the company

	1998	1997
Authorised	£m	£m
At 31 March: 54 million ordinary shares of 10p each (1997: 54 million)	5.4	5.4
<b>Allotted, called up and fully paid</b>		
At 31 March 1997: 48,115,367 ordinary shares of 10p each	4.8	
93,924 shares issued on exercise of share options for £9,392	-	
At 31 March 1998: 48,209,291 ordinary shares of 10p each	4.8	

Details of share options are given in the report of the directors on pages 17 to 18.

Note: The company's adjusted share price for capital gains tax purposes on 31 March 1982 was 35.97p before indexation.

## 17. Reserves

	Share premium account	Merger reserve	Profit and loss account	Total
Group	£m	£m	£m	£m
At 31 March 1997	0.9	4.3	40.2	45.4
Retained profit for the year	-	-	3.0	3.0
Premium on issue of shares (nominal value £9,392)	-	-	-	-
Goodwill written off in the year	-	(4.3)	(1.2)	(5.5)
Currency translation differences on foreign currency net investments	-	-	(2.4)	(2.4)
At 31 March 1998	0.9	-	39.6	40.5

The cumulative amount of goodwill written off resulting from acquisitions made up until 31 March 1998 was £13.1m (1997: £7.6m) of which the amount relating to subsidiary undertakings was £10.4m (1997: £7.0m).

	Share premium account	Merger reserve	Profit and loss account	Total
Company	£m	£m	£m	£m
At 31 March 1997	0.9	5.0	31.7	37.6
Retained profit for the year	-	-	5.8	5.8
Premium on issue of shares	-	-	-	-
Goodwill written off in the year	-	(3.3)	-	(3.3)
At 31 March 1998	0.9	1.7	37.5	40.1

The cumulative amount of goodwill written off resulting from acquisitions made up until 31 March 1998 was £8.9m (1997: £5.6m). The company's profit for the year before dividends was £9.8m (1997: £3.4m).

## Notes to the financial statements continued

## 18. Commitments

	<i>Group</i>		<i>Company</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Capital expenditure</b>				
Committed	<u>3.1</u>	<u>1.9</u>	<u>2.7</u>	<u>1.8</u>
<b>Operating leases</b>				
Commitments for payments in the next year for plant and machinery under operating leases expiring as follows:				
Between two and five years	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Commitments for payments in the next year for land and buildings under operating leases expiring as follows:				
Within one year	<u>0.1</u>	<u>-</u>	<u>0.1</u>	<u>-</u>
Between two and five years	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>
	<u>0.4</u>	<u>0.2</u>	<u>0.4</u>	<u>0.2</u>

## 19. Acquisitions

	<i>On acquisition</i>	<i>Fair value adjustments</i>		<i>Fair value net assets</i>
		<i>Accounting policy alignments</i>	<i>Revaluation</i>	
<b>Group</b>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Net assets acquired</b>				
Tangible fixed assets	3.9	0.1	0.1	4.1
Stocks	1.0	(0.2)	-	0.8
Debtors	2.7	(0.1)	-	2.6
Cash, bank loans and overdrafts	(0.8)	-	-	(0.8)
Creditors	(3.7)	-	(0.2)	(3.9)
Net assets	<u>3.1</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>2.8</u>
Goodwill				<u>5.0</u>
Purchase consideration				<u>7.8</u>
The purchase consideration was financed as follows:				
Cash (including acquisition costs of £0.4m)				3.3
Deferred consideration				4.1
Contingent consideration				<u>0.4</u>
				<u>7.8</u>

	<i>1998</i>	<i>1997</i>
	<i>£m</i>	<i>£m</i>
<b>Analysis of the net outflow of cash in respect of acquisitions</b>		
Cash consideration including acquisition costs in respect of current year acquisitions	3.8	4.1
Cash acquired	<u>(0.3)</u>	<u>-</u>
Net outflow of cash in respect of current year acquisitions	<u>3.5</u>	<u>4.1</u>
Payments in respect of acquisitions in previous years	<u>1.3</u>	<u>-</u>
	<u>4.8</u>	<u>4.1</u>



## 19. Acquisitions *continued*

Of the £7.8m purchase consideration for current year acquisitions £4.1m remained in other creditors at the year end.

Simon Renfrew Containers Limited was acquired on 30 September 1997 for £1.6m with further contingent consideration estimated at £0.3m becoming payable dependent upon the level of future sales.

The business known as Lucy Housewares was acquired by the group on 31 March 1998 from Rexam Packaging Limited for a total consideration of £2.7m which was recorded in other creditors at the end of the year and is to be paid during the year to 31 March 1999.

Iplast S.A. was acquired by the group on 10 June 1997 for a consideration of £2.7m with further contingent consideration estimated at £0.1m becoming payable dependent upon future profitability.

In respect of the acquisitions described above, adjustments have been made to restate the cost and accumulated depreciation of fixed assets, and the carrying values of stock and debtors, to bases consistent with the group's accounting policies. Adjustments have also been made to correctly allocate certain creditors and to revalue land and buildings, based on independent professional advice.

The trading results of these acquisitions are not material and have not been disclosed separately as 'results of acquired operations' on the face of the profit and loss account. The acquisitions have been accounted for by the acquisition method of accounting. The fair value adjustments recorded for these acquisitions have been stated on a provisional basis.

### *Adjustment to goodwill previously written off*

A revision to goodwill, amounting to £0.5m, has been made in the current year in respect of contingent consideration payable to the vendors of AMK Plastics Limited upon attaining certain profit levels where the amount currently expected to be payable is greater than that estimated at the time of the acquisition. This amount was unpaid as at the year end.

### **Company**

During the year the company acquired the net assets and business of Lucy Housewares, as described above, on which goodwill of £2.0m arose. Following its acquisition by the group the company also acquired the net assets and business of Simon Renfrew Containers, its wholly owned subsidiary. The consideration was £2.0m and goodwill of £0.8m arose.

## 20. Reconciliation of operating profit to operating cash flows

	1998	1997
	£m	£m
Operating profit	12.2	10.9
Depreciation charges	10.1	10.4
Profit on sale of tangible fixed assets	(0.1)	(0.5)
Release of integration and reorganisation provision	-	(1.1)
Decrease/(increase) in stocks	0.5	(2.3)
(Increase) in debtors	(3.5)	(1.2)
Increase in creditors and provisions	3.1	4.0
Cash flow from operating activities	22.3	20.2

## Notes to the financial statements continued

## 21. Analysis of net debt

	At 31 March 1997	Cash flow of group	Acquisitions excluding cash and overdrafts	Exchange movement	At 31 March 1998
	£m	£m	£m	£m	£m
Cash in hand and at bank	2.9	1.7	-	(0.1)	4.5
Overdrafts	(5.4)	0.5	-	-	(4.9)
Debt due within one year	-	(4.2)	(1.1)	0.3	(5.0)
Debt due after one year	(14.1)	(0.1)	-	(0.1)	(14.3)
Finance leases	(0.8)	0.5	(0.1)	-	(0.4)
Total	<u>(17.4)</u>	<u>(1.6)</u>	<u>(1.2)</u>	<u>0.1</u>	<u>(20.1)</u>

## 22. Analysis of cash flows for headings netted in the cash flow statement

	1998		1997	
	£m	£m	£m	£m
<b>Returns on investment and servicing of finance</b>				
Interest paid	(1.9)		(1.5)	
Interest element of finance lease rental payments	(0.1)		(0.1)	
Net cash flow for returns on investments and servicing of finance		<u>(2.0)</u>		<u>(1.6)</u>
<b>Taxation</b>				
Tax paid	(2.3)		(2.3)	
Tax received	-		0.1	
Net cash outflow for taxation		<u>(2.3)</u>		<u>(2.2)</u>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(12.8)		(10.3)	
Sale of plant and machinery	1.7		1.7	
Net cash outflow for capital expenditure and financial investment		<u>(11.1)</u>		<u>(8.6)</u>
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings	(5.1)		(4.1)	
Net cash acquired with subsidiaries	0.3		-	
Net cash outflow for acquisitions and disposals		<u>(4.8)</u>		<u>(4.1)</u>

## 22. Analysis of cash flows for headings netted in the cash flow statement *continued*

	1998		1997	
	£m	£m	£m	£m
<b>Financing</b>				
Issue of ordinary share capital		-		0.4
<i>Debt due within a year:</i>				
Increase/(decrease) in short-term borrowings				
Unsecured	5.0		(2.0)	
Repayment of long-term borrowings				
Secured	(0.7)		(0.2)	
<i>Debt due beyond a year:</i>				
New unsecured loan	-		7.0	
Repayment of unsecured loan	-		(7.1)	
Capital element of finance lease rental payments	(0.5)		(0.4)	
		3.8		(2.7)
Net cash inflow/(outflow) from financing		3.8		(2.3)

## 23. Pension costs

The total cost to the group of its pensions arrangements was £1.2m (1997: £1.2m). These costs arose as follows:

### UK defined benefit schemes

Costs have been assessed in accordance with SSAP24. The contributions and pension cost are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit credit method of valuation. The most recent valuations were at 1 April 1997. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed for the purpose of the pension cost calculations that investment returns would exceed the rate of increase in salaries by 2.5% per annum for members of the Plysu plc Pension Plan and by 2.0% per annum for members of the Plysu plc Staff Pension Plan and that investment returns would exceed the rate of increase in pensions by 4.5% per annum.

Dividends were assumed to increase by 0.5% per annum more than the rate of pension escalation.

The most recent actuarial valuations for SSAP24 purposes showed that the aggregate market value of the schemes' assets was £34.2m and that the actuarial value of those assets (£32.5m) represented 133% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The pension cost for the year for the two plans amounted to £0.7m (1997: £0.7m). Contributions of £0.6m (1997: £0.6m) were made by the group for these two plans. Amounts included in the balance sheet in respect of pensions are £0.1m (1997: £nil) in other creditors.

### UK defined contribution schemes

The group continues to operate the money purchase pension schemes with UK insurance companies acquired with AMK Plastics Limited and Thermakeep Plastics Limited, which are closed to new members. Their pension costs were £0.1m (1997: £0.1m).

## Notes to the financial statements continued

### 23. Pension costs *continued*

#### **Overseas defined benefit schemes**

There are five overseas schemes in force, providing benefits based upon final pensionable pay, with contributions being charged to the profit and loss account in order to spread the cost of pension over the employees' average working lives with the group.

Costs have been assessed by qualified actuaries in accordance with SSAP24. Assumptions have been made about the future experience of the investment return, wage and price inflation, and on the expected mortality within the group schemes. The main assumptions adopted in arriving at the cost are investment returns of 7% per annum and general wage inflation of 2.5% per annum adjusted for career progression increases averaging a further 2.5% per annum.

The guaranteed benefits are funded through insurance contracts. Any future surpluses which arise from these benefits will be used to reduce the group's contributions. The pension cost for these schemes was £0.4m (1997: £0.5m).

#### **Group**

Amounts included in the balance sheet in respect of pensions are £0.1m (1997: £0.2m) in other creditors and £0.2m (1997: £0.2m) in provisions for liabilities and charges.

**Five-year record**

	<i>Years ended 31 March</i>				
	1994	1995	1996	1997	1998
	£m	£m	£m	£m	£m
<b>Group turnover by product type</b>					
Liquid Foods (formerly Dairy & juice)	26.8	36.5	56.2	56.9	63.9
Containers and Personal Care	53.6	55.2	65.2	67.3	66.5
Brands (formerly Housewares)	7.0	6.4	6.4	8.2	11.5
Protection Systems and other	1.4	1.4	1.5	1.7	1.8
<b>Total</b>	<b>88.8</b>	<b>99.5</b>	<b>129.3</b>	<b>134.1</b>	<b>143.7</b>
Depreciation	9.0	9.6	10.7	10.4	10.1
Interest payable (net)	0.6	0.9	1.3	1.6	2.0
Group profit before tax and exceptional items	6.8	6.5	8.0	9.3	10.7
Group profit before tax	5.4	6.5	6.9	9.3	10.2
Expenditure on fixed assets and moulds	14.5	8.4	13.2	10.3	14.6
Earnings per share	7.3p	9.0p	9.6p	12.5p	14.5p
Dividends per share	7.0p	7.0p	7.35p	7.75p	8.4p

**Financial calendar**

<i>Ex-dividend date for final dividend</i>	<i>15 June 1998</i>
<i>Record date for final dividend</i>	<i>19 June 1998</i>
<i>Annual general meeting</i>	<i>15 July 1998</i>
<i>Final dividend paid</i>	<i>23 July 1998</i>
<i>Announcement of half-year results</i>	<i>Mid December 1998</i>
<i>Interim dividend paid</i>	<i>Early February 1999</i>
<i>Announcement of full-year results</i>	<i>Mid June 1999</i>

# Notice of meeting

Notice is hereby given that the 51st annual general meeting of Plysu plc will be held at the offices of Robert Fleming & Co, 25 Copthall Avenue, London EC2R 7DR at 2.30 pm on 15 July 1998 for the following purposes:

1. To consider the company's financial statements and the reports of the directors and auditors for the year ended 31 March 1998.
2. To re-elect as a director Mr A.B. Brooker who retires by rotation in accordance with the articles of association and offers himself for re-election.
3. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

That, in substitution for all existing authorities, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ('the Act') to exercise all or any of the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £577,619, representing not more than 12.0% of the issued ordinary share capital of the company at 8 June 1998, for a period expiring (unless previously renewed, varied or revoked by the company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the company following the passing of this resolution, whichever first occurs but the company may 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 pursuant to any such offer or agreement. The directors have no present intention of exercising the above authority.

4. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

That, in substitution for all existing authorities and subject to the passing of the resolution under item 3, the directors be and are hereby generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the company pursuant to the authority conferred by the resolution under item 3 as if section 89(1) of the Act did not apply to such allotment provided that this power:

- a. shall expire 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the company following the passing of this resolution, whichever first occurs, save that the company may make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement; and

b. shall be limited to:

- i. allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with such offering as they deem necessary or expedient:
  - to deal with equity securities representing fractional entitlements; and
  - to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and
- ii. other allotments of equity securities for cash up to an aggregate nominal amount of £241,119, representing not more than 5% of the issued ordinary share capital of the company at 8 June 1998.

5. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

That KPMG Audit Plc be and is hereby re-appointed auditor of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the directors.

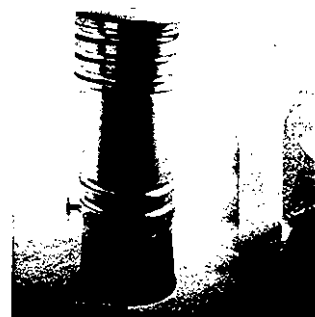
By order of the board  
Paul Manuel  
Secretary  
8 June 1998

120 Station Road  
Woburn Sands  
Milton Keynes  
MK17 8SE

## Notes

- i Every member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in their stead.
- ii A proxy need not be a member of the company. Completion of a form of proxy will not preclude a member from attending and voting in person. To be valid, the instrument appointing such a proxy must be deposited at the office of the company's registrars not less than 48 hours before the time of the meeting.
- iii The register of directors' interests and copies of all directors' service agreements and bonus schemes are available for inspection at the registered office of the company during normal business hours on each business day and at the offices of Robert Fleming & Co on the day of the annual general meeting for at least 15 minutes prior to and during the meeting.

*Each of the group's  
four major divisions  
has continued to develop  
new products for their  
chosen market places.*



**Plysu plc**

