

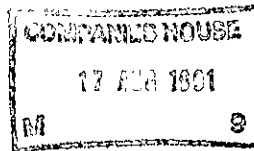
Price Waterhouse



THE EXPANDED METAL COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1990



438206

THE EXPANDED METAL COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1990

(Registered Number: 438206)

The directors have pleasure in submitting their Report and Statement of Accounts for the year ended 31 December 1990.

PRINCIPAL ACTIVITIES

The Expanded Metal Company Limited, is principally engaged in the manufacture and supply of products, components and services to the building, industrial and security markets.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 1 January 1990 the whole of the property and assets connected with Expamet UK Limited's Expanded Metal division were transferred to The Expanded Metal Company Limited.

PROFITS AND DIVIDEND

The profit for the financial year available for distribution amounted to £1,085,000 (1989 £1,900,000). The directors recommend the payment of a final dividend of £2,910,000 (1989 £nil).

DIRECTORS

The directors of the company who served during the year are shown below. They are appointed by the ultimate parent undertaking.

AW Orr
JM Bryson
P Reeder
A Reynolds
JDK Hewitt
D Jones
NG Marsden

DIRECTORS' INTERESTS

Mr JM Bryson and Mr AW Orr are directors of the ultimate parent undertaking and their interests in the share capital of that company are shown in its directors' report.

THE EXPANDED METAL COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1990 (continued)

DIRECTORS' INTERESTS (continued)

The interests of the other directors in the share capital of the ultimate parent undertaking are as follows:

	<u>Number of options</u>		<u>Number of shares</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
P Reeder	86,154	43,495	55	25
JDK Hewitt	45,200	41,884	12,837	15,866
NG Marsden	4,012	-	798	1,361
A Reynolds	-	-	901	871
D Jones	-	-	30	-

During the year ended 31 December 1990 Mr P Reeder was granted options to subscribe for 42,659 shares under the rules of the Examet Senior Executive Share Option Scheme, at a price of 218p per share exercisable between 12 April 1993 and 12 April 2000, and Mr JDK Hewitt was granted options to subscribe for 3,316 shares respectively at a price of 173.7p exercisable in June 1995 under the rules of the Examet Savings Related Share Option Scheme.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent undertaking has maintained insurance to cover directors' and officers' liability as defined in S310 (3)(a) of the Companies Act 1985.

EMPLOYEE INVOLVEMENT

The company is committed to the development of employee consultation and thereby to the greater involvement of employees in the company's operations. Consultation is achieved both on a formal basis in conjunction with trade unions and employee committees and through informal briefing sessions and discussions with groups of employees.

EMPLOYMENT OF DISABLED PERSONS

The company recognises its obligations towards disabled people and endeavours to provide as much employment as the demands of the company's operations and ability of the disabled persons permit. Applications for employment from disabled persons are considered on their merits and every effort is made to find them, and any existing employees who become disabled, appropriate work and training where they are needed.

FIXED ASSETS

The movements in tangible assets are set out in note 11.

SUBSEQUENT EVENTS

Since the year end the Company has implemented a redundancy programme which resulted in a reduction of 83 in the workforce. The costs of this programme, amounting to £850,000, will be reflected in the 1991 results.

THE EXPANDED METAL COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1990 (continued)

AUDITORS

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

By Order of the Board



JDK Hewitt
Secretary

28 March 1991



28 March 1991

THE EXPANDED METAL COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
TURNOVER	2	30,286	497
Cost of sales		(20,372)	(374)
GROSS PROFIT		9,914	123
Distribution costs		(5,175)	(151)
Administrative expenses		(2,714)	(463)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	2,025	(491)
Tax on profit/(loss) on ordinary activities	7	(940)	174
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1,085	(317)
Extraordinary item	8	-	2,217
PROFIT FOR THE FINANCIAL YEAR		1,085	1,900
Dividends	9	(2,910)	-
AMOUNTS TRANSFERRED (FROM)/TO RESERVES	18	(1,825)	1,900

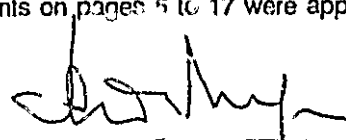
THE EXPANDED METAL COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1990

	Notes	1990 £'000	1989 £'000
FIXED ASSETS			
Intangible assets	10	11,210	-
Tangible assets	11	8,556	-
		<u>19,766</u>	<u>-</u>
CURRENT ASSETS			
Stocks	12	3,171	-
Debtors	13	10,293	5,920
Cash at bank and in hand		2,515	-
		<u>15,979</u>	<u>5,920</u>
CREDITORS (amounts falling due within one year)	14	(11,934)	(2,729)
		<u>4,045</u>	<u>3,191</u>
NET CURRENT ASSETS			
		<u>4,045</u>	<u>3,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>23,811</u>	<u>3,191</u>
CREDITORS (amounts falling due after more than one year)	15	(21,190)	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	(1,097)	(928)
GOVERNMENT GRANTS		(180)	-
		<u>438</u>	<u>2,263</u>
CAPITAL AND RESERVES			
Called up share capital	17	10	10
Profit and loss account	18	428	2,253
		<u>438</u>	<u>2,263</u>

The accounts on pages 5 to 17 were approved by the Directors on 28 March 1991 and are signed by:

JM Bryson
Director



THE EXPANDED METAL COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1990

		1990		1989
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit/(loss) on ordinary activities before taxation		2,025		(491)
Extraordinary item before taxation		<u>-</u>		<u>3,145</u>
		2,025		2,654
Adjustment for items not involving the movement of funds:				
Depreciation and amortisation	1,607		29	
Government grants	<u>(87)</u>		<u>-</u>	
		<u>1,520</u>		<u>29</u>
		3,545		2,683
FUNDS FROM OTHER SOURCES				
Disposals and transfers of tangible fixed assets	31		524	
Payments for group relief	<u>-</u>		<u>373</u>	
		31		897
APPLICATION OF FUNDS				
Additions and transfers of tangible fixed assets	1,189		(553)	
Tax paid	21		-	
Transfer of net assets from the group undertaking (see page 8)	<u>21,196</u>		<u>-</u>	
		<u>(22,406)</u>		<u>(553)</u>
		(18,830)		3,027
(INCREASE)/DECREASE IN WORKING CAPITAL				
Stocks and work in progress	508		-	
Debtors	2,963		(5,557)	
Creditors	<u>17,245</u>		<u>2,530</u>	
		<u>20,816</u>		<u>(3,027)</u>
INCREASE IN NET LIQUID FUNDS		<u>1,986</u>		<u>-</u>

THE EXPANDED METAL COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1990 (continued)

The transfer of net assets from the group undertaking comprises:

	<u>1990</u>	<u>1989</u>		<u>1990</u>	<u>1989</u>
	£'000	£'000		£'000	£'000
Net assets acquired:			Discharged by:		
Intangible assets	11,800	-			
Fixed assets	8,415	-	Amounts owing to		
Stocks and work in			group undertaking	21,196	-
progress	3,779	-			
Debtors	6,366	-			
Creditors	(7,026)	-			
Taxation	(2,417)	-			
Government Grants	(267)	-			
Bank balances and					
overdrafts	546	-			
	<hr/>	<hr/>		<hr/>	<hr/>
	21,196	-		21,196	-
	<hr/>	<hr/>		<hr/>	<hr/>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1990

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards.

(2) Goodwill

Purchased goodwill is capitalised and amortised over its estimated useful economic life which is currently estimated by the directors to be 20 years.

(3) Depreciation

Tangible fixed assets are depreciated over their respective estimated lives. Depreciation is not provided on freehold land, but is provided on all other assets based on estimated lives of:

Buildings-leasehold improvements	Over the life of the lease
Plant and equipment	3 to 20 years

(4) Grants

Regional development and other capital-based grants are released to profit over the period of the related project.

(5) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value and include an appropriate proportion of labour and manufacturing overheads.

(6) Deferred taxation

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

(7) Foreign currency translation

Transactions in foreign currencies during the year are translated at the exchange rate ruling at the date of the transaction. 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.

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1990

1 ACCOUNTING POLICIES (continued)

(8) Turnover

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

(9) Leased assets

Operating lease rentals are charged to the profit and loss account as they fall due.

(10) Research and development

Research and development expenditure is charged to profit in the year in which it is incurred.

2 SEGMENT INFORMATION

Company turnover and profit/(loss) on ordinary activities before taxation are analysed by business as follows:

	Turnover		Profit/(loss) on ordinary activities before taxation	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Building	18,403	-	2,003	-
Industrial	10,107	-	(48)	-
Security	1,776	497	74	(491)
	<u>30,286</u>	<u>497</u>	<u>2,029</u>	<u>(491)</u>

Company turnover by geographical market is analysed as follows:

	1990	1989
	£'000	£'000
United Kingdom	26,143	497
France	16	-
Rest of Europe	2,441	-
USA	87	-
Rest of World	1,599	-
	<u>30,286</u>	<u>497</u>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1990 (continued)

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	<u>1990</u> £'000	<u>1989</u> £'000
Staff costs:		
Wages and salaries	6,785	241
Social security costs	560	23
Other pension costs	-	101
	<hr/> 7,345	<hr/> 265
Depreciation	1,017	29
Goodwill amortisation	590	-
Auditors' remuneration	30	-
Operating lease rentals for plant and machinery	145	-
Other operating lease rentals	589	-
Research and development	20	-
Government grants	(87)	-
	<hr/>	<hr/>

4 DIRECTORS' REMUNERATION

Directors' remuneration including pension contributions comprises emoluments £220,593 (1989 £Nil).

The emoluments of the highest paid director (excluding pension contributions) were £85,362 (1989 £Nil).

The emoluments of the Chairman (excluding pension contributions) were £Nil (1989 £Nil).

Below are shown, within the ranges stated, the number of other directors and their emoluments (excluding pension contributions)

	<u>1990</u>	<u>1989</u>
£0 to £5,000	2	-
£30,001 to £35,000	1	-
£35,001 to £40,000	1	-
£45,001 to £50,000	1	-

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1990 (continued)

5 PENSION COMMITMENTS

The majority of company employees are members of the Expamet group defined benefit pension scheme which is available for all eligible UK employees. The scheme is financed through separate trustee-administered funds.

The pension costs relating to the scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Information on the results of the latest actuarial valuation is contained in the financial statements of Expamet International PLC.

6 EMPLOYEES

The average number employed by the company within each category of persons was:

	<u>1990</u>	<u>1989</u>
Production staff	349	-
Sales and distribution staff	174	-
Administration staff	30	19
	<hr/>	<hr/>
	553	19
	<hr/>	<hr/>

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1990</u> £'000	<u>1989</u> £'000
Corporation tax on the profits for the year at 34.25%	1,036	-
Deferred taxation	(121)	-
Prior year		
- deferred tax	25	-
Payment for tax losses to be surrendered as group relief	-	174
	<hr/>	<hr/>
	940	174
	<hr/>	<hr/>

The tax charge results from the assumption that certain items are disallowable for corporation tax purposes.

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

8 EXTRAORDINARY ITEM

	<u>1990</u> £'000	<u>1989</u> £'000
Surplus on disposal of business	-	3,145
Attributable taxation - deferred taxation	-	(928)
	<hr/>	<hr/>
	-	2,217
	<hr/>	<hr/>

9 DIVIDENDS

	<u>1990</u> £'000	<u>1989</u> £'000
Final proposed dividend of £291 (1989 : £Nil) per £1 ordinary share	2,910	-
	<hr/>	<hr/>

10 INTANGIBLE ASSETS

	<u>1990</u> £'000
<u>Cost</u>	
At 1 January 1990	-
Transfer from Group undertaking	11,800
At 31 December 1990	11,800
	<hr/>
<u>Amortisation</u>	
At 1 January 1990	-
Provision for the year	590
At 31 December 1990	590
	<hr/>
<u>Net book value</u>	
At 31 December 1990	11,210
	<hr/>
At 31 December 1989	-
	<hr/>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

11

TANGIBLE ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<u>Cost</u>			
At 1 January 1990	-	-	-
Additions	62	1,127	1,189
Disposals	-	(105)	(105)
Transfer from group undertaking	114	18,033	18,147
	<hr/>	<hr/>	<hr/>
At 31 December 1990	176	19,055	19,231
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 January 1990	-	-	-
Provided in the year	16	1,001	1,017
Realised on disposals	-	(74)	(74)
Transfer from group undertaking	1	9,731	9,732
	<hr/>	<hr/>	<hr/>
At 31 December 1990	17	10,658	10,675
	<hr/>	<hr/>	<hr/>
<u>Net book amount</u>			
At 31 December 1990	159	8,397	8,556
	<hr/>	<hr/>	<hr/>
At 31 December 1989	-	-	-
	<hr/>	<hr/>	<hr/>

All movements in land and buildings relate to long leasehold improvements.

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

12 STOCKS

	<u>1990</u> £'000	<u>1989</u> £'000
Raw materials and consumables	1,055	-
Work in progress	484	-
Finished goods and goods for resale	1,632	-
	<hr/>	<hr/>
	3,171	-
	<hr/>	<hr/>

13 DEBTORS

	<u>1990</u> £'000	<u>1989</u> £'000
Trade debtors	5,748	5,860
Amounts owed by group undertakings	2,188	-
Prepayments and accrued income	245	-
Other debtors	161	60
	<hr/>	<hr/>
	9,323	5,920
Advance corporation tax - due after one year	970	-
	<hr/>	<hr/>
	10,293	5,920
	<hr/>	<hr/>

14 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	<u>1990</u> £'000	<u>1989</u> £'000
Bank loans and mortgages	43	60
Trade creditors	4,372	-
Amounts owed to group undertakings	2,254	2,234
Corporation tax	189	95
Other taxation and social security	675	-
Accruals and deferred income	323	-
Other creditors	198	340
Proposed dividend	2,910	-
Advance corporation tax	970	-
	<hr/>	<hr/>
	11,934	2,729
	<hr/>	<hr/>

The above loan and mortgage attracts an interest rate of 12 per cent per annum.

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

15 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	<u>1990</u> £'000	<u>1991</u> £'000
Amounts owed to group undertaking	£21,196	£-
	<hr/>	<hr/>

16 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1990</u> £'000	<u>1989</u> £'000
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Deferred taxation

(1) Movement in the year

At 1 January 1990	928	-
Transfers from group companies	1,165	-
Transfer from profit and loss account	(96)	-
Chargeable gains deferred by rollover relief	-	928
	<hr/>	<hr/>

At 31 December 1990	1,997	928
	<hr/>	<hr/>

(2) Provision at year end

Deferred taxation provided in the accounts comprises:		
Chargeable gains deferred by roll over relief	781	928
Accelerated tax depreciation and other timing differences	526	-
Arising on revaluation surplus	690	-
	<hr/>	<hr/>
	1,997	928
	<hr/>	<hr/>

17 CALLED UP SHARE CAPITAL

	<u>1990</u> £'000	<u>1989</u> £'000
Authorised, allotted and fully paid 10,000 ordinary shares of £1 each	10	10
	<hr/>	<hr/>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

18 RESERVES

	£'000
At 1 January 1990	2,253
Retained loss for year	(1,825)
	<hr/>
At 31 December 1990	428

19 CAPITAL COMMITMENTS

	1990 £'000	1989 £'000
Contracted for but not provided in the accounts	234	-
Authorised but not contracted	57	-
	<hr/>	<hr/>
	291	-
	<hr/>	<hr/>

20 OBLIGATIONS UNDER OPERATING LEASES

The minimum rental commitments at 31 December 1990 in respect of non-cancellable operating leases expiring in the following years, for which provision has not been made, were:

	1990		1989	
	Property £'000	Equipment £'000	Property £'000	Equipment £'000
Within one year	-	32	-	-
Between two and five years	-	69	-	-
In five years or more	589	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	589	101	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

21 CONTINGENT LIABILITIES

At 31 December 1990 there were contingent liabilities in the normal course of business of £96,000 (1989 £Nil) in respect of which no losses are expected.

22 SUBSEQUENT EVENTS

Since the year end the company has implemented a redundancy programme which resulted in a reduction of 83 in the workforce. The costs of this programme, amounting to £850,000, will be reflected in the 1991 results.

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

23

PARENT UNDERTAKING

The ultimate parent undertaking is Expanet International PLC which is registered in England. Copies of the group accounts can be obtained from Clifton House, 83/89 Uxbridge Road, Ealing, London W5 5TA.