

1285055

This document, which comprises an exempt listing document relating to Darby Group Public Limited Company, ("the Company") has been prepared and has been delivered to the Registrar of Companies in accordance with the listing rules made under Section 142 of the Financial Services Act 1986.

Application has been made to the London Stock Exchange Limited ("the London Stock Exchange") for the whole of the issued ordinary share capital of the Company, which is currently quoted on the Unlisted Securities Market ("USM"), to be admitted to the Official List of the London Stock Exchange ("Official List"). It is expected that admission to listing will become effective and that dealings in the ordinary shares of 5p in the Company will commence on 4th April, 1996.

The Directors of the Company, whose names, addresses and functions appear on page 2 of this document, ("the Directors") accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Close Brothers Corporate Finance Limited is acting as financial adviser to the Company in relation to the proposed preparation and distribution of this document and is not advising any other person or treating any other person as its customer in relation to the transition of the Company from the USM to the Official List. Close Brothers Corporate Finance Limited will not be responsible to any other person for providing the protections afforded to its customers or for advising any such person on the transactions or arrangements proposed in this document for any matters referred to herein. Albert E. Sharp is broker to the Company.

This document does not constitute an offer or invitation for any person to subscribe for, or purchase, any securities in the Company.

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## DARBY GROUP PUBLIC LIMITED COMPANY

*(Incorporated and Registered in England and Wales with Registered No. 1285055)*

### Introduction to the Official List

by Close Brothers Corporate Finance Limited

of the whole of the issued ordinary share capital of

## DARBY GROUP PUBLIC LIMITED COMPANY

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### SHARE CAPITAL

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
35,680,000	£1,784,000	Ordinary Shares of 5p each	26,757,562	£1,337,878.10



1. Directors

The directors of the Company are:

Michael John Darby (Chairman and Chief Executive)  
Christopher Michael Simpson (Managing Director)  
Roger Charles Queen (Finance Director)  
Howard Hardy (Non-Executive Director)  
John Robert Chester Young, CBE (Non-Executive Director)

all of Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS.

2. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as dealers and manufacturers in glass and generally to deal in any products ancillary thereto. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 6 below.

The Articles of Association of the Company which were adopted pursuant to a Special Resolution of the Company passed on 16th September, 1988 contain provisions, *inter alia*, to the following effect:

(i) *Voting rights*

Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company save where provided otherwise by the terms of the issue of shares they hold, or as specified in sub-paragraph (ii) below. Subject to any special terms as to voting upon which any shares may have been issued, or may for the time being be held, on a show of hands every member present in person shall have one vote and upon a poll every member who is present in person or by proxy shall have one vote for every share held by him.

(ii) *Restrictions on Voting*

No member shall, unless the Directors otherwise determine, be entitled to be present or to vote either in person or by proxy at any General Meeting or upon any poll, if any calls or other moneys due and payable by him in respect of shares remains unpaid.

Further, if a member or any person appearing to be interested in shares held by such member has been duly served with a notice pursuant to Section 212 of the Companies Act 1985 ("the Act") and (a) is in default in supplying to the Company the information thereby requested, within 28 days after the service of such notice or such longer period as is specified for compliance, or has made a statement in purported compliance with such notice which is false or misleading in any material particular; and, (b) has not remedied such default or corrected such statement within 14 days of the service of a disenfranchisement notice, his shares will no longer confer on him the right to vote at any General Meeting of the Company.

(iii) *Variation of class rights*

If at any time the capital is divided into different classes of shares, all or any of the rights and privileges attached to any class of shares may be varied in such manner (if any) as may be provided by such rights or (in the absence of any such provision) either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of

that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise. Every such separate meeting shall be convened as nearly as possible in the same way as an Extraordinary General Meeting but so that the necessary quorum at every such meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class. Any holder of shares of the relevant class present in person or by proxy may, in writing, demand a poll and at any adjourned meeting of such holders the quorum is one person holding shares in the class in question. The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided) be deemed to be a variation of the rights of such shares.

(iv) *Transfer of shares*

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a partly paid share), by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in common form or any other form which the directors shall approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of any share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly or any transfer of a share on which the Company has a lien. Every instrument of transfer must be in respect of only one class of share, and must be left at the registered office accompanied by the certificate for the shares and any other evidence the Directors may require to show the title of the transferor. The registration of transfers may be suspended by the Directors at such time and for such periods as they may from time to time determine (not exceeding 30 days in any year).

(v) *Dividends and distributions on liquidation to shareholders*

- (a) The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any shares with special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
- (b) The Directors may from time to time declare and pay an interim dividend to the members.
- (c) No dividend shall be paid otherwise than in accordance with the provisions of the Act.
- (d) On a liquidation, the Liquidator may, with the authority of an Extraordinary Resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be so divided and determine how such division shall be carried out between Members or classes of Members.
- (e) Any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

(vi) *Alteration of capital*

The Company may by Ordinary Resolution:-

- (a) increase its capital by such aggregate amount to be divided into shares of such respective amounts as the resolution may prescribe;
- (b) consolidate its shares, or any of them, into shares of a larger amount;
- (c) sub-divide its shares, or any of them, into shares of a smaller amount;
- (d) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled; and
- (e) convert any fully paid up shares into stock and vice-versa.

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund and any share premium account in any manner authorised by law.

The Company may also in accordance with and subject to the provisions of any relevant legislation:-

- (a) issue any shares on the terms that they are, or at the option of the Company are to be liable to be redeemed;
- (b) purchase its own shares;

(vii) *Untraced shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable any share or stock of a Member who is untraceable if:-

- (i) for a period of twelve years no cheque or warrant addressed to the Member or to the person entitled by transmission to the share or stock has been cashed;
- (ii) no communication has been received by the Company from the Member or the person entitled by transmission;
- (iii) in any such period of twelve years the Company has paid at least three dividends whether interim or final and no such dividend has been claimed; and
- (iv) the Company has at the expiration of the said period of twelve years by advertisement in both a leading London daily newspaper and in a newspaper circulating in the area where the Member's last known address is located given notice of its intention to sell such share or stocks.

The Articles do not comply in all respects with the requirements set out in the Listing Rules. The Directors have resolved to ensure that the necessary resolutions will be put to shareholders at the next general meeting of the Company amending the Articles to ensure that they comply fully with the Listing Rules, and that until such resolutions are put to shareholders they will conduct the business of the Company as if the Articles already fully complied.

3. **Significant Changes**

There has been no significant change in the financial or trading position of the Company and its subsidiary undertakings since 31st December, 1995, being the date to which the Company's last audited accounts were published.

4. **Annual Reports and Accounts**

Copies of the audited consolidated accounts of the Company and its subsidiary undertakings for the three years ended 28th February, 1995 and for the ten months ended 31st December, 1995 are attached as Appendix I to this document.

5. **USM listing particulars**

On 5th July, 1995 a circular was sent to shareholders in connection with a rights issue. A copy of the circular, so dated, is attached as Appendix II to this document.

6. **Documents available for inspection**

Copies of this document and the following additional documents may be inspected during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and the offices of Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA from the date of this document up to and including 12th April, 1996:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the audited consolidated accounts of the Company and its subsidiary undertakings for the three financial years ended 28th February, 1995 and for the ten months ended 31st December, 1995.

29th March, 1996



## APPENDIX I

Reports and accounts for the three years ended 28th February, 1995 and  
for the ten months ended 31st December, 1996



***Darby***  
DARBY GROUP Plc

**Annual Report 1993**

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# *Officers and Advisers*

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<b>Chairman</b>	M. J. Darby
<b>Managing Director</b>	D. E. Boddy
<b>Directors</b>	Mrs B. J. Darby C. M. Simpson H. Hardy
<b>Secretary</b>	B. Dovey
<b>Registered Office</b>	Darby House, Sunningdale Road, Scunthorpe, South Humberside
<b>Auditors</b>	Streets & Co., Tower House, Lucy Tower Street, Lincoln
<b>Bankers</b>	National Westminster Bank PLC, Nottingham Business Centre, 1st Floor, Radford House, Radford Boulevard, Nottingham
<b>Solicitors</b>	Burton & Dyson, Market Place, Gainsborough, Lincolnshire
<b>Stockbrokers</b>	Panmure Gordon & Co. Limited, 9 Moorfields Highwalk, London
<b>Transfer Office</b>	Stentiford Close Registrars, Broseley House, Newlands Drive, Witham, Essex



# Chairman's Statement

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## Results

Sales were £17.6m of which £13.7m emanated from continuing activities (1992: £17.9m and £14.3m respectively). Pre-tax profit on continuing activities was £225,000 (1992: £610,000). After taking into account losses on discontinued activities there is an overall pre-tax loss of £2,764,000 compared to an overall pre-tax profit in 1992 of £285,000. Earnings per share on continuing activities, before taxation were 1.41p. In view of the very substantial overall loss, the Directors do not propose to pay a final dividend.

## Business review

Clearly the most significant event in last year was the disposal of Darby France. To reiterate the announcement I made on 1st March, 1993, the recession in Europe became increasingly severe during last year, with the French market being particularly adversely affected. Selling price and margin were squeezed very significantly and we saw no improvement in industrial relations, and consequently manufacturing performance. Productivity levels remained consistently well below those achieved within our U.K. factories.

Substantial losses were incurred at Darby France during last year and these accelerated rapidly towards the end of the year as trading conditions continued to deteriorate. The loss before tax at Darby France, which falls within our discontinued activities amounted to £2,435,000. Clearly we could not sustain these levels of losses, and it was therefore evident that the best interest of the Group would be served by disposing of the French operation. We were therefore pleased that on 26th February, 1993, after purchasing the minority interest in Darby France S.A., the Company immediately sold its 100% shareholdings in Darby Europe S.A. and Darby France S.A. to Pilkington Holdings S.A., a subsidiary of Pilkington

Plc. Net proceeds, which were paid in cash on completion were approximately FFr.4,000,000, and in addition inter-Company balances of approximately FFr.10,000,000 were repayable. The funds received have been used to repay bank borrowings.

Whilst we were disappointed to have to curtail manufacturing operations in Mainland Europe, the sale was obviously necessary to protect the Group's position and to ensure a return to profitable trading in the current year.

Also included within the discontinued activities column is a charge of £177,000 which represents the write off of all the costs incurred in attempting to establish a U.S. market. Between 1989 and 1992 the Company vigorously attempted to break into the U.S. market, believing that it would form a very significant part of the business and profitability of the Company in the future. The investment, both financial and in terms of management time was substantial, but nevertheless the belief proved to be unfounded. Consequently the Board has now decided to abandon any attempt to establish a business in the United States, and all the outstanding investment has been charged to profit and loss within the discontinued activities column.

Looking at the ongoing business, which now comprises U.K. trading operations, the second half of the year was little different to the first, with very similar levels of profitability. This in itself was an encouraging sign since it was the first six month period for several years where there has not been a deterioration in U.K. Business.

Net Borrowings at the year-end date amounted to £4.8 million, or 79.9% of shareholders funds. This compares with £7.5 million at 28th February, 1992, which represented 93.5% of shareholders funds.



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Since the year end date Mr. Steven Haswell has resigned as Group Finance Director. Given the rationalisation of our trading activities, Mr. David Boddy, Group Managing Director (who was previously Group Finance Director) has re-assumed Board responsibility for financial matters, and is now ably assisted by a newly appointed Group Financial Controller.

#### **Current trading and prospects**

As a consequence of recent events, the Group's trading strategy has been subject to major amendment. Sales and manufacturing priority is being concentrated in those products and markets where the Company can best utilise its expertise in the manufacture of high value speciality products providing above average margins. Research and development associated with such products is being intensified.

In recent months there have been some signs of a recovery within the U.K., albeit slow. During the First Quarter, business volumes were noticeably advanced, whilst plant utilisation was the best achieved at any time during the past three year period.

Positive results from the Company's policy of automating production functions and the consequent streamlining of direct production costs are beginning to come through. Profit performance in the year to date is running at a much improved level, and, most encouragingly, average margins have been significantly advanced.

Notwithstanding the decision to cease production in France our interest in selling abroad has remained high. Particularly encouraging is the Company's current export performance, where full advantage has been taken of the weakness of Sterling against major European Currencies. Export sales have grown substantially with excellent long term contracts having been secured in a number of

European markets, and in the Far East. Importantly, many of these contracts incorporate high value Bent Tempered Glass products.

On the home front, each of the Company's manufacturing factories is operating efficiently, and in a number of cases at full capacity. We are now considering recommissioning our factory at Barking, which has been mothballed for the past two years, since this would facilitate improved service levels to customers in the expanding markets of London and the South East.

Despite major progress now being made, we are mindful that the recovery appears to be somewhat fragile, and it would therefore be inappropriate for us to be over optimistic at this stage. Nonetheless, we do expect to consolidate recent improvements, and we are projecting a further advance in business levels later in the year. The price and margin pressures that we have experienced during the last three years has considerably eased, so that improvement in profitability should be maintained.

#### **Mr. Paul Langton**

The year was considerably marred by the untimely death by car accident of Mr. Paul Langton, at the age of thirty two. Paul, who had been with the Company for fifteen years, was Managing Director of the Group's Darby (West) Subsidiary, and was largely responsible for establishing the solid platform at Gloucester which is the base of current very profitable trading activities. He will be much missed.

#### **Michael Darby**

*Chairman and Chief Executive*

8th July, 1993



# Report of the Directors

to the members of Darby Group Plc

The Directors submit their Report, together with the Audited Financial Statements for the year ended 28th February 1993. The Group's policy is to make up its Accounts to the Friday nearest to 28th February. In the current year the Accounts were made up to 26th February 1993.

## Results and dividends

The Group profit for the year, from continued operations, was

<u>£225,000</u>
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The Group loss for the year, before taxation, was

<u>£2,764,000</u>
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After taxation and minority interests, there was a loss of

<u>£2,655,000</u>
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The directors do not recommend the payment of a dividend for the year.

## Review of the business

The Group is a manufacturer and distributor of a range of specialist glass products.

The chairman's statement contains a review of the Group's business and likely future developments.

## Fixed assets

The Group continued to invest in fixed assets and principal additions to Plant included Glass Toughening and Process Equipment.

There was a significant reduction in the group's total fixed assets as a result of the disposal of the group's French subsidiaries.

The directors do not consider the market value of the group's interest in land and buildings is less than that at which it is stated in the accounts.

## Directors

The directors of the company at 28th February 1993 and their interests in the ordinary share capital of the company were as follows:

	1993	1992 or date of appointment
M. J. Darby	4,000,001	4,000,001
Mrs B. J. Darby	3,999,999	3,999,999
D. E. Boddy	9,100	9,100
* S. H. Haswell	—	—
† C. M. Simpson	—	—
H. Hardy	4,181	4,181

\* Resigned 28th May 1993.  
† Appointed 6th April 1992.

P. C. Short resigned as a director of the company on 6th April 1992.

The above interests include shares held by or on behalf of Trustees of a Settlement made by him/her as follows:

	1993	1992
M. J. Darby	3,470,654	3,470,654
Mrs B. J. Darby	3,470,653	3,470,653

There was no change in the above shareholdings between 28th February 1993 and 8th July 1993.

The following Director held options to purchase shares under the Company's executive share option scheme at 28th February as follows:

	1993	1992
D. E. Boddy	2,000	2,000

Other than the transactions referred to below no Director has had a beneficial interest in any contract of significance with the Company or its subsidiaries during the year.

H. Hardy is senior partner in the firm of Messrs Burton & Dyson, the Company's Solicitors. During the year that firm received fees of £27,438 in respect of general services and for his services as a non-executive Director.



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During the year Darby Group plc guaranteed a loan of £40,000 made by the Darby Group Directors Pension Scheme to a company in which Darby Group plc had taken an interest. The Directors of Darby Group plc are members of the Darby Group Directors Pension Scheme which called in the guarantee following the appointment of a receiver to the company in question.

**Other substantial shareholdings**

At 30th June 1993, Norwich Union Life Insurance Society and Norwich Union Pension Management Limited held 2,466,667 ordinary shares (15.5 per cent. of the total issued ordinary share capital). At the same date, Framlington Group plc held 856,000 ordinary shares (5.4% of the total issued ordinary share capital).

**Employees**

The Group seeks to provide equal opportunities in the appointment, training and career development of disabled persons taking into account their abilities.

The Group seeks to keep employees involved in and informed about the Group's affairs.

**Close company**

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

**Auditors**

Streets & Co. have expressed their willingness to continue in office, and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

**B. Dovey**  
*Secretary*

8th July 1993



# Consolidated Profit and Loss Account

for the year ended 28th February 1993

	Notes	1993			1992
		Continuing operations		Total £000	Total £000
		operations £000	Discontinued operations £000		
<b>Turnover</b>	1	13,658	3,970	17,628	17,874
Cost of sales		(9,411)	(4,626)	(14,037)	(12,920)
<b>Gross profit/(loss)</b>		4,247	(656)	3,591	4,954
Distribution and selling costs		(1,757)	(890)	(2,647)	(2,296)
Administrative expenses		(1,947)	(745)	(2,692)	(1,962)
Other operating income		—	—	—	386
<b>Operating profit/(loss)</b>	2	543	(2,291)	(1,748)	1,082
Loss on disposal of discontinued operations:					
Surplus over net assets		—	229	229	—
Less: Goodwill previously written off		—	(307)	(307)	—
<b>Profit/(loss) on ordinary activities before interest</b>		543	(2,369)	(1,826)	1,082
Interest receivable		15	47	62	40
Interest payable	4	(333)	(667)	(1,000)	(837)
<b>Profit/(loss) on ordinary activities before taxation</b>	1	225	(2,989)	(2,764)	285
Taxation credit	5			177	126
<b>(Loss)/profit on ordinary activities after taxation</b>	6			(2,587)	411
Minority interests	20			(68)	(28)
<b>(Loss)/profit attributable to shareholders</b>				(2,655)	383
Dividends	7			—	(318)
<b>Retained (loss)/profit for the year</b>	18			(2,655)	65
<b>(Loss)/earnings per share</b>	8			(16.68)p	2.51p
Continuing profit before tax per share	8			1.41p	3.99p

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1993 £000	1992 £000
(Loss)/profit for the financial year	(2,655)	383
Currency translation differences on foreign currency net investments	293	4
<b>Total recognised (loss)/profit relating to the year</b>	<b>(2,362)</b>	<b>387</b>



# Consolidated Balance Sheet

as at 28th February 1993

	Notes	1993		1992	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		8,576		13,938
<b>Current assets</b>					
Stocks	11	1,463		1,927	
Debtors	12	4,283		4,717	
Cash and bank balances		3		224	
		5,749		6,868	
<b>Creditors</b>					
Amounts falling due within one year	13	(5,774)		5,996	
<b>Net current (liabilities)/assets</b>					
			(25)		872
<b>Total assets less current liabilities</b>					
			8,551		14,810
<b>Creditors</b>					
Amounts falling due after one year	14	2,197		5,945	
<b>Provisions for liabilities and charges</b>					
	16	—		63	
			2,197		6,008
			6,354		8,802
<b>Capital and reserves</b>					
Share capital	17		796		796
Share premium Account			3,503		3,503
Profit and loss account	18		1,707		3,762
<b>Shareholders' funds</b>					
Minority interests	19		6,006		8,061
	20		348		741
			6,354		8,802

M. J. Darby }  
D. E. Boddy } *Directors*

8th July 1993



# Company Balance Sheet

as at 28th February 1993

	Notes	1993		1992	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		1,755		1,823
Investments	10		100		2,027
			1,855		3,850
<b>Current assets</b>					
Debtors	12	9,397		8,220	
Cash and bank balances		225		—	
		9,622		8,220	
<b>Creditors</b>					
Amounts falling due within one year	13	5,198		2,399	
<b>Net current assets</b>			4,424		5,821
<b>Total assets less current liabilities</b>			6,279		9,671
<b>Creditors</b>					
Amounts falling due after one year	14	813		2,200	
<b>Provisions for liabilities and charges</b>	16	—		(115)	
			813		2,085
			5,466		7,586
<b>Capital and reserves</b>					
Share capital	17		796		796
Share premium Account			3,503		3,503
Profit and loss account	18		1,167		3,287
			5,466		7,586

M. J. Darby }  
D. E. Boddy } *Directors*

8th July 1993



# Cash Flow Statement

for the year ended 28th February 1993

	Notes	1993		1992	
		£000	£000	£000	£000
<b>Net cash inflow from operating activities</b>	22		600		289
<b>Return on investments and servicing of finance:</b>					
Interest received		48		40	
Interest paid		(944)		(837)	
Dividends paid		(318)		(306)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			(1,214)		(1,103)
<b>Taxation received (paid)</b>			161		(162)
<b>Investing activities:</b>					
Payments to acquire tangible fixed assets		(785)		(1,473)	
Receipts from sales of tangible fixed assets		342		138	
Acquisition of subsidiaries		—		(75)	
Disposal of subsidiary companies	21	531		—	
<b>Net cash inflow/(outflow) from investing activities</b>			88		(1,410)
<b>Net cash inflow/(outflow) before financing</b>			(365)		(2,386)
<b>Financing:</b>					
Issue of shares net of expenses		—		1,249	
Receipts from loans		1,132		2,668	
Repayments of loans		(64)		(76)	
Repayments of loans from shareholders in group companies		(371)		(287)	
Finance lease repayments		(360)		(377)	
<b>Net cash inflow/(outflow) from financing</b>			337		3,177
<b>Increase/(decrease) in cash and cash equivalents</b>	22		(28)		791



# Accounting Policies

The accounts have been prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards. The significant accounting policies are set out below and have been applied consistently other than for the adoption, for the first time, of Financial Reporting Standards 1, 2 and 3. 1992 comparative figures have been restated as necessary.

## (a) Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary and related companies, all of which are drawn up to 28th February and based on audited accounts. A separate Profit and Loss Account for the holding company is not presented as provided by Section 230 of the Companies Act 1985.

Companies disposed of during the year are consolidated for the period of ownership. In the current year, Darby (Europe) S.A. and Darby (France) S.A. were disposed of on 26th February 1993 and their results for the period of ownership are based upon audited accounts at that date.

Consolidated goodwill arising on the acquisition of subsidiary companies or businesses acquired by subsidiary companies (representing the excess of the fair value of the consideration given over the separate net assets acquired) is written off against reserves in the year in which it arises.

## (b) Related Company

The company has a 50% interest in Bent Tempered Glass Limited. It exercises dominant influence in the management of that company and manages it on a unified basis with the subsidiary companies. The accounts of that company have therefore been fully consolidated in the group accounts with 50% being calculated as the minority interest.

## (c) Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases") the assets are treated as if they had been purchased outright and the corresponding leasing commitments are included in Creditors.

All other leases are "operating leases" and the annual rentals are charged in the Profit and Loss Account.

## (d) Depreciation

Freehold land is not depreciated. Other fixed assets are depreciated on a straight line basis to write off the excess of cost over estimated residual value over the estimated useful lives of the assets, from the date of coming into use, as follows:

Freehold buildings	- 40 years
Leasehold improvements	- 7 years
Plant	- 7 to 15 years
Office equipment	- 7 years
Motor vehicles	- 4 years

The residual values and the useful lives are estimated by the directors.

Plant includes the cost of commissioning new machinery being the cost of glass used together with the attributable cost of labour and overhead.

## (e) Turnover

The group turnover represents the value of goods, excluding VAT, supplied to customers excluding group companies.

## (f) Government Grants

Regional development grants relating to fixed assets are deducted from the cost of the relevant asset, and the net amount is depreciated in accordance with the stated policy.

## (g) Stocks

Stocks and work in progress are valued at the lower of cost, including the appropriate level of overheads, and net realisable value.

## (h) Foreign Currencies

Assets, liabilities and results recorded in foreign currencies are translated into sterling at the rates of exchange ruling at 28th February.

Exchange differences arising on the translation of the opening net assets of overseas subsidiaries and of loans financing overseas assets are taken direct to reserves. Other exchange differences are dealt with in the Profit and Loss Account.

## (i) Deferred Taxation

Deferred taxation is calculated by the liability method on timing differences between accounting profits and profits computed for taxation purposes, and is provided in the accounts to the extent that it is likely to become payable in the future.

## (j) Pensions

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the group in an independently administered fund. In addition, the group makes discretionary contributions to the personal pension plans of certain employees. The pension cost charge represents contributions payable by the group.



# Notes to the Accounts

for the year ended 28th February 1993

## 1. Turnover, expenses, profit and net assets

(a) The turnover, profit and net assets are attributable to one activity; the manufacture and distribution of a range of specialist glass products.

(b) The analysis of results from discontinued operations is as follows:

	1993	1992
	£000	£000
Loss before tax of Darby (Europe) S.A. and Darby (France) S.A.	(2,435)	(115)
Interest on financing discontinued activities	(290)	(210)
Administrative expenses re discontinued activities	(13)	—
Loss on disposal of Darby (Europe) S.A. and Darby (France) S.A.	(74)	—
Write-off of costs incurred in attempting to establish a market in the USA	(177)	—
Loss before tax from discontinued operations	<u>(2,989)</u>	<u>(325)</u>

(c) The analysis by geographical origin is as follows:

	Turnover		Profit/(loss)		Net assets	
	1993	1992	1993	1992	1993	1992
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing:						
UK	13,658	14,261	225	610	6,354	6,414
Discontinued:						
UK	—	—	(554)	(210)	—	—
France	3,970	3,613	(2,435)	(115)	—	2,388
	<u>17,628</u>	<u>17,874</u>	<u>(2,764)</u>	<u>285</u>	<u>6,354</u>	<u>8,802</u>

(d) The analysis of turnover by geographical destination is as follows:

	Turnover	
	1993	1992
	£'000	£'000
Continuing operations:		
UK		
Other EEC countries	12,274	13,716
Other	853	306
Discontinued operations:		
France	531	239
	<u>3,970</u>	<u>3,613</u>
	<u>17,628</u>	<u>17,874</u>

(e) The analysis of the comparative figures for 1992 is as follows:

	1992		Total
	Continuing Operations	Discontinued Operations	
	£000	£000	£000
Turnover	14,261	3,613	17,874
Cost of sales	(9,940)	(2,980)	(12,920)
Distribution and selling costs	(1,859)	(437)	(2,296)
Administrative expenses	(1,799)	(163)	(1,962)
Other operating income	296	90	386
Interest receivable	18	22	40
Interest payable	(367)	(470)	(837)
Profit before tax	<u>610</u>	<u>(325)</u>	<u>285</u>



# Notes to the Accounts

continued

## 2. Operating profit

This is stated after charging:	1993	1992
	£'000	£'000
Depreciation on:		
Owned assets	851	607
Assets held under finance leases and hire purchase contracts	209	63
Plant and vehicles—hire	84	84
—operating lease	321	367
Property—operating lease	253	233
Directors' remuneration	285	311
Auditors' remuneration	48	49
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on sale of fixed assets	—	17
Commission received	—	287
Loan from shareholder in subsidiary company written off	—	82
	<u>          </u>	<u>          </u>

Non-audit fees paid to Streets & Co. amounted to £7,800.

## 3. Employees and directors

The average weekly number of employees during the year was made up as follows:

	1993	1992
	Number	Number
Production	219	228
Administration and management	35	52
Sales and distribution	44	50
Discontinued operations	73	75
	<u>          </u>	<u>          </u>
	371	405

Staff costs consist of:

	£'000	£'000
Wages and salaries	4,229	4,511
Social security costs	779	696
Other pension costs	43	53
	<u>          </u>	<u>          </u>
	5,051	5,260

Directors' remuneration:

Fees	8	8
Other emoluments including pension contributions	277	303
	<u>          </u>	<u>          </u>
	285	311

Emoluments excluding pension contributions:

Chairman and highest paid Director	79	84
	<u>          </u>	<u>          </u>

Other Directors' emoluments fell within the following ranges:

£Nil—£5,000	1	—
£5,001—£10,000	1	1
£10,001—£15,000	—	1
£35,001—£40,000	1	1
£40,001—£45,000	1	2
£45,001—£50,000	2	—
£55,001—£60,000	—	1



#### 4. Interest payable

	1993	1992
	£'000	£'000
On bank overdrafts and bank loans wholly repayable within five years	923	488
On bank loans wholly or partly repayable after five years	—	65
Finance lease and hire purchase interest	55	119
On other borrowings and other interest	22	165
	<u>1,000</u>	<u>837</u>

#### 5. Taxation credit:

	1993	1992
	£'000	£'000
Taxation based on the profit for the year:		
Corporation tax (payable)/recoverable	(7)	60
Adjustment relating to prior years	6	4
Deferred taxation release	178	62
	<u>177</u>	<u>126</u>

Corporation tax is calculated at 33% (1992: 33.08%) of taxable profits.

The tax charge for the year has been reduced as a result of:

Accelerated capital allowances	£119,000
--------------------------------	----------

#### 6. Profit for the year

This has been dealt with as follows:

	1993	1992
	£'000	£'000
Parent company	(1,860)	(32)
Subsidiary companies and consolidation	(727)	443
	<u>(2,587)</u>	<u>411</u>

#### 7. Dividends

	1993	1992
	£'000	£'000
Ordinary dividends—paid	—	191
—proposed	—	127
	<u>—</u>	<u>318</u>

#### 8. Earnings per share

	1993	1992
	Pence	Pence
(Loss)/earnings per share	(16.68)	2.51
Loss before tax of discontinued operations	18.78	2.12
Tax	(1.11)	(0.82)
Minority interests	0.42	0.18
Continuing profit before tax per share	<u>1.41</u>	<u>3.99</u>

The continuing profit before tax per share has been calculated in addition to the earnings per share required by SSAP 3 since in the opinion of the directors this will allow shareholders to consider the results of the continuing operations of the Group.

The earnings per share is based on the average number of shares in issue during the year of 15,927,145 (1992: 15,292,581).



# Notes to the Accounts

continued

## 9. Tangible assets

GROUP	Freehold buildings £'000	Leasehold improvements £'000	Plant, vehicles and office equipment £'000	Assets in the course of construction £'000	Total £'000
<i>Cost:</i>					
At 28th February 1992	3,888	50	12,084	396	16,418
Exchange movement	392	—	750	16	1,158
Additions	18	7	679	182	886
Reclassification	—	—	452	(452)	—
Disposals	—	—	(100)	(29)	(129)
Subsidiary companies sold	(2,100)	—	(4,452)	—	(6,552)
At 28th February 1993	<u>2,198</u>	<u>57</u>	<u>9,413</u>	<u>113</u>	<u>11,781</u>
<i>Depreciation:</i>					
At 28th February 1992	267	15	2,198	—	2,480
Exchange movement	7	—	(6)	—	1
Provided during year	83	9	968	—	1,060
Disposals	—	—	(65)	—	(65)
Subsidiary companies sold	(73)	—	(198)	—	(271)
At 28th February 1993	<u>284</u>	<u>24</u>	<u>2,897</u>	<u>—</u>	<u>3,205</u>
<i>Net book value:</i>					
At 28th February 1993	<u>1,914</u>	<u>33</u>	<u>6,516</u>	<u>113</u>	<u>8,576</u>

COMPANY	Freehold buildings £000	Assets in the course of construction £000	Total £000
<i>Cost:</i>			
At 28th February 1992	2,021	29	2,050
Additions	—	4	4
Disposals	—	(29)	(29)
At 28th February 1993	<u>2,021</u>	<u>4</u>	<u>2,025</u>
<i>Depreciation:</i>			
At 28th February 1992	227	—	227
Provided during year	43	—	43
At 28th February 1993	<u>270</u>	<u>—</u>	<u>270</u>
<i>Net book value:</i>			
At 28th February 1993	<u>1,751</u>	<u>4</u>	<u>1,755</u>

	Group	
	1993 £000	1992 £000
Cost of land not subject to depreciation	334	849
Residual value of plant used in the calculation of depreciation and therefore not subject to depreciation	2,376	2,530
Additions to plant includes:		
Cost of materials used plus labour and overhead in commissioning new machinery	—	506
Own labour on installation of plant	74	85
Interest on sums borrowed to finance assets and capitalised prior to new machinery coming into use	—	90
Net book value of plant held under finance lease	1,499	2,936



## 10. Investments

	Company	
	1993 £000	1992 £000
Subsidiary companies	—	1,927
Related company	100	100
	<u>100</u>	<u>2,027</u>

### Subsidiary companies:

Shareholdings are stated at cost less provisions as follows:

	£000
At 28th February 1992	1,927
Disposals	(1,927)
At 28th February 1993	<u>—</u>

The Company's trading subsidiaries are:

	Country of incorporation and operation	Proportion of ordinary share capital held
Darby Tempered Products Limited	U.K.	100%
Rhino Toughened Glass Limited	U.K.	100%
Darby (West) Limited	U.K.	100%

All shareholdings are held directly by the Company. The business of these companies is the manufacture and distribution of specialist glass products.

### Related company:

The Company owns 50 per cent. of the ordinary share capital (being 100,000 shares of £1 each) of Bent Tempered Glass Limited, a Company incorporated and trading in the U.K., whose business is the manufacture and sale of bent toughened glass.

As indicated in the Accounting Policies the accounts of this company are consolidated in the group accounts.

## 11. Stock

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Raw materials	1,073	1,532	—	—
Work in progress	237	254	—	—
Finished goods	153	141	—	—
	<u>1,463</u>	<u>1,927</u>	<u>—</u>	<u>—</u>

## 12. Debtors

	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Trade debtors	2,517	2,881	—	—
Amounts owed by Group companies	—	—	8,125	7,758
Amounts owed by Darby (Europe) S.A. and Darby (France) S.A.	1,192	—	962	140
Taxation recoverable	64	112	69	112
Other debtors	72	1,347	—	192
Prepayments and accrued income	438	377	241	18
	<u>4,283</u>	<u>4,717</u>	<u>9,397</u>	<u>8,220</u>
Due within one year	4,158	4,655	9,272	8,158
Due after one year	125	62	125	62



# Notes to the Accounts

continued

13. Creditors falling due within one year	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Bank overdraft (secured)	659	711	548	486
Bank loan (secured)	1,834	305	1,772	53
Other loan (secured)	—	11	—	—
Finance leases	237	437	—	—
Loan from shareholder in subsidiary company	—	360	—	360
Loan from shareholder in related company	168	179	—	—
Trade creditors	1,467	2,260	24	34
Amounts owed to Group companies	—	—	2,492	869
Social security and other taxes	223	781	—	—
Dividends	27	346	27	346
Other creditors	116	—	116	—
Accruals	1,043	606	219	251
	<u>5,774</u>	<u>5,996</u>	<u>5,198</u>	<u>2,399</u>

The loan from shareholder in related company is treated as repayable on demand.

14. Creditors falling due after one year	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Bank loans (secured)	1,375	3,939	688	2,200
Finance leases	697	2,006	—	—
Other creditors	125	—	125	—
	<u>2,197</u>	<u>5,945</u>	<u>813</u>	<u>2,200</u>

15. Borrowings	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Bank loans (secured)	3,210	4,244	2,460	2,253
Other loans (secured)	—	11	—	—
Finance leases	933	2,443	—	—
	<u>4,143</u>	<u>6,698</u>	<u>2,460</u>	<u>2,253</u>
Repayable as to:				
Within one year	2,071	753	1,772	53
Not within one year	2,072	5,945	688	2,200
	<u>4,143</u>	<u>6,698</u>	<u>2,460</u>	<u>2,253</u>
Borrowings which are repayable by instalments are due:				
Within one year				
— Bank and other	1,834	316	1,772	53
— Finance leases	237	437	—	—
In one to two years				
— Banks	375	1,750	188	1,512
— Finance leases	265	474	—	—
In two to five years				
— Banks	1,000	1,763	500	563
— Finance leases	416	1,331	—	—
After five years				
— Banks	—	425	—	125
— Finance leases	16	202	—	—
	<u>4,143</u>	<u>6,698</u>	<u>2,460</u>	<u>2,253</u>



### 15. Borrowings—(continued)

Loans which are wholly or partly repayable after five years:

Company:	1993 £000	1992 £000
At 10 per cent. repayable 1994-1998*	—	500
<i>Subsidiaries and related company:</i>		
At PIBOR + 1.5 per cent. repayable 1993-1999	—	613
At 11.5 per cent. repayable 1993-1999	—	613
At 9 per cent. repayable 1994-1998*	—	500
	<u>—</u>	<u>2,226</u>

\* These loans are subject to interest rebate of 3 per cent. if certain conditions are satisfied.

All bank loans and facilities are given by or guaranteed by the group's bankers, and are secured by fixed and floating charges over all the assets of the company and its subsidiary companies and by cross guarantees between those companies.

### 16. Provisions for liabilities and charges

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Deferred taxation	—	63	—	(115)
	<u>—</u>	<u>63</u>	<u>—</u>	<u>(115)</u>
	1993		1992	
	Total potential liability	Provided in accounts	Total potential liability	Provided in accounts
	£'000	£'000	£'000	£'000
GROUP				
Accelerated capital allowances	1,164	—	1,045	178
Short term timing differences	(10)	—	(3)	—
Losses carried forward	(308)	—	(172)	—
Unrelieved Advance Corporation Tax	—	—	(115)	(115)
	<u>846</u>	<u>—</u>	<u>755</u>	<u>63</u>
COMPANY				
Accelerated capital allowances	164	—	158	—
Losses carried forward	(49)	—	—	—
Unrelieved Advance Corporation Tax	—	—	(115)	(115)
	<u>115</u>	<u>—</u>	<u>43</u>	<u>(115)</u>

The movement on deferred taxation comprises:

	Potential £'000	Provided £'000
Beginning of year	755	63
Timing differences arising during year	(24)	—
Released to Profit and Loss Account	—	(178)
Advance Corporation Tax:		
Arising	—	—
Utilised	115	115
End of year	<u>846</u>	<u>—</u>



# Notes to the Accounts

continued

## 17. Share capital

	Authorised		Issued and full paid	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Ordinary shares of 5p each	950	950	796	796

Share option scheme:

Options have been granted to subscribe for ordinary shares and are outstanding as follows:

Date granted	Number	Option price	Exercisable
1st November 1989	2,000	115p	1993 to 1998

## 18. Reserves—Profit and loss account

	Group	Company
	£'000	£'000
At 28th February 1992		
Loss retained	3,762	3,287
Goodwill realised in year	(2,655)	(1,860)
Exchange gain/(loss)	307	—
	293	(260)
At 28th February 1993	1,707	1,167

The cumulative goodwill written off resulting from acquisitions (adjusted for disposals) at 28th February 1993 is £947,000.

## 19. Reconciliation of movements in shareholders' funds

	Group	
	1993	1992
	£'000	£'000
(Loss)/profit for the financial year		
Dividends	(2,655)	383
Currency translation differences on foreign currency net investments	—	(318)
Share capital issued	293	4
Goodwill written off on acquisitions	—	1,249
Goodwill realised on disposals	—	(75)
	307	—
Movement in year	(2,055)	1,243
Opening shareholders' funds	8,061	6,818
Closing shareholders' funds	6,006	8,061

## 20. Minority interests

	Group
	£'000
Equity interest at 28th February 1992:	
In subsidiary company	461
In related company	280
	741
Interest in profits for the year	68
Disposal of subsidiary company	(461)
Equity interest at 28th February 1993	348
In subsidiary company	—
In related company	348



## 21. Disposals

On 26th February 1993, the group sold Darby (Europe) S.A. and Darby (France) S.A. Details of the assets and liabilities disposed of are set out below:

Tangible assets	£'000
Stocks	6,281
Debtors	485
Cash	1,527
Bank overdraft	235
Creditors	(120)
Loans and finance leases	(3,607)
	(4,298)
	<u>503</u>
Write off minority interest	
Surplus over net assets	(461)
	<u>229</u>
Net sale proceeds	271
	<u>271</u>
Satisfied by cash net of purchase of minority	
Less: Provision for costs re disposal	531
	(260)
	<u>271</u>

The cash flow in respect of companies sold in the year was as follows:

Net cash outflow from operating activities	£'000
Net cash outflow from returns on investments and servicing of finance	(354)
Taxation paid	(330)
Net cash outflow from investing activities	(2)
Arising in respect of disposal of companies	(404)
Net cash inflow from financing	583
	762
Increase in cash and cash equivalents	<u>255</u>

## 22. Cash Flow Statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:	1993	1992
Operating profit	£'000	£'000
Depreciation	543	959
Profit on sale of tangible fixed assets	791	670
Provision re leasehold expenditure released	(9)	(17)
Provision for reorganisation costs released	—	(100)
(Increase)/decrease in stocks	—	(230)
Decrease/(increase) in debtors	(21)	(103)
Increase/(decrease) in creditors	59	(374)
Exchange movements	1,432	(637)
	(172)	(2)
Net cash inflow from continuing operating activities	<u>2,623</u>	<u>166</u>
Net cash (outflow)/inflow in respect of discontinued activities	(2,023)	123
Net cash inflow from operating activities	<u>600</u>	<u>289</u>
(b) Analysis of changes in cash and cash equivalents during the year:	1993	1992
Balance at 1st March 1992	£'000	£'000
Net cash inflow/(outflow)	(487)	(1,240)
Subsidiary companies sold	(28)	791
Foreign exchange adjustments	(115)	—
	(26)	(38)
Balance at 28th February 1993	<u>(656)</u>	<u>(487)</u>



# Notes to the Accounts

continued

## 22. Cash Flow Statement—(continued)

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet:	1993	1992	Change
	£000	£000	in year £000
Cash at bank and in hand	3	224	(221)
Bank overdrafts	(659)	(711)	52
	<u>(656)</u>	<u>(487)</u>	<u>(169)</u>
(d) Analysis of changes in financing during the year			
	Bank Loans	Other Loans	Finance Leases
	£'000	£'000	£'000
1st March 1992	4,244	550	2,443
Cash inflow/(outflow) from financing	1,079	(382)	(360)
Capital value of new leases	—	—	369
Subsidiary companies sold	(2,402)	—	(1,896)
Foreign exchange adjustments	288	—	378
At 28th February 1993	<u>3,209</u>	<u>168</u>	<u>934</u>

## 23. Capital commitments

	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Amounts contracted for but not provided for in these accounts	<u>41</u>	<u>169</u>	<u>—</u>	<u>—</u>
Amounts authorised by the directors but not contracted for	<u>—</u>	<u>101</u>	<u>—</u>	<u>—</u>

## 24. Financial commitments

The group leases property, plant and vehicles. The minimum annual rentals under these leases are as follows:

	1993		1992	
	Property £'000	Plant & vehicles £'000	Property £'000	Plant & vehicles £'000
Operating leases which expire:				
Within one year	—	147	—	34
In one to five years	—	44	120	137
Over five years	<u>247</u>	<u>—</u>	<u>108</u>	<u>—</u>
	<u>247</u>	<u>191</u>	<u>228</u>	<u>171</u>

## 25. Contingent liabilities

Government grants received have been included in the accounts in accordance with the policy set out on page 10. Grants may become repayable in certain circumstances in accordance with the conditions of the grants.

The Company has guaranteed the bank facilities granted to its subsidiary and related companies. At 28th February 1993, the amounts guaranteed totalled £335,733.

At 28th February 1993, the group had sold forward 4,553,080 Deutschmarks at an average exchange rate of 2.502 against future anticipated sales to Germany, and bought forward 8,305,000 French Francs at an exchange rate of 8.3050 against French Franc loan repayments.



# *Report of the Auditors*

*to the members of Darby Group Plc*

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We have audited the financial statements on pages 6 to 20, in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28th February 1993 and of the loss, total recognised gains and losses and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Streets & Co.**

*Registered Auditor*

*Chartered Accountants*

Lincoln

8th July 1993



# *Notice of Meeting*

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**Notice is hereby given** that the Annual General Meeting of Darby Group Plc will be held at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS on Thursday, 30th September 1993 at 10.00 a.m. for the following purposes:

## **Ordinary business**

1. To receive the reports of the Directors and Auditors and to adopt the accounts of the Company for the year ended 28th February 1993.
2. To re-appoint Streets & Co. as Auditors and authorise the Directors to agree their remuneration.

## **Notes**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of a Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish.
2. Forms of Proxy must be lodged with the Company Secretary, Darby Group Plc., Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS not less than twenty four hours before the time fixed for the meeting.

By order of the Board

**B. Dovey**  
*Secretary*

25th August 1993



# Form of Proxy

I/We, \_\_\_\_\_  
(names in block capitals)

of \_\_\_\_\_  
being a holder/holders of ordinary shares in Darby Group plc, HEREBY APPOINT the  
chairman of the meeting or (see Note 3 below)

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting  
of the Company to be held at 10.00 a.m. on Thursday, 30th September 1993 and at any  
adjournment thereof. I/We direct my/our proxy to vote on each resolution as shown  
below:

## ANNUAL GENERAL MEETING

	For	Against
1. To adopt the reports of the Directors and Auditors and the accounts for the year ended 28th February, 1993.		
2. To re-appoint Streets & Co. as Auditors and to authorise the Directors to agree their remuneration.		

Signature \_\_\_\_\_ Date \_\_\_\_\_ 1993

### Notes:

1. Please indicate how the proxy should vote on the resolution by ticking the appropriate box. Subject to any voting instructions so given, the proxy will vote, or abstain from voting, on the resolution as he/she thinks fit.
2. In the case of a corporation, this proxy form must either be executed under its common seal or be signed by an officer duly authorised.
3. A member is entitled to appoint a proxy of his/her own choice. If it is desired to appoint such a proxy (who need not be a member of the Company) strike out the words 'the chairman of the meeting or' above, add the name of the proxy and initial the alteration.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of shareholders in respect of the joint holdings.
5. To be effective, this proxy form must be lodged at the registered office of the Company, not later than 24 hours before the time of the meeting.
6. Completion and return of this proxy form does not preclude a member from attending and voting at the meeting.
7. If the proxy form is returned without an indication as to how the proxy will vote on any particular matter, the proxy may exercise his discretion as to whether he votes, and if so how.



SECOND FOLD

AFFIX  
STAMP  
HERE

**Secretary  
Darby Group Plc  
Darby House  
Sunningdale Road  
Scunthorpe  
South Humberside  
DN17 2SS**

FIRST FOLD

THIRD FOLD



**Darby Group Plc**  
**Darby House**  
**Sunningdale Road**  
**Scunthorpe**  
**DN17 2SS**



**Darby**  
DARBY GROUP Plc

Annual Report 1994

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# *Officers and Advisers*

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<b>Chairman and Chief Executive</b>	M. J. Darby
<b>Managing Director</b>	D. E. Boddy
<b>Directors</b>	Mrs B. J. Darby C. M. Simpson H. Hardy (Non-Executive)
<b>Secretary</b>	B. Dovey
<b>Registered Office</b>	Darby House, Sunningdale Road, Scunthorpe, South Humberside
<b>Auditors</b>	Streets & Co., Tower House, Lucy Tower Street, Lincoln
<b>Bankers</b>	National Westminster Bank PLC, Nottingham Business Centre, 1st Floor, Radford House, Radford Boulevard, Nottingham
<b>Solicitors</b>	Burton & Dyson, Market Place, Gainsborough, Lincolnshire
<b>Stockbrokers</b>	Panmure Gordon & Co. Limited, New Broadstreet House, 35 New Broadstreet, London E2M 1NH
<b>Transfer Office</b>	Independent Registrars, Broseley House, Newlands Drive, Witham, Essex



# Chairman's Statement

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## Results

Group sales for the year were £14.6m compared to £13.7m from continuing activities, an increase of 7% on the previous year. Profit before taxation on continuing activities rose from £225,000 to £813,000. I am pleased to announce that the Directors propose a final dividend of 0.7p net per share (making a total of 1.2p net per share for the year as a whole) to be paid on Monday, 25th July to shareholders on the Register on 26th May 1994.

## Business review

The year was one of consolidation. I am pleased to announce that the improved performance in the first half was sustained during the remainder of the year, with all Manufacturing Divisions making acceptable contributions.

The year was marked by growing confidence in the marketplace generally. Whilst trading was geographically patchy, overall business volumes showed a steady, but consistent advance and importantly, the intense downward pressure on price much in evidence during the previous three years, was markedly reduced.

During the year we continued our policy of concentrating resources in the development of niche markets in which premium prices can be obtained. Results were pleasing with a considerable amount of new business obtained on the basis of speed and reliability of delivery, clearly demonstrating the benefits of providing a local manufacturing service for our traditional products. In line with this policy, we reopened our Barking Factory (Darby London) in October, to provide a 'Next Day' Tempered Glass Supply Service in the London area. This business made a small profit in its first trading period, ahead of projections.

Bent Tempered Glass Limited continued to perform well, and at the end of the year we installed additional Bending and Tempering Equipment (within Darby Tempered Products Limited). Unfortunately, the

commissioning of this new plant was subject to delay, so that it did not make any contribution to profit during the year. Commissioning has now been completed, with commercial production due to commence shortly.

Progress was maintained in the development of speciality products for application in Bath/Shower and Furniture Industries. Additional market opportunities opened up as a consequence of the introduction of a number of advanced Glass Processing Machines, specifically new automated Silk Screen Printing Equipment.

Continued Economic Recession in our main European Markets — in particular Germany — hampered export growth. However, whilst volumes from a number of major individual customers disappointed, we maintained our customer base in the face of intense competition, with prices holding up well. Export sales accounted for approximately 11% of turnover.

Net borrowings at the Year End were £5.3 million, representing 81.2% of Shareholders Funds. At 28th February 1993, the borrowings were £4.8 million, 80.0% of Shareholders Funds. The increase reflects our continued policy of investment in sophisticated equipment.

## Current trading and prospects

Progress continues to be made with evidence that the speed of recovery is gaining pace. Volumes in the home market are continuing to rise and we expect this trend to continue throughout the year.

Production capacity within the Group is now being taken up at a greater level than at any time since 1990, with the majority of our tempering furnaces working on a multi-shift basis. We are confident that enhanced utilisation of production capacity, together with success in recent years in reducing our manufacturing cost base, will result in improved margins and enhanced levels of profit.



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Our new computer system which has facilitated the centralisation of key administrative functions was commissioned in January. This has resulted in a significant number of non-production job reductions, as local administrative duplication has been eliminated. Particularly important is the fact that the new centralised production planning function is enabling us to spread certain types of work uniformly throughout our manufacturing plants, thereby enabling us to maximise utilisation of available capacity and to improve service levels. Significant additional cost savings are now being obtained as a consequence of improved production planning.

Our confidence in the future is reflected by current plans to open additional manufacturing sites. Each would feature advanced tempering equipment, and would be primarily designed to enable us to extend our successful Rapid Delivery Service (R.D.S.) concept for traditional products throughout the important industrial conurbations where we currently have only a limited presence. Importantly, this additional production capacity will also provide improved manufacturing flexibility, so that enhanced order volumes in the main Scunthorpe factory where capacity is in increasingly short supply, can be accommodated without need to extend delivery lead times.

Rationalisation of the Redbourne Sub-Division in February 1994, has seen the curtailment of PVC.u Window and Door manufacture, with manufacturing capacity now being devoted exclusively to the Company's in-house designed Sliding Aluminium doors. These products are sold primarily for New Build applications, and full advantage is being taken of increased activity in the housing market. Additionally, variations of main product lines are being manufactured for two national Merchants Groups and are marketed under their own brand names. This is an exciting new development, with sales already ahead of budget. We are confident that this Sub-Division will produce a very acceptable contribution during the current year.

We retain considerable confidence in the future of our Glass Bending Division. The order book remains healthy, with price levels holding up well, whilst the introduction of the new equipment will enable us to move into new market areas which had previously been denied to us. We are determined to maintain our lead in this very specialised area of glass processing, and further developments are planned.

We remain cautious with regard to our European export prospects. Whilst in recent months there are signs that the fall off in order volumes has 'bottomed out' there is as yet no real indication of economic upturn, so that export volumes are likely to remain relatively static. Notwithstanding this, solid sales effort continues to produce additional important customers of substance whose major demand is for speciality, high value product. We are therefore confident that the trading platform that we continue to sustain will provide the necessary springboard for major development in 1995 and beyond.

In general terms, the hard lessons of our French experience have been well learned. Whilst we are prepared to look at new opportunities within areas of activity immediately adjacent to our own, our overall strategy dictates that we shall continue to concentrate on developing those areas of the Group's core business in which our considerable expertise can bring about enhanced levels of profit. Continued emphasis will be given to the underlying development of the quality of our business.

In summary, we are now increasingly confident of our prospects for both the current Financial Year and beyond, a period in which we anticipate substantial growth.

**Michael Darby**  
*Chairman and Chief Executive*

24th May 1994



# Report of the Directors

to the members of Darby Group Plc

The Directors submit their Report, together with the Audited Financial Statements for the year ended 28th February 1994. The Group's policy is to make up its accounts to the Friday nearest to 28th February. In the current year the Accounts were made up to 25th February 1994.

## Results and dividends

The Group profit for the year, from continuing operations, was £813,000

The Group profit for the year, before taxation, was £713,000

After taxation and minority interests, there was a profit of £664,000

An interim dividend of 0.5p per share was paid, amounting to £79,636. The Directors propose a final dividend of 0.7p per share amounting to £111,490.

## Review of the business

The Group is a manufacturer and distributor of a range of specialist glass products.

The chairman's statement contains a review of the Group's business and likely future developments.

## Fixed assets

The Group continued to invest in fixed assets and principal additions to Plant included Glass Toughening and Process Equipment.

The Directors do not consider the market value of the Group's interest in land and buildings is less than that at which it is stated in the accounts.

## Directors

The Directors of the Company at 28th February 1994 and their interests in the ordinary share capital of the Company were as follows:

	1994	1993
M. J. Darby	4,000,001	4,000,001
Mrs B. J. Darby	3,999,999	3,999,999
D. E. Boddy	19,100	9,100
C. M. Simpson	1,250	—
H. Hardy	4,181	4,181

S. H. Haswell resigned as a director of the Company on 28th May 1993.

The above interests include shares held by or on behalf of Trustees of a Settlement made by him/her as follows:

	1994	1993
M. J. Darby	4,000,001	3,470,654
Mrs B. J. Darby	3,999,999	3,470,653

There was no change in the above shareholdings between 28th February 1994 and 10th May 1994.

The following directors held options to purchase shares under the Company's Executive Share Option Scheme at 28th February as follows:

	1994	1993
M. J. Darby	220,000	—
Mrs B. J. Darby	110,000	—
D. E. Boddy	112,000	2,000
C. M. Simpson	110,000	—

Other than the transactions referred to below no director has had a beneficial interest in any contract of significance with the Company or its subsidiaries during the year.

H. Hardy is senior partner in the firm of Messrs Burton & Dyson, the Company's Solicitors. During the year that firm received fees of £49,381 in respect of general services and for his services as a non-executive director.

## Other substantial shareholdings

At 10th May 1994, disclosable substantial shareholdings were as follows:

	Number of Ordinary shares	Percentage of issued share capital
Norwich Union Life Insurance Society and Norwich Union Pensions Management Limited	2,466,667	15.5%
County Natwest Investment Management Limited	1,047,942	6.6%
Premium Life Investment Services Limited	804,708	5.1%



### **Corporate governance**

The Board of Directors has considered the recommendations of the Committee on the financial aspects of corporate governance and the code of best practice included in the report.

The Board meets regularly and exercises full and effective control over the group. In view of the size of the group it is not considered appropriate to have more than one non-executive director. The selection of non-executive directors has not been by a formal process, but all such appointments are a matter for the Board as a whole. The directors are able to take independent professional advice, if necessary, at the company's expense. At the present time and in view of the size of the group it is not thought necessary to have a formal Audit or Remuneration Committee.

The Board has not reported on internal control or on going concern as the necessary guidance for compliance is not yet available.

As a relatively small public company the Board believes that it already complies with the majority of the recommendations. However, modifications and formalisation of procedures will be considered, and if necessary, undertaken, to more fully comply with those recommendations that the Board considers appropriate to a group of its size.

### **Directors responsibilities:**

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 of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 company 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

### **Authority to allot shares**

The authority giving the Directors power to allot shares lapsed in October 1993 and a special resolution renewing this power is included in the Notice of Meeting. This authority will give the Directors power to allot 3,072,855 ordinary shares of 5p each representing 19.29% of the total share capital in issue. However, there are no plans at present to exercise the authority.

### **Employees**

The group seeks to provide equal opportunities in the appointment, training and career development of disabled persons taking into account their abilities.

The group seeks to keep employees involved in and informed about the group's affairs.

### **Officers insurance**

During the year, the Company has purchased insurance of officers against liabilities in relation to the Company.

### **Close company**

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

### **Auditors**

Streets & Co. have expressed their willingness to continue in office, and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

**B. Dovey**  
*Secretary*

24th May 1994



# Report of the Auditors

to the members of Darby Group Plc

We have audited the financial statements on pages 7 to 20 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

## Respective responsibilities of directors and auditors

As described in the directors' report, 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 28th February 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

## Corporate Governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement on page 5 concerning the company's compliance with the Code of Best Practice, insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin "Disclosures relating to corporate governance" issued by the Auditing Practices Board.

The purpose of the directors' statement is to give readers information which assists them in forming their own views regarding the governance of the company. In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspects of the company's non-compliance with the Code which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the company's governance procedures.

Through enquiry of certain directors and officers of the company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the company's compliance with the specified paragraphs of the Code.

**Streets & Co.**  
*Registered Auditor*  
*Chartered Accountants*  
Lincoln

24th May 1994



# Consolidated Profit and Loss Account

for the year ended 28th February 1994

	Notes	1994 £'000	1993 £'000
Turnover	2	14,610	17,628
Cost of sales		(9,707)	(14,037)
<b>Gross profit</b>		<b>4,903</b>	<b>3,591</b>
Distribution and selling costs		(1,842)	(2,647)
Administrative expenses		(1,793)	(2,692)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>1,268</b>	<b>(1,748)</b>
Loss on disposal of discontinued operations:			
Surplus over net assets		(100)	229
Less: Goodwill previously written off		—	(307)
<b>Profit/(loss) on ordinary activities before interest</b>		<b>1,168</b>	<b>(1,826)</b>
Interest receivable		—	62
Interest payable	5	(455)	(1,000)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2</b>		
Continuing operations		813	225
Discontinued operations		(100)	(2,989)
<b>Taxation (charge) credit</b>	<b>6</b>	<b>713</b>	<b>(2,764)</b>
		(12)	177
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>7</b>	<b>701</b>	<b>(2,587)</b>
Minority interests	20	(37)	(68)
<b>Profit/(loss) attributable to shareholders</b>		<b>664</b>	<b>(2,655)</b>
Dividends	8	(191)	—
<b>Retained profit/(loss) for the year</b>	<b>19</b>	<b>473</b>	<b>(2,655)</b>
<b>Earnings/(loss) per share</b>	<b>9</b>	<b>4.17p</b>	<b>(16.68p)</b>
Continuing profit before tax per share	9	5.10p	1.41p

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994 £'000	1993 £'000
Profit/(loss) for the financial year	664	(2,655)
Currency translation differences on foreign currency net investments	—	293
<b>Total recognised profit/(loss) relating to the year</b>	<b>664</b>	<b>(2,362)</b>



# Consolidated Balance Sheet

as at 28th February 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		9,462		8,576
<b>Current assets</b>					
Stocks	12	1,530		1,463	
Debtors	13	4,203		4,283	
Cash and bank balances		3		3	
		5,736		5,749	
<b>Creditors</b>					
Amounts falling due within one year	14	(6,482)		(5,774)	
<b>Net current liabilities</b>			(746)		(25)
<b>Total assets less current liabilities</b>			8,716		8,551
<b>Creditors</b>					
Amounts falling due after one year	15		(1,852)		(2,197)
			6,864		6,354
<b>Capital and reserves</b>					
Share capital	17		796		796
Share premium Account			3,503		3,503
Profit and loss account	18		2,180		1,707
Shareholders' funds	19		6,479		6,006
Minority interests	20		385		348
			6,864		6,354

Approved by the Board of Directors on 24th May 1994 and signed on its behalf by:

M. J. Darby  
D. E. Boddy } *Directors*



DARBY GROUP Plc

# Company Balance Sheet

as at 28th February 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		1,789		1,755
Investments	11		100		100
			1,889		1,855
<b>Current assets</b>					
Debtors	13	6,045		9,397	
Cash and bank balances		—		225	
		6,045		9,622	
<b>Creditors</b>					
Amounts falling due within one year	14	(1,984)		(5,198)	
<b>Net current assets</b>			4,061		4,424
<b>Total assets less current liabilities</b>			5,950		6,279
<b>Creditors</b>					
Amounts falling due after one year	15		(509)		(813)
			5,441		5,466
<b>Capital and reserves</b>					
Share capital	17		796		796
Share premium Account			3,503		3,503
Profit and loss account	18		1,142		1,167
			5,441		5,466

Approved by the Board of Directors on 24th May 1994 and signed on its behalf by:

M. J. Darby  
D. E. Boddy } Directors



DARBY GROUP Plc

# Cash Flow Statement

for the year ended 28th February 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		1,811		600
<b>Returns on investments and servicing of finance</b>					
Interest received		14		48	
Interest paid		(556)		(944)	
Dividends paid		(80)		(318)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			(622)		(1,214)
<b>Taxation (paid) received</b>			(105)		161
<b>Investing activities:</b>					
Payments to acquire tangible fixed assets		(975)		(785)	
Receipts from sales of tangible fixed assets		97		342	
Disposal of subsidiary companies		—		531	
<b>Net cash inflow/(outflow) from investing activities</b>			(878)		88
<b>Net cash inflow/(outflow) before financing</b>			206		(365)
<b>Financing:</b>					
Receipts from loans		—		1,132	
Repayments of loans		(1,897)		(64)	
Repayments of loans from shareholders in group companies		11		(371)	
Finance lease repayments		(309)		(360)	
<b>Net cash inflow/(outflow) from financing</b>			(2,195)		337
<b>Decrease in cash and cash equivalents</b>	22		(1,989)		(28)



# Notes to the Accounts

for the year ended 28th February 1994

## 1. Accounting policies

The accounts have been prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards. The significant accounting policies are set out below and have been applied consistently.

### (a) Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary and related companies, all of which are drawn up to 28th February and based on audited accounts. A separate profit and loss account for the Holding Company is not presented as provided by section 230 of the Companies Act 1985.

Consolidated Goodwill arising on the acquisition of subsidiary companies or businesses acquired by subsidiary companies (representing the excess of the fair value of the consideration given over the separate net assets acquired) is written off against reserves in the year in which it arises.

### (b) Related company

The Company has a 50 per cent. interest in Bent Tempered Glass Limited. It exercises dominant influence in the management of that Company and manages it on a unified basis with the subsidiary company. The accounts of that Company have therefore been fully consolidated in the Group accounts with 50 per cent. being calculated as the minority interest.

### (c) Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and the corresponding leasing commitments are included in creditors.

All other leases are 'operating leases' and the annual rentals are charged in the profit and loss account.

### (d) Depreciation

Freehold land is not depreciated. Other fixed assets are depreciated on a straight line basis to write off the excess of cost over estimated residual value over the estimated useful lives of the assets, from the date of coming into use, as follows:

Freehold buildings	— 40 years
Leasehold improvements	— 7 years
Plant	— 7 to 15 years
Office equipment	— 7 years
Motor vehicles	— 4 years

The residual values and the useful lives are estimated by the directors.

Plant includes the cost of commissioning new machinery being the cost of glass used together with the attributable cost of labour and overhead.

### (e) Turnover

The Group turnover represents the value of goods, excluding VAT, supplied to customers excluding Group Companies.

### (f) Government grants

Regional development grants relating to fixed assets are deducted from the cost of the relevant asset, and the net amount is depreciated in accordance with the stated policy. Regional selective assistance received primarily in respect of job creation is credited to the profit and loss account.

### (g) Stocks

Stocks and work in progress are valued at the lower of cost, including the appropriate level of overheads, and net realisable value.

### (h) Foreign currencies

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates of exchange ruling at 28th February. Exchange differences are dealt with in the profit and loss account.

### (i) Deferred taxation

Deferred taxation is calculated by the liability method on timing differences between accounting profits and profits computed for taxation purposes, and is provided in the Accounts to the extent that it is likely to become payable in the future.

### (j) Pensions

The Company operates a defined contribution pension scheme for its Directors. The assets of the Scheme are held separately from those of the Group in an independently administered fund. In addition the Group makes discretionary contributions to personal pension plans of certain employees. The pension cost charge represents contributions payable by the Group.



# Notes to the Accounts

continued

## 2. Turnover, expenses, profit and net assets

(a) The turnover, profit and net assets are attributable to one activity, the manufacture and distribution of a range of specialist glass products.

(b) The analysis of results from discontinued operations is as follows:

	1994 £'000	1993 £'000
Loss before tax of Darby (Europe) S.A. and Darby (France) S.A.	—	(2,435)
Interest on financing discontinued activities	—	(290)
Administrative expenses re discontinued activities	—	(13)
Loss on disposal of Darby (Europe) S.A. and Darby (France) S.A.	(100)	(74)
Write-off of costs incurred in attempting to establish a market in the USA	—	(177)
<b>Loss before tax from discontinued operations</b>	<b>(100)</b>	<b>(2,989)</b>

The loss on disposal in 1994 reflects a further provision for warranty claims following the sale of Darby (France) SA and Darby (Europe) SA in 1993.

(c) The analysis by geographical origin is as follows:

	Turnover		Profit/(loss)		Net assets	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Continuing UK	14,610	13,658	813	225	6,864	6,354
Discontinued UK	—	—	—	(554)	—	—
Discontinued France	—	3,970	(100)	(2,435)	—	—
<b>Total</b>	<b>14,610</b>	<b>17,628</b>	<b>713</b>	<b>(2,764)</b>	<b>6,864</b>	<b>6,354</b>

(d) The analysis of turnover by geographical destination is as follows:

	Turnover	
	1994 £'000	1993 £'000
Continuing operations:		
UK	12,951	12,274
Other EEC countries	1,312	853
Other	347	531
Discontinued operations:		
France	—	3,970
<b>Total</b>	<b>14,610</b>	<b>17,628</b>

(e) The analysis of the comparative figures for 1993 is as follows:

	1993		Total £'000
	Continuing Operations £'000	Discontinued Operations £'000	
Turnover	13,658	3,970	17,628
Cost of sales	(9,411)	(4,626)	(14,037)
Distribution and selling costs	(1,757)	(890)	(2,647)
Administrative expenses	(1,947)	(745)	(2,692)
Loss on disposal of discontinued operations	—	(78)	(78)
Interest receivable	15	47	62
Interest payable	(333)	(667)	(1,000)
<b>Profit/(loss) before tax</b>	<b>225</b>	<b>(2,989)</b>	<b>(2,764)</b>



### 3. Operating profit

This is stated after charging/(crediting):	1994 £'000	1993 £'000
Depreciation on:	570	851
Owned assets	96	209
Assets held under finance leases and hire purchase contracts	65	84
Plant and vehicles—hire	282	321
— operating lease	177	253
Property—operating lease	273	285
Directors' remuneration	25	48
Auditors' remuneration	(24)	17
Foreign exchange (gain)/loss	(50)	—
Regional selective assistance		

Non-audit fees paid to Streets & Co. amounted to £4,500.

### 4. Employees and directors

The average weekly number of employees during the year was made up as follows:

	1994 Number	1993 Number
Production	237	219
Administration and management	33	35
Sales and distribution	47	44
Discontinued operations	—	73
	<u>317</u>	<u>371</u>

Staff costs consist of:

	£'000	£'000
Wages and salaries	3,283	4,229
Social security costs	281	779
Other pension costs	43	43
	<u>3,607</u>	<u>5,051</u>

Directors' remuneration:

	10	8
Fees	263	277
Other emoluments including pension contributions	273	285

Emoluments excluding pension contributions:

Chairman and highest paid Director	<u>79</u>	<u>79</u>
------------------------------------	-----------	-----------

Other Directors' emoluments fell within the following ranges:

£5,001—£10,000	1	1
£10,001—£15,000	1	—
£35,001—£40,000	—	1
£40,001—£45,000	2	1
£45,000—£50,000	1	2



# Notes to the Accounts

continued

5. Interest payable	1994	1993
	£'000	£'000
On bank overdrafts and bank loans wholly repayable within five years	307	923
Finance lease and hire purchase interest	131	55
On other borrowings and other interest	17	22
	<u>455</u>	<u>1,000</u>

6. Taxation (charge)/credit:	1994	1993
	£'000	£'000
Taxation based on the profit for the year:		
Corporation tax payable	(14)	(7)
Adjustment relating to prior years	2	6
Deferred taxation release	—	178
	<u>(12)</u>	<u>177</u>

Corporation tax is calculated at 33% (1993: 33%) of taxable profits.

The tax charge for the year has been reduced as a result of:

Accelerated capital allowances	<b>£177,000</b>
--------------------------------	-----------------

7. Profit for the year	1994	1993
	£'000	£'000
This has been dealt with as follows:		
Parent company	166	(1,860)
Subsidiary companies and consolidation	535	(727)
	<u>701</u>	<u>(2,587)</u>

8. Dividends	1994	1993
	£'000	£'000
Ordinary dividends—paid	80	—
—proposed	111	—
	<u>191</u>	<u>—</u>

9. Earnings per share	1994	1993
	Pence	Pence
Earnings/(loss) per share	4.17	(16.68)
Loss before tax of discontinued operations	0.63	18.78
Tax	0.07	(1.11)
Minority interests	0.23	0.42
Continuing profit before tax per share	<u>5.10</u>	<u>1.41</u>

The continuing profit before tax per share has been calculated in addition to the earnings per share required by SSAP 3 since in the opinion of the directors this will allow shareholders to consider the results of the continuing operations of the Group.

The earnings per share is based on the average number of shares in issue during the year of 15,927,145 (1993: 15,927,145).



## 10. Tangible assets

GROUP	Freehold buildings £'000	Leasehold improvements £'000	Plant, vehicles and office equipment £'000	Assets in the course of construction £'000	Total £'000
<i>Cost:</i>					
At 28th February 1993	2,198	57	9,413	113	11,781
Additions	78	3	934	635	1,650
Reclassification	4	—	255	(259)	—
Disposals	—	—	(157)	—	(157)
At 28th February 1994	<u>2,280</u>	<u>60</u>	<u>10,445</u>	<u>489</u>	<u>13,274</u>
<i>Depreciation:</i>					
At 28th February 1993	284	24	2,897	—	3,205
Provided during year	48	8	610	—	666
Disposals	—	—	(59)	—	(59)
At 28th February 1994	<u>332</u>	<u>32</u>	<u>3,448</u>	<u>—</u>	<u>3,812</u>
<i>Net book value:</i>					
At 28th February 1994	<u>1,948</u>	<u>28</u>	<u>6,997</u>	<u>489</u>	<u>9,462</u>

COMPANY	Freehold buildings £'000	Assets in the course of construction £'000	Total £'000
<i>Cost:</i>			
At 28th February 1993	2,021	4	2,025
Additions	78	—	78
Reclassification	4	(4)	—
At 28th February 1994	<u>2,103</u>	<u>—</u>	<u>2,103</u>
<i>Depreciation:</i>			
At 28th February 1993	270	—	270
Provided during year	44	—	44
At 28th February 1994	<u>314</u>	<u>—</u>	<u>314</u>
<i>Net book value:</i>			
At 28th February 1994	<u>1,789</u>	<u>—</u>	<u>1,789</u>

	Group	
	1994 £'000	1993 £'000
Cost of land not subject to depreciation	334	334
Residual value of plant used in the calculation of depreciation and therefore not subject to depreciation	2,541	2,376
Additions to plant includes:		
Cost of materials used plus labour and overhead in commissioning new machinery	120	—
Own labour on installation of plant	140	74
Net book value of plant held under finance lease	2,078	1,499



# Notes to the Accounts

continued

## 11. Investments

	Company	
	1994 £'000	1993 £'000
Subsidiary company	—	—
Related company	100	100
	<u>100</u>	<u>100</u>

### Subsidiary company:

Shareholdings are stated at cost less provisions.

The Company's trading subsidiary is:

	Country of incorporation and operation	Proportion of ordinary share capital held
Darby Tempered Products Limited (including the businesses previously carried on by Rhino Toughened Glass Limited and Darby (West) Limited	U.K.	100%

The shareholding is held directly by the Company. The business is the manufacture and distribution of specialist glass products.

### Related company:

The Company owns 50 per cent. of the ordinary share capital (being 100,000 shares of £1 each) of Bent Tempered Glass Limited, a Company incorporated and trading in the U.K., whose business is the manufacture and sale of bent toughened glass.

As indicated in note 1(b) the accounts of this company are consolidated in the group accounts.

## 12. Stocks

	Group	
	1994 £'000	1993 £'000
Raw materials	1,014	1,073
Work in progress	87	237
Finished goods	429	153
	<u>1,530</u>	<u>1,463</u>

## 13. Debtors

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade debtors	3,374	2,517	—	—
Amounts owed by Group companies	—	—	5,604	8,125
Amounts owed by Darby (Europe) S.A. and Darby (France) S.A.	81	1,192	—	962
Taxation recoverable	328	64	328	69
Other debtors	68	72	1	—
Prepayments and accrued income	352	438	112	241
	<u>4,203</u>	<u>4,283</u>	<u>6,045</u>	<u>9,397</u>
Due within one year	4,166	4,158	6,008	9,272
Due after one year	37	125	37	125



14. Creditors falling due within one year	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank overdraft (secured)	2,648	659	237	548
Bank loan (secured)	375	1,834	187	1,772
Finance leases	394	237	—	—
Loan from shareholder in related company	179	168	—	—
Trade creditors	1,302	1,467	—	24
Amounts owed to Group companies	—	—	790	2,492
Amounts owed to Darby (Europe) S.A. and Darby (France) S.A.	—	—	371	—
Social security and other taxes	388	223	—	—
Corporation tax	171	—	157	—
Dividends	138	27	138	27
Other creditors	104	116	104	116
Accruals	783	1,043	—	219
	<u>6,482</u>	<u>5,774</u>	<u>1,984</u>	<u>5,198</u>

The loan from shareholder in related company is treated as repayable on demand.

In April 1994, £2,000,000 of the bank overdraft was converted into a loan repayable over five years.

15. Creditors falling due after one year	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank loans (secured)	937	1,375	500	688
Finance leases	906	697	—	—
Other creditors	9	125	9	125
	<u>1,852</u>	<u>2,197</u>	<u>509</u>	<u>813</u>

16. Borrowings	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank loans (secured)	1,312	3,209	687	2,460
Finance leases	1,300	934	—	—
	<u>2,612</u>	<u>4,143</u>	<u>687</u>	<u>2,460</u>
Repayable as to:				
Within one year	769	2,071	187	1,772
Not within one year	1,843	2,072	500	688
	<u>2,612</u>	<u>4,143</u>	<u>687</u>	<u>2,460</u>
Borrowings which are repayable by instalments are due:				
Within one year				
— Bank and other	375	1,834	187	1,772
— Finance leases	394	237	—	—
In one to two years				
— Banks	375	375	125	188
— Finance leases	373	265	—	—
In two to five years				
— Banks	562	1,000	375	500
— Finance leases	487	416	—	—
After five years				
— Finance leases	46	16	—	—
	<u>2,612</u>	<u>4,143</u>	<u>687</u>	<u>2,460</u>

All bank loans and facilities are given by or guaranteed by the group's bankers, and are secured by fixed and floating charges over all the assets of the company and its subsidiary companies and by cross guarantees between those companies.



# Notes to the Accounts

continued

17. Share capital	Authorised			Issued and fully paid		
	1994	1993		1994	1993	
	Number	£'000	£'000	Number	£'000	£'000
Ordinary shares of 5p each	19,000,000	950	950	15,927,145	796	796

Share option scheme:

Options have been granted to subscribe for ordinary shares and are outstanding as follows:

Date granted	Number	Option price	Exercisable
1st November 1989	2,000	115p	1994 to 1998
9th July 1993	791,000	35p	1994 to 1998

18. Reserves—Profit and loss account	Group	Company
	£'000	£'000
At 28th February 1993	1,707	1,167
Retained profit for the year	473	(25)
At 28th February 1994	<u>2,180</u>	<u>1,142</u>

The cumulative goodwill written off resulting from acquisitions (adjusted for disposals) at 28th February 1994 is £947,000.

19. Reconciliation of movements in shareholders' funds	Group	
	1994	1993
	£'000	£'000
Profit/(loss) for the financial year	664	(2,655)
Dividends	(191)	—
Currency translation differences on foreign currency net investments	—	293
Goodwill realised on disposals	—	307
Movement in year	473	(2,055)
Opening shareholders' funds	6,006	8,061
Closing shareholders' funds	<u>6,479</u>	<u>6,006</u>

20. Minority interests	Group
	£'000
Equity interest in related company at 28th February 1993	348
Interest in profits for the year	37
Equity interest in related company at 28th February 1994	<u>385</u>



## 21. Provisions for liabilities and charges

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Deferred taxation	—	—	—	—

	1994		1993	
	Total potential liability £'000	Provided in accounts £'000	Total potential liability £'000	Provided in accounts £'000
<b>GROUP</b>				
Accelerated capital allowances	1,250	—	1,164	—
Short term timing differences	23	—	(10)	—
Losses carried forward	(109)	—	(308)	—
	<u>1,164</u>	<u>—</u>	<u>846</u>	<u>—</u>
<b>COMPANY</b>				
Accelerated capital allowances	174	—	164	—
Short term timing differences	33	—	—	—
Losses carried forward	—	—	(49)	—
	<u>207</u>	<u>—</u>	<u>115</u>	<u>—</u>

## 22. Cash Flow Statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	1994 £'000	1993 £'000
Operating profit	1,268	543
Depreciation	666	791
Loss/(profit) on sale of tangible fixed assets	1	(9)
Increase in stocks	(67)	(21)
Decrease in debtors	330	59
(Decrease)/increase in creditors	(387)	1,432
Exchange movements	—	(172)
Net cash inflow from continuing operating activities	<u>1,811</u>	<u>2,623</u>
Net cash outflow in respect of discontinued activities	—	(2,023)
Net cash inflow from operating activities	<u>1,811</u>	<u>600</u>

(b) Analysis of changes in cash and cash equivalents during the year:

	1994 £'000	1993 £'000
Balance at 1st March 1993	(656)	(487)
Net cash outflow	(1,989)	(28)
Subsidiary companies sold	—	(115)
Foreign exchange adjustments	—	(26)
Balance at 28th February 1994	<u>(2,645)</u>	<u>(656)</u>



# Notes to the Accounts

continued

## 22. Cash Flow Statement—(continued)

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet:	1994	1993	Change in year
	£'000	£'000	£'000
Cash at bank and in hand	3	3	—
Bank overdrafts	(2,648)	(659)	(1,989)
	<u>(2,645)</u>	<u>(656)</u>	<u>(1,989)</u>

(d) Analysis of changes in financing during the year	Bank Loans	Other Loans	Finance Leases
	£'000	£'000	£'000
1st March 1993	3,209	168	934
Cash inflow/(outflow) from financing	(1,897)	11	(309)
Capital value of new leases	—	—	675
At 28th February 1994	<u>1,312</u>	<u>179</u>	<u>1,300</u>

## 23. Capital commitments

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Amounts contracted for but not provided for in these accounts	<u>46</u>	<u>41</u>	<u>2</u>	<u>—</u>
Amounts authorised by the directors but not contracted for	<u>213</u>	<u>—</u>	<u>—</u>	<u>—</u>

## 24. Financial commitments

The group leases property, plant and vehicles. The minimum annual rentals under these leases are as follows:

	1994		1993	
	Property	Plant & vehicles	Property	Plant & vehicles
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	—	242	—	147
In one to five years	—	177	—	44
Over five years	189	—	247	—
	<u>189</u>	<u>419</u>	<u>247</u>	<u>191</u>

## 25. Contingent liabilities

Government grants received have been included in the accounts in accordance with the policy set out in note 1(f). Grants may become repayable in certain circumstances in accordance with the conditions of the grants.

The Company has guaranteed the bank facilities granted to its subsidiary and related companies. At 28th February 1994, the amounts guaranteed totalled £2,538,337.

At 28th February 1994, the group had sold forward 72,750 Deutschmarks at an exchange rate of 2.425.



# Notice of Meeting

---

Notice is hereby given that the Annual General Meeting of Darby Group Plc will be held at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS on Thursday, 30th June 1994 at 10.00 a.m. for the following purposes:

## Ordinary business

1. To receive the reports of the Directors and Auditors and to adopt the accounts of the Company for the year ended 28th February 1994.
2. To declare the dividend recommended by the Directors.
3. To re-appoint Streets & Co. as Auditors and authorise the Directors to agree their remuneration.

## Special Resolution

1. That the Directors be and are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Companies Act 1985) of the Company up to an aggregate nominal amount equal to the authorised but unissued share capital of the Company for a period expiring five years from the date hereof unless previously renewed varied or revoked by the Company in General Meeting.

By order of the Board

**B. Dovey**  
*Secretary*

31st May 1994

## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of a Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish.
2. Forms of Proxy must be lodged with the Company Secretary, Darby Group Plc, Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS not less than twenty four hours before the time fixed for the meeting.
3. Directors service contracts are available for inspection.



SECOND FOLD

AFFIX  
STAMP  
HERE

Secretary  
Darby Group Plc  
Darby House  
Sunningdale Road  
Scunthorpe  
South Humberside  
DN17 2SS

THIRD FOLD

FIRST FOLD



**Darby Group Plc**  
**Darby House**  
**Sunningdale Road**  
**Scunthorpe**  
**DN17 2SS**

ANNUAL REPORT 1995



***Darby***

DARBY GROUP Plc

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## CORPORATE VISION

*Darby Group was established in 1973, and it is now the UK's largest independent producer of flat and bent tempered glass.*

*The Head Office and largest production facility is in Scunthorpe, and the Company also has production facilities in Glengarnock (near Glasgow), Gloucester, Barking and Wolverhampton. A further facility will shortly be opened in Newcastle.*

*Future development of the Company will concentrate on expanding sales into niche markets, and extension of the innovative Rapid Delivery Service.*



## FINANCIAL HIGHLIGHTS

Turnover up by 12% to £16.4 million (1994: £14.6 million)



Profit before taxation rose by 42% from £713,000 to £1.0 million



Earnings per share increased by 23% to 5.14p (1994: 4.17p)



Recommended final dividend of 1.0p per share, making a total  
of 1.9p per share (1994: 1.2p per share)



Development of niche markets and withdrawal from low  
margin merchanting



*“The high degree of investment committed during the current year, building on two years of consolidation, will put us in a strong position for the years ahead. Whilst the full benefits of much of this investment may only be seen in the 1996 financial year, the Board views the future with growing optimism.”*

**Michael Darby, Chairman**



## CHAIRMAN'S STATEMENT



Michael Darby – Chairman

I am pleased to report that Group sales for the year rose to £16.4 million compared to £14.6 million, with overall profit before tax rising from £713,000 to £1,014,000. Earnings per share rose from 4.17p to 5.14p.

These results benefited from the elimination of losses from discontinued activities, which amounted to £100,000, and from the release this year of a long standing credit balance of £179,000 which is no longer considered a liability of the Group.

We absorbed significantly higher interest charges, as a result of an escalated capital investment programme, whilst adverse weather conditions in January and February served to hinder our progress in the second half of the year. Against this background, however, the Board is satisfied with the outcome for the Year as a whole.

The Directors propose a final dividend of 1.0p per share, making a total of 1.9p per share for the year as a whole (compared to 1.2p for the previous year), to be paid on 21 August, 1995 to shareholders on the register on 29 June, 1995.

### Business review

During the year we continued to implement our strategy of concentrating resources in the development of those niche markets where we believe we can most readily achieve premium

price levels, and concluded our withdrawal from low margin glass merchandising operations. Despite growth in our home market being slower than expected, we continued to lay a firm base for future expansion.

Our Rapid Delivery Service ("RDS") concept was extended into all manufacturing locations, and in December 1994 we commissioned a new factory at Wolverhampton (Darby Midlands). This unit quickly established new business within the important West Midlands industrial conurbation, in which traditionally we have secured only modest sales penetration. The volume of business at this site continues to grow steadily, and we expect it shortly to be trading at a net profit.

Bending operations improved both volumes and profits. Existing business was consolidated and applications for new bent glass sales were developed. Much of the plant within the division operated at full capacity throughout a large part of the year, giving rise to extended delivery lead times for many product lines. This demonstrates the potential benefit from increasing capacity in the future.

The Redbourne Division performed better than expected. Having withdrawn from low margin P.V.C.u window products, it introduced a number of



## CHAIRMAN'S STATEMENT

new patio door product variations, thereby broadening its range. As a result, a number of important new contracts have been secured which will be beneficial through 1995 and beyond.

Export business remained sluggish, but began to improve in the final quarter. Our high value added, niche products enabled us to gain additional business as well as retaining important customers. In particular, we secured an important long term Supply Agreement with Thyssen of Germany, a leading manufacturer of lifts, escalators and travelators, for the supply of thick, tempered safety glass.

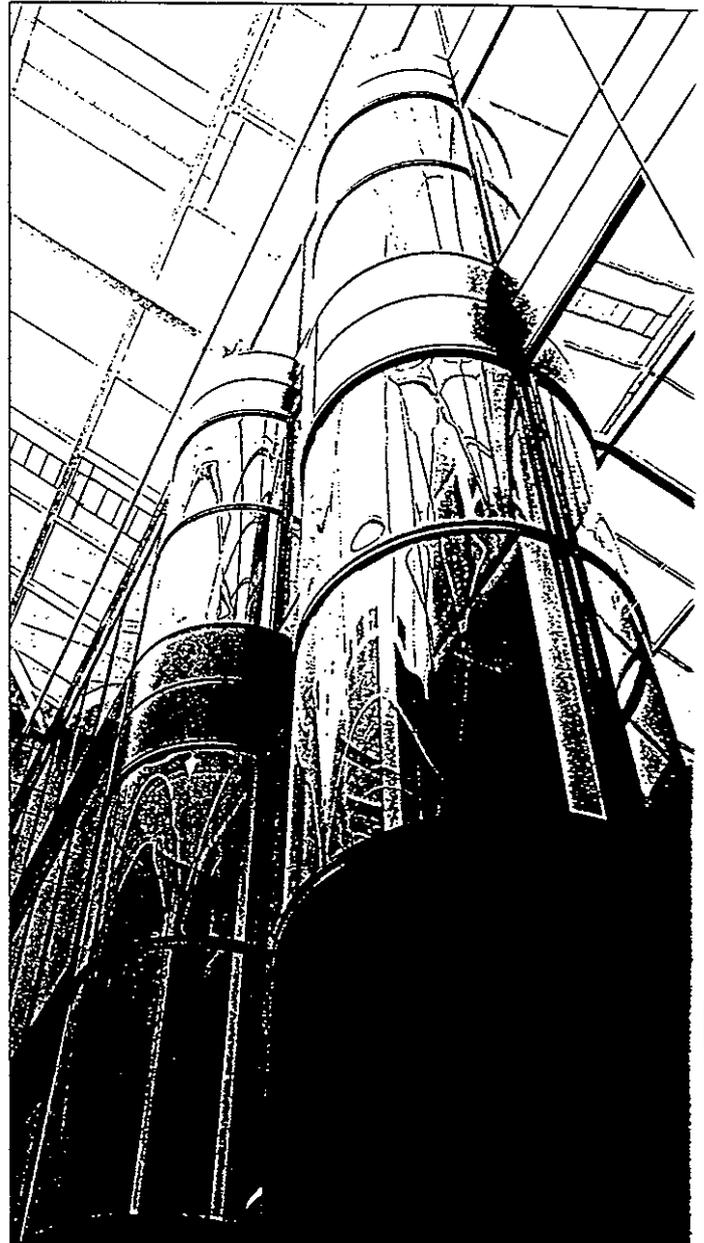
Throughout the year, costs were satisfactorily controlled and the benefits of the centralised order processing and production planning functions were apparent. A world-wide shortage of float glass led to three price increases during the year, but we were able to pass these on satisfactorily.

Net borrowings at the year end were £6.2 million, representing 93% of shareholders' funds, up from £5.3 million at 28 February, 1994, principally representing the additional investment at the new Wolverhampton factory.

### Current trading and prospects

Sales in our home market have been slow to recover since the disappointing two months prior to the year end, but by May business volumes were again in line with our expectations. We expect continued modest growth in the UK, but more rapid growth in our export markets. Accordingly, we now believe that it is appropriate for us to embark upon a major expansion programme, building on the solid trading platform that we have established during the last two years.

In the UK market we are concentrating on the development of service-related business, where above average prices can be obtained in return for the provision of a rapid and reliable supply service. The development of additional



material manufacturing sites will enable us to broaden our geographical coverage and will facilitate the supply of basic tempered glass related product lines within important industrial conurbations, with levels of service not readily available from other supply sources.

Since these new manufacturing sites will benefit from the centralised order processing and



## CHAIRMAN'S STATEMENT

continued

production planning functions, and will require little by way of additional on-cost, we believe that our anticipated increase in market share will not be achieved at the expense of reduced margins.



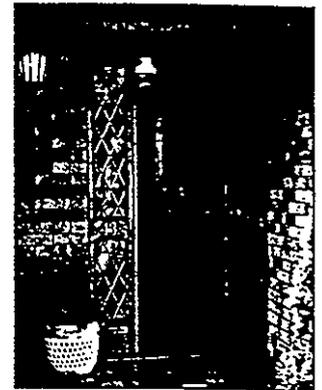
For the first of the new manufacturing sites, we have agreed to take a fifteen year lease on premises in Newcastle. This site is programmed to become fully operational in the Autumn of the coming year, although it is then likely to take a few months before it begins to contribute to profit.

In conjunction with our RDS programme, we are accelerating the development of value added glass processing activities based at the main Scunthorpe factory. Major emphasis is being accorded to our bending operations, for which we perceive outstanding opportunities in the medium term. To this end we have ordered a revolutionary new Bent Tempering Plant from Cattin Machines S.A. in Switzerland, for approximately £2 million.

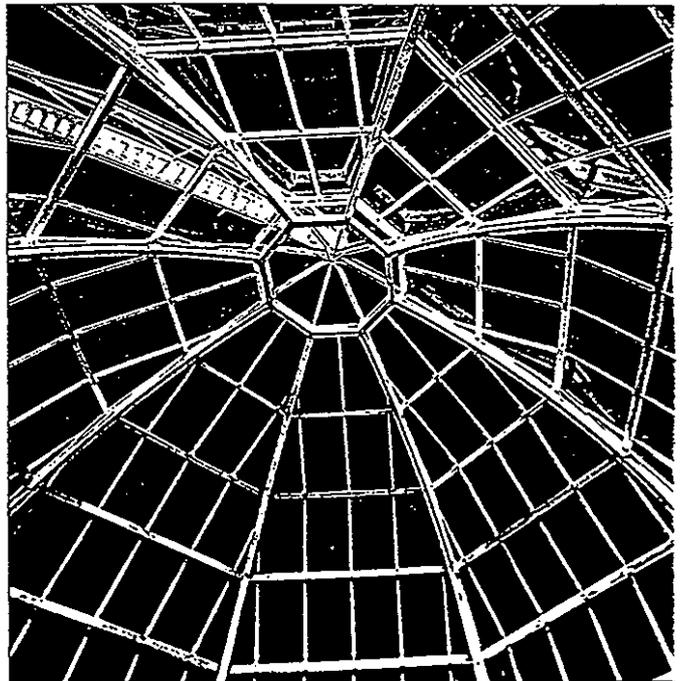
This new equipment, which we anticipate commissioning in November, and which will be supported by a range of sophisticated ancillary processing systems, will enable us both to secure major production cost savings on a number of important existing long term contracts, and to widen our product range so that we can take advantage of new market opportunities. The new equipment will facilitate a substantial increase in the value of our Bending business in 1996, as well as enabling us to consolidate our position as one of the foremost producers of bent tempered glass in Europe.

Demand in the Group's major export markets has increased more rapidly since the year end than originally anticipated. In particular, I am

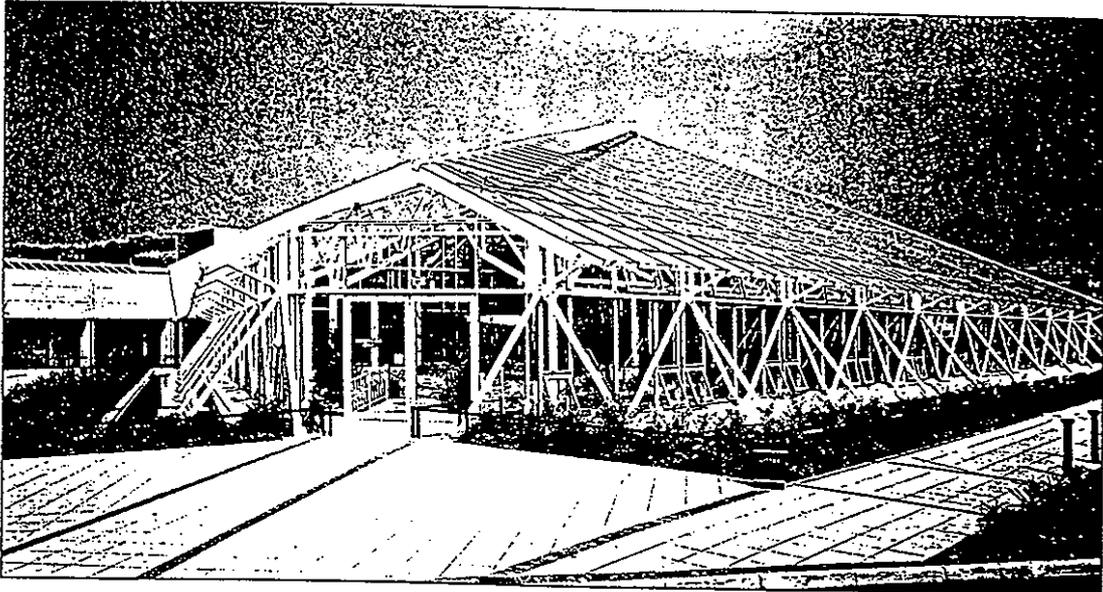
pleased to have been able to announce in May that we signed an important distribution agreement with Schollglas, a German Company, which could prove to be one of the most important in the history of the Group. Schollglas is a member of the Weidemann Group, one of Europe's largest glass merchandising/processing companies.



The terms of the distribution agreement give Schollglas exclusive rights to sell our products in several European countries where it is already well established, including Hungary, Poland, Czechoslovakia, Denmark and the Netherlands, as well as in Germany. In return, we expect to secure additional export sales of not less than £23 million during the three years starting in December 1995. We already have an established relationship with Schollglas, and early orders under the new contract are very encouraging.



## CHAIRMAN'S STATEMENT



We are actively pursuing other such opportunities to establish distribution agreements in other territories in order to exploit our specialist skills in niche markets to their maximum potential.

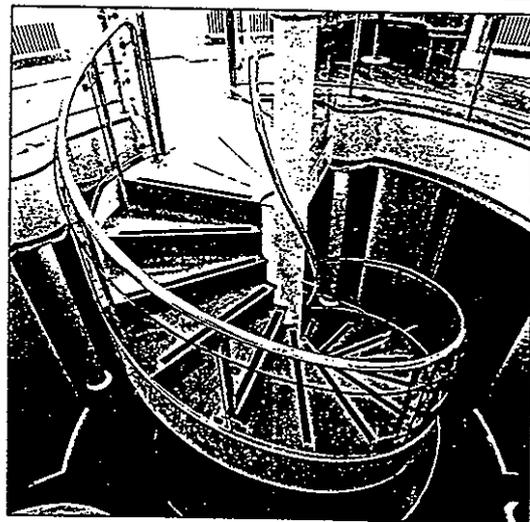
### Year end

As mentioned above, the poor weather conditions which affected many parts of the Country during January and February 1995 caused our Second Half results to fall below our expectations. Although this is a seasonal risk, it does make the forecasting of the Group's results that much more difficult.

Accordingly, the Board has decided that it would be more appropriate for the Company's financial year to coincide with the calendar year. We intend to enact this with effect from the current trading period which will therefore comprise a period of ten months to 31 December, 1995.

### Outlook

We believe that the trading strategy that we have now put into place will enable the Group to realise its considerable trading potential. The



high degree of investment committed during the current year, building on the previous two years of consolidation, will put us in a strong position for the years ahead. Whilst the full benefits of much of this investment may only be seen in the 1996 financial year, the Board views the future with growing optimism.

**Michael Darby**  
*Chairman*  
5th June 1995



## OFFICERS AND ADVISERS

Chairman and Chief Executive	M. J. Darby
Managing Director	D. E. Boddy
Directors	Mrs. B. J. Darby C. M. Simpson H. Hardy ( <i>non-executive</i> )
Company Secretary	B. Dovey
Registered Office	Darby House, Sunningdale Road, Scunthorpe, South Humberside
Auditors	Streets & Co., Tower House, Lucy Tower Street, Lincoln
Bankers	National Westminster Bank PLC Nottingham Business Centre, 1st Floor, Radford House, Radford Boulevard, Nottingham
Solicitors	Burton & Dyson, Market Place, Gainsborough, Lincolnshire
Stockbrokers	Albert E. Sharp Edmund House, 12, Newhall Street, Birmingham
Transfer Office	Independent Registrars, Broseley House, Newlands Drive, Witham, Essex



# REPORT OF THE DIRECTORS

for the year ended 28th February 1995

The directors submit their annual report and audited financial statements for the year ended 28th February 1995. The group's policy is to make up its accounts to the Friday nearest to 28th February 1995. In the current year the accounts were made up to 24th February 1995.

## Results and dividends

The group profit for the year, before taxation, was **£1,014,000**

After taxation and minority interests, there was a profit of **£819,000**

An interim dividend of 0.9p per share was paid, amounting to £144,000. The directors propose a final dividend of 1.0p per share amounting to £159,000.

## Review of the business

The group is a manufacturer and distributor of a range of specialist glass products.

The Chairman's Statement contains a review of the group's business and likely future developments.

## Fixed assets

The group continued to invest in fixed assets and principal additions to plant included glass toughening and process equipment.

The directors do not consider the market value of the group's interest in land and buildings is less than that at which it is stated in the accounts.

## Directors

The directors of the company at 28th February 1995 and their interests in the ordinary share capital of the company were as follows:

	1995	1994
M. J. Darby	3,825,001	4,000,001
Mrs. B. J. Darby	3,824,999	3,999,999
D. E. Boddy	19,100	19,100
C. M. Simpson	1,250	1,250
H. Hardy	4,181	4,181

The above interests include shares held by or on behalf of Trustees of a Settlement made by him/her as follows:

1995 1994

M. J. Darby	3,825,001	4,000,001
Mrs. B. J. Darby	3,824,999	3,999,999

There was no change in the above shareholdings between 28th February 1995 and 5th June 1995.

The following directors held options to purchase shares under the company's Executive Share Option Scheme at 28th February as follows:

	1995	1994	Exercise Price	Date from which exercisable	Expiry date
M. J. Darby	220,000	220,000	35p	1996	2003
Mrs. B. J. Darby	110,000	110,000	35p	1996	2003
D. E. Boddy	110,000	110,000	35p	1996	2003
	2,000	2,000	115p	1995	1998
C. M. Simpson	110,000	110,000	35p	1996	2003

Other than the transactions referred to below, no director has had a beneficial interest in any contract of significance with the company or its subsidiaries during the year.

H. Hardy is senior partner in the firm of Messrs. Burton & Dyson, the company's Solicitors. During the year that firm received fees of £46,000 in respect of general services and for his services as a non-executive director.

## Other substantial shareholdings

At 5th June 1995, disclosable substantial shareholdings were as follows:

	Number of Ordinary Shares	Percentage of Issued Share Capital
Norwich Union Life Insurance Society and Norwich Union Pensions Management Limited	2,466,667	15.5%
County Nat West Investment Management Limited	980,896	6.2%

## Employees

The group seeks to provide equal opportunities in the appointment, training and career development of disabled persons taking into account their abilities.

The group seeks to keep employees involved in and informed about the group's affairs.



# REPORT OF THE DIRECTORS

for the year ended 28th February 1995

## Corporate Governance

The Board of Directors has considered the recommendations of the Committee on the financial aspects of corporate governance and the code of best practice included in the report.

The Board meets regularly and exercises full and effective control over the group. The Board is seeking to appoint a second non-executive director and considers that two non-executive directors is appropriate in view of the size of the business. The selection of non-executive directors has not been by a formal process, all such appointments are a matter for the Board as a whole. The directors are able to take independent professional advice, if necessary, at the company's expense. At the present time and in view of the size of the group it is not thought necessary to have a formal Audit or Remuneration Committee.

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 accounts.

Guidance on internal control has only recently been issued and the Board has not had the opportunity to consider or implement all aspects for full compliance with the Code of Best Practice.

As a relatively small public company, the Board believes that it already complies with the majority of the recommendations. However, modifications and formalisation of procedures will be considered, and if necessary undertaken, to comply more fully with those recommendations that the Board considers appropriate to a group of its size.

## Directors responsibilities

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 of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 company 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

## Officers' Insurance

During the year the company has purchased insurance of officers against liabilities in relation to the company.

## Close company

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

## Auditors

The auditors, Messrs. Streets & Co., are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

**B. Dovey**  
*Secretary*

5th June 1995



# AUDITORS' REPORT

to the members of Darby Group Plc

We have audited the financial statements on pages 10 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 14 and 15.

## Respective responsibilities of directors and auditors

As described in the directors' report, 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 28th February 1995 and of the profit of the group for the year

then ended and have been properly prepared in accordance with the Companies Act 1985.

## Corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement on page 8 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

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

With respect to the directors' statement on going concern in our opinion the directors have provided the disclosures required by the Code and the statement is 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' statement on page 8 appropriately reflects the company's compliance with the paragraphs of the Code specified for our review.

**Streets & Co.,**  
*Registered Auditor*  
*Chartered Accountants*  
Lincoln  
5th June 1995



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 28th February 1995

	Note	1995 £'000	1994 £'000
Turnover	2	16,371	14,610
Cost of sales		(10,741)	(9,707)
<b>Gross profit</b>		<b>5,630</b>	<b>4,903</b>
Distribution and selling costs		(2,095)	(1,842)
Administrative expenses (including, for 1995, £179,000 loan from ex-shareholder in related company written off)		(1,921)	(1,793)
<b>Operating profit</b>	<b>3</b>	<b>1,614</b>	<b>1,268</b>
Loss on disposal of discontinued operations		-	(100)
Interest payable	5	(600)	(455)
<b>Profit on ordinary activities before taxation:</b>	<b>2</b>		
Continuing operations		1,014	813
Discontinued operations		-	(100)
		<b>1,014</b>	<b>713</b>
Taxation	6	(72)	(12)
<b>Profit on ordinary activities after taxation</b>	<b>7</b>	<b>942</b>	<b>701</b>
Minority Interests	20	(123)	(37)
<b>Profit attributable to shareholders</b>		<b>819</b>	<b>664</b>
Dividends	8	(303)	(191)
<b>Retained profit for the year</b>	<b>18</b>	<b>516</b>	<b>473</b>
Earnings per share	9	5.14p	4.17p
Continuing profit before tax per share	9	6.36p	5.10p

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 28th February 1995

Total gains and losses recognised being profit for the year	819	664
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# CONSOLIDATED BALANCE SHEET

as at 28th February 1995

	Note	£'000	1995 £'000	1994 £'000
<b>Fixed assets</b>				
Tangible assets	10		10,732	9,462
<b>Current assets</b>				
Stocks	12	1,733		1,530
Debtors	13	3,886		4,203
Cash and bank balances		3		3
		5,622		5,736
<b>Creditors: Amounts falling due within one year</b>	14	(5,808)		(6,482)
<b>Net current liabilities</b>			(186)	(746)
<b>Total assets less current liabilities</b>			10,546	8,716
<b>Creditors: Amounts falling due after more than one year</b>	15		(3,375)	(1,852)
			7,171	6,864
<b>Capital and reserves</b>				
Called-up share capital	17		796	796
Share premium account			3,503	3,503
Profit and loss account	18		2,364	2,180
<b>Total shareholders funds</b>	19		6,663	6,479
<b>Minority interests</b>	20		508	385
			7,171	6,864

Approved by the board of directors on 5th June 1995 and signed on its behalf by:

M. J. Darby	}	<i>Directors</i>
D. E. Boddy		



# COMPANY BALANCE SHEET

as at 28th February 1995

	<i>Note</i>	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Tangible assets	10	1,762	1,789
Investments	11	100	100
		<b>1,862</b>	<b>1,889</b>
<b>Current assets</b>			
Debtors	13	4,075	6,045
Creditors: Amounts falling due within one year	14	(675)	(1,984)
		<b>3,400</b>	<b>4,061</b>
<b>Total assets less current liabilities</b>			
		<b>5,262</b>	<b>5,950</b>
Creditors: Amounts falling due after more than one year	15	(313)	(509)
		<b>4,949</b>	<b>5,441</b>
<b>Capital and reserves</b>			
Called-up share capital	17	796	796
Share premium account		3,503	3,503
Profit and loss account	18	650	1,142
		<b>4,949</b>	<b>5,441</b>

Approved by the board of directors on 5th June 1995 and signed on its behalf by:

M. J. Darby }  
D. E. Boddy } *Directors*



## CASH FLOW STATEMENT

for the year ended 28th February 1995

	Note	£'000	1995 £'000	1994 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	22		1,763	1,811
<b>Returns on investments and servicing of finance:</b>				
Interest received		-		14
Interest paid		(548)		(556)
Dividends paid		(254)		(80)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			(802)	(622)
<b>Taxation received/(paid)</b>			129	(105)
<b>Investing activities:</b>				
Purchase of tangible fixed assets		(864)		(975)
Sale of tangible fixed assets		60		97
Purchase of subsidiary company	23	(22)		-
<b>Net cash inflow/(outflow) from investing activities</b>			(826)	(878)
<b>Net cash inflow/(outflow) before financing</b>			264	206
<b>Financing:</b>				
Receipts from loans		2,200		-
Repayments of loans		(757)		(1,897)
Repayments of loans from shareholders in group companies		-		11
Finance lease repayments		(576)		(309)
<b>Net cash inflow/(outflow) from financing</b>			867	(2,195)
<b>Increase/(decrease) in cash and cash equivalents</b>	22		1,131	(1,989)



# NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

## 1 Accounting policies

The accounts have been prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards. The significant accounting policies are set out below and have been applied consistently.

### Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary and related companies, all of which are drawn up to 28th February and based on audited accounts. A separate Profit and Loss Account for the holding company is not presented as provided by Section 230 of the Companies Act 1985.

Consolidated goodwill arising on the acquisition of subsidiary companies or businesses acquired by subsidiary companies (representing the excess of the fair value of the consideration given over the separate net assets acquired) is written off against reserves in the year in which it arises.

### Related company

The company has a 50% interest in Bent Tempered Glass Limited. It exercises dominant influence in the management of that company and manages it on a unified basis with the subsidiary company. The accounts of that company have therefore been fully consolidated in the group accounts with 50% being calculated as the minority interest.

### Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases") the assets are treated as if they had been purchased outright and the corresponding leasing commitments are included in creditors.

All other leases are "operating leases" and the annual rentals are charged in the profit and loss account.

### Depreciation

Freehold land is not depreciated. Other fixed assets are depreciated on a straight line basis to write off the excess of cost over estimated residual value over the estimated useful lives of the assets, from the date of coming into use, as follows:

Freehold buildings	-	40 years
Leasehold improvements	-	7 years
Plant	-	7 to 15 years
Office equipment	-	7 years
Motor vehicles	-	4 years

The residual values and the useful lives are estimated by the directors.

Plant includes the cost of commissioning new machinery being the cost of glass used together with the attributable cost of labour and overhead.

### Turnover

The group turnover represents the value of goods, excluding VAT, supplied to customers excluding group companies.



# NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

## 1 Accounting policies (continued)

### Government grants

Regional development grants relating to fixed assets are deducted from the cost of the relevant asset, and the net amount is depreciated in accordance with the stated policy. Regional selective assistance received primarily in respect of job creation is credited to the profit and loss account.

### Stocks

Stocks and work in progress are valued at the lower of cost, including the appropriate level of overheads, and net realisable value.

### Foreign currencies

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates of exchange ruling at 28th February. Exchange differences are dealt with in the profit and loss account.

### Deferred taxation

Deferred taxation is calculated by the liability method on timing differences between accounting profits and profits computed for taxation purposes, and is provided in the accounts to the extent that it is likely to become payable in the future.

### Pensions

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the group in an independently administered fund. In addition, the group makes discretionary contributions to the personal pension plans of certain employees. The pension cost charge represents contributions payable by the group.

## 2 Turnover, expenses, profit and net assets

The turnover, profit and net assets are attributable to one activity, the manufacture and distribution of a range of specialist glass products.

The results from discontinued operations in 1994 reflected a further provision for warranty claims following the sale of Darby (France) S.A. and Darby (Europe) S.A. in 1993.

The analysis by geographical origin is as follows:

	Turnover		Profit/(loss)		Net assets	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Continuing:						
UK	16,371	14,610	1,014	813	7,171	6,864
Discontinued:						
France	-	-	-	(100)	-	-
	<b>16,371</b>	<b>14,610</b>	<b>1,014</b>	<b>713</b>	<b>7,171</b>	<b>6,864</b>



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 2 Turnover, expenses, profit and net assets (continued)

The analysis of turnover by geographical destination is as follows:-

	Turnover	
	1995 £'000	1994 £'000
Continuing operations:		
UK	15,089	12,951
Other EEC countries	1,100	1,312
Other	182	347
	16,371	14,610

### 3 Operating profit

	1995 £'000	1994 £'000
This is stated after charging/(crediting):		
Depreciation on:		
Owned assets	575	570
Assets held under finance leases and hire purchase contracts	211	96
Plant and vehicles – hire	97	65
– operating lease	333	282
Property – operating lease	226	177
Directors' remuneration	288	273
Auditors' remuneration	30	25
Foreign exchange loss/(gain)	65	(24)
Regional selective assistance	(75)	(50)
Loan from ex-shareholder in related company written off	(179)	–

Non-audit fees paid to Streets & Co. amounted to £5,000. The loan from ex-shareholder in related company written off has been dealt with in the profit and loss account as an exceptional item and its impact on earnings per share disclosed in Note 9.

### 4 Employees and directors

The average weekly number of employees during the year was made up as follows:	1995	1994
Production	282	237
Administration and management	45	33
Sales and distribution	33	47
	360	317
Staff costs consist of:	1995 £'000	1994 £'000
Wages and salaries	3,840	3,283
Social Security costs	318	281
Other pension costs (defined contribution schemes)	51	43
	4,209	3,607



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 4 Employees and directors (continued)

	1995	1994
	£'000	£'000
Directors remuneration:		
Fees	10	10
Other emoluments (including pension contributions)	278	263
	288	273
Emoluments excluding pension contributions:		
Chairman and highest paid director	91	79

Other directors' emoluments fell within the following ranges:

£5,001 – £10,000	1	1
£10,001 – £15,000	–	1
£40,001 – £45,000	–	2
£45,001 – £50,000	2	1
£65,001 – £70,000	1	–

### 5 Interest payable

	1995	1994
	£'000	£'000
On bank overdrafts and bank loans wholly repayable within five years	397	307
Finance lease and hire purchase interest	176	131
On other borrowings and other interest	27	17
	600	455

### 6 Taxation

	1995	1994
	£'000	£'000
Taxation based on the profit for the year:		
Corporation tax payable	(75)	(14)
Adjustment relating to prior years	3	2
	(72)	(12)

Corporation tax is calculated at 33% (1994 – 33%) of taxable profits.

The tax charge for the year has been reduced as a result of:

Accelerated capital allowances	£286,000
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## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 7 Profit for the year

	1995	1994
This has been dealt with as follows:	£'000	£'000
Parent company	(189)	166
Subsidiary companies and consolidation	1,131	535
	942	701

### 8 Dividends

	1995	1994
	£'000	£'000
Ordinary dividends – paid	144	80
– proposed	159	111
	303	191

### 9 Earnings per share

	1995	1994
	Pence	Pence
Earnings per share	5.14	4.17
Loss before tax of discontinued operations	–	0.63
Tax	0.45	0.07
Minority interests	0.77	0.23
Continuing profit before tax per share	6.36	5.10

The continuing profit before tax per share has been calculated in addition to the earnings per share required by SSAP 3 since in the opinion of the directors this will allow shareholders to consider the results of the continuing operations of the group.

The earnings per share is based on the average number of shares in issue during the year of 15,927,145 (1994 – 15,927,145).

The impact of the exceptional item referred to in Note 3 on earnings per shares is as follows:

	1995
	pence
Earnings per share	0.42
Tax	0.28
Minority interests	0.42
Continuing profit before tax per share	1.12



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 10 Tangible assets

Group	Freehold Property £'000	Leasehold Improvements £'000	Plant Vehicles & Office Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost:					
At 28.2.94	2,280	60	10,445	489	13,274
Additions	20	102	1,163	799	2,084
Reclassification	-	-	945	(945)	-
Disposals	-	-	(58)	-	(58)
At 28.2.95	2,300	162	12,495	343	15,300
Depreciation:					
At 28.2.94	332	32	3,448	-	3,812
Provided during year	51	8	727	-	786
Disposals	-	-	(30)	-	(30)
At 28.2.95	383	40	4,145	-	4,568
Net book value:					
At 28.2.95	1,917	122	8,350	343	10,732
<b>Company:</b>					
Cost:			Freehold Property £'000		Total £'000
At 28.2.94			2,103		2,103
Additions			20		20
At 28.2.95			2,123		2,123
Depreciation:					
At 28.2.94			314		314
Provided during year			47		47
At 28.2.95			361		361
Net book value					
At 28.2.95			1,762		1,762
<b>Group</b>					
			1995 £'000		1994 £'000
Cost of land not subject to depreciation			334		334
Residual value of plant used in the calculation of depreciation and therefore not subject to depreciation			2,968		2,541
Additions to plant includes:					
Cost of materials used plus labour and overhead in commissioning new machinery			221		120
Own labour on installation of plant			110		140
Net book value of plant held under finance lease			3,009		2,078



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 11 Investments

	1995 £'000	Company	1994 £'000
Subsidiary company	-		-
Related company	100		100
	100		100

Subsidiary company:  
Shareholdings are stated at cost less provisions.

The company's trading subsidiary is:

	Country of incorporation and operation	Proportion of ordinary share capital held
Darby Tempered Products Limited (including the business previously carried on by Unique Sealed Units Limited)	U.K.	100%

The shareholding is held directly by the company. The business is the manufacture and distribution of specialist glass products.

Related company:

The company owns 50% of the ordinary share capital (being 100,000 shares of £1 each) of Bent Tempered Glass Limited, a company incorporated and trading in the U.K. whose business is the manufacture and sale of bent toughened glass.

As indicated in Note 1 the accounts of this company are consolidated in the group accounts.

### 12 Stocks

	1995 £'000	Group	1994 £'000
Raw materials	1,159		1,014
Work in progress	65		87
Finished goods	509		429
	1,733		1,530



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 13 Debtors

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Trade debtors	3,335	3,374	-	-
Amounts owed by group companies	-	-	3,811	5,604
Amounts owed by Darby (Europe) S.A. and Darby (France) S.A.	-	81	-	-
Taxation recoverable	264	328	255	328
Other debtors	2	68	-	1
Prepayments and accrued income	285	352	9	112
	<b>3,886</b>	<b>4,203</b>	<b>4,075</b>	<b>6,045</b>
Due within 1 year	3,846	4,166	4,035	6,008
Due after 1 year	40	37	40	37

### 14 Creditors falling due within one year

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Bank overdraft (secured)	1,574	2,648	-	237
Bank loan (secured)	721	375	187	187
Finance leases	551	394	-	-
Loan from ex-shareholder in related company	-	179	-	-
Trade creditors	1,547	1,302	-	-
Amounts owed to group companies	-	-	59	790
Amounts owed to Darby (Europe) S.A. and Darby (France) S.A.	-	-	-	371
Social Security and other taxes	262	388	-	-
Corporation tax	308	171	233	157
Dividends	187	138	187	138
Other creditors	9	104	9	104
Accruals	649	783	-	-
	<b>5,808</b>	<b>6,482</b>	<b>675</b>	<b>1,984</b>

### 15 Creditors falling due after one year

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Bank loans (secured)	2,034	937	313	500
Finance leases	1,341	906	-	-
Other creditors	-	9	-	9
	<b>3,375</b>	<b>1,852</b>	<b>313</b>	<b>509</b>



## NOTES TO THE ACCOUNTS

year ended 28th February 1995

### 16 Borrowings

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Bank loans (secured)	2,755	1,312	500	687
Finance leases	1,892	1,300	-	-
	<b>4,647</b>	<b>2,612</b>	<b>500</b>	<b>687</b>
Repayable as to:				
Within one year	1,272	769	187	187
Not within one year	3,375	1,843	313	500
	<b>4,647</b>	<b>2,612</b>	<b>500</b>	<b>687</b>
Borrowings which are repayable by instalments are due:				
Within one year				
- Bank and other	721	375	187	187
- Finance leases	551	394	-	-
In one to two years				
- Banks	688	375	188	125
- Finance leases	465	373	-	-
In two to five years				
- Banks	1,346	562	125	375
- Finance leases	715	487	-	-
After five years				
- Finance leases	161	46	-	-
	<b>4,647</b>	<b>2,612</b>	<b>500</b>	<b>687</b>

All bank loans and facilities are given by or guaranteed by the group's bankers, and are secured by fixed and floating charges over all the assets of the company and its subsidiary companies and by cross guarantees between those companies.

### 17 Share capital

		Authorised		Issued and Fully Paid		
		1995 Number	1995 £'000	1994 £'000	1995 Number	1995 £'000
Ordinary shares of 5p each	19,000,000	950	950	15,927,145	796	796

Share option scheme:

Options have been granted to subscribe for ordinary shares and are outstanding as follows:

Date granted	Number	Option price	Exercisable
31st October 1988	2,000	115p	1995 to 1998
9th July 1993	791,000	35p	1996 to 2003



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 18 Reserves – profit and loss account

	Group £'000	Company £'000
At 28th February 1994	2,180	1,142
Retained profit for the year	516	(492)
Goodwill on acquisition written off	(332)	-
At 28th February 1995	<b>2,364</b>	<b>650</b>

The cumulative goodwill written off resulting from acquisitions (adjusted for disposals) at 28th February 1995 is £1,279,000.

### 19 Reconciliation of movements in shareholders' funds

	Group	
	1995 £'000	1994 £'000
Profit for the financial year	819	664
Dividends	(303)	(191)
Goodwill on acquisition written off	(332)	-
Movement in year	184	473
Opening shareholders' funds	6,479	6,006
Closing shareholders' funds	<b>6,663</b>	<b>6,479</b>

### 20 Minority interests

	Group £'000
Equity interest in related company at 28th February 1994	385
Interest in profits for the year	123
Equity interest in related company at 28th February 1995	<b>508</b>



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 21 Provision for liabilities and charges

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Deferred taxation	-	-	-	-

	Group		Company	
	1995 Total Potential Liability £'000	1994 Total Potential Liability £'000	1995 Total Potential Liability £'000	1994 Total Potential Liability £'000
Potential liability				
Accelerated capital allowances	1,594	1,250	176	174
Short term timing differences	3	23	3	33
Losses carried forward	(226)	(109)	(94)	-
	<b>1,371</b>	<b>1,164</b>	<b>85</b>	<b>207</b>

### 22 Cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities	1995 £'000	1994 £'000
Operating profit	1,614	1,268
Loan from ex-shareholder in related company written off	(179)	-
Depreciation	786	666
(Profit)/Loss on sale of tangible fixed assets	(32)	1
(Increase) in stocks	(203)	(67)
Decrease in debtors	300	330
(Decrease) in creditors	(523)	(387)
Net cash inflow from operating activities	<b>1,763</b>	<b>1,811</b>

(b) Analysis of changes in cash and cash equivalents during the year:	1995 £'000	1994 £'000
Balance at 1st March 1994	(2,645)	(656)
Net cash inflow/(outflow)	1,131	(1,989)
Overdraft in business acquired	(57)	-
Balance at 28th February 1995	<b>(1,571)</b>	<b>(2,645)</b>



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 22 Cash flow statement (continued)

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet:	1995 £'000	1994 £'000	Change in year £'000
Cash at bank and in hand	3	3	-
Bank overdrafts	(1,574)	(2,648)	1,074
	<b>(1,571)</b>	<b>(2,645)</b>	<b>1,074</b>

(d) Analysis of changes in financing during the year:	Bank Loans £'000	Other Loans £'000	Finance Leases £'000
1st March 1994	1,312	179	1,300
Loan written off	-	(179)	-
Cash inflow/(outflow) from financing	1,443	-	(576)
Capital value of new leases	-	-	1,168
At 28th February 1995	<b>2,755</b>	<b>-</b>	<b>1,892</b>

### 23 Acquisition

On 13th May 1994 the company acquired the share capital of Unique Sealed Units Limited. The fair value of the assets and liabilities acquired and the goodwill arising on acquisition, which has been written off against reserves, are as follows:

	Book Value £'000	Revaluation £'000	Provisions £'000	Fair Value £'000
Tangible fixed assets	70	(18)	-	52
Stock	3	-	(3)	-
Debtors	198	-	(151)	47
Creditors	(265)	-	(87)	(352)
Bank overdraft	(57)	-	-	(57)
	<b>(51)</b>	<b>(18)</b>	<b>(241)</b>	<b>(310)</b>
Purchase consideration, cash including costs				22
Goodwill on consolidation				<b>(332)</b>

Of these provisions £196,000 have been utilised and the balance of £45,000 released to the Profit and Loss account. Following the acquisition, the business of Unique Sealed Units Limited was transferred to Darby Tempered Products Limited. The business did not have a material effect on the results or cash flow of the group for the year.



## NOTES TO THE ACCOUNTS

for the year ended 28th February 1995

### 24 Capital commitments

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Amounts contracted for but not provided for in these accounts	1,886	46	-	2
Amounts authorised by the directors but not contracted for	28	213	-	-

### 25 Financial commitments

The group leases property, plant and vehicles. The minimum annual rentals under these leases are as follows:

	1995		1994	
	Property £'000	Plant & Vehicles £'000	Property £'000	Plant & Vehicles £'000
Operating leases which expire:				
Within 1 year	-	28	-	242
In 1 to 5 years	79	391	-	177
Over 5 years	149	5	189	-
	228	424	189	419

The company has entered into an agreement to purchase for 1.5 million swiss francs the 50% shareholding in Bent Tempered Glass Limited that it does not already own.

### 26 Contingent liabilities

Government grants received have been included in the accounts in accordance with the policy set out in Note 1. Grants may become repayable in certain circumstances in accordance with the conditions of the grants.

Bent Tempered Glass Limited (BTG) has received a claim for £309,000 (plus costs and interest) from Harmon Contracts UK Limited ("Harmon") in respect of glass supplied by BTG in 1993 to the value of approximately £250,000. The statement of claim which was served on 31st May 1995 alleges that the damage which occurred to certain of the glass panels supplied amounted to a breach of contract by BTG. The directors are of the opinion that BTG has fully complied with its obligations to Harmon under the said contract and that the glass supplied met the agreed specifications. The directors have resolved to defend these proceedings and are of the opinion that, on the facts known at present, it would not be appropriate to make any provision in respect of the substantive claim from Harmon although the company will continue to incur costs arising from the investigation and the defence of the proceedings.

The company has guaranteed the bank facilities granted to its subsidiary and related companies. At 28th February 1995, the amounts guaranteed totalled £1,573, 615.



## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Darby Group Plc will be held at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS on Friday, 28th July 1995 at 11.00 a.m. for the following purposes.

### Ordinary business

1. To receive the reports of the Directors and Auditors and to adopt the accounts of the Company for the year ended 28th February 1995.
2. To declare the dividend recommended by the Directors.
3. To re-appoint Streets & Co. as Auditors and authorise the Directors to agree their remuneration.

By order of the Board

**B. Dovey**  
*Secretary*

5th July 1995

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of a Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish.
2. Forms of Proxy must be lodged with the Company Secretary, Darby Group Plc., Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS not less than twenty four hours before the time fixed for the meeting.
3. Directors service contracts are available for inspection.







**Darby Group Plc  
Darby House  
Sunningdale Road  
Scunthorpe  
DN17 2SS**

ANNUAL REPORT 1996



***Darby***

DARBY GROUP Plc

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## CORPORATE VISION

*Darby Group was established in 1973, and it is now the UK's largest independent producer of flat and curved tempered safety glass.*

*The Head Office and largest manufacturing facility is in Scunthorpe, and the Company has extensive production facilities in Glengarnock (near Glasgow), Gloucester, Barking, Wolverhampton and Newcastle.*

*It is the Company's strategy to prioritise sales activities in those market sectors wherein, through the provision of industry leading service levels and the supply of specialised value added product lines for niche market applications, premium pricing structures can be commanded. Specifically, major emphasis will be accorded to developing sales of high value curved tempered glass products, the area of activity in which the Company is already the accepted market leader.*



## FINANCIAL HIGHLIGHTS

Turnover at £15.6 million up by 14% (annualised) on previous year



Profit before taxation (ten months) increased to £955,000 – an annualised increase on a like basis of 37%



Earnings per share increased by 17% to 5.33p (1994: 4.55p)



Recommended final dividend of 1.1p per share, making a total of 2.0p per share (1994: 1.9p per share)



*“ The pace of trading progress evidenced during the latter part of 1995 looks set to accelerate further in 1996. The underlying quality and mix of our business remains good, and we are confident that the trading strategy now firmly in place will secure for the Company significantly improved trading results both in the current year and beyond. ”*

**Michael Darby, Chairman**



## CHAIRMAN'S STATEMENT

### Results

I am pleased to report that Group sales for the ten month trading period to 31st December, 1995, at £15.6 million showed an annualised increase of 14% over the previous year. Pre-tax profits for the ten month period increased to £955,000 compared with £835,000 (after adjusting the latter for a non trading profit of £179,000) for the twelve month period last year, representing an annualised increase of 37%.

The Directors propose a final dividend of 1.1p per share, making a total of 2.0p per share (compared to 1.9p per share for the previous year), to be paid on 24th May, 1996, to shareholders on the register on 2nd April, 1996.

### Business Review

Our performance through the year as a whole was ahead of our expectations, with trading during the second period (four months to December) being particularly strong.

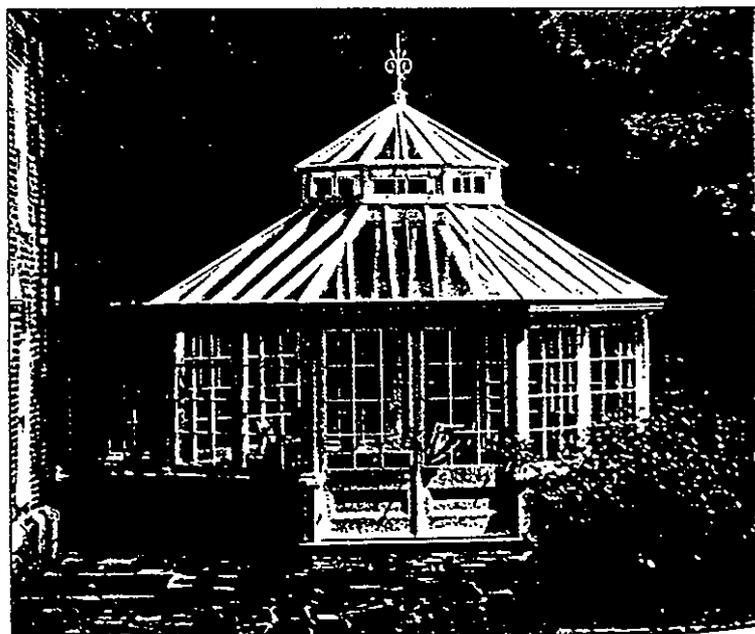
Whilst U.K. market volumes in 1995 were relatively flat for the Industry as a whole, as the year developed the operation of our developing network of Subsidiary Manufacturing Units, through the provision of higher levels of service to a localised customer base, enabled us to obtain a meaningful improvement in our market share. Encouragingly, this was gained without generalised price erosion so that there was little pressure on margins. Of particular significance was the fact that price premiums for the provision of the Rapid Delivery Service (R.D.S.) continued to hold up well. By the year end, all established Subsidiaries were operating on a multi-shift basis, and making a solid contribution.

The most recent Subsidiary Unit (Darby North East) was opened in Newcastle in November, and with start up losses confined within budgeted levels, early trading performance in an area in which we have traditionally been

weak, gave rise to considerable optimism for the future.

Emphasis at our main Scunthorpe factory continued to be directed toward the manufacture of high value added product lines. Encouragingly, business volumes remained high throughout the period, and we were successful in winning a number of major prestigious long term supply contracts. Trading levels for our Curved Tempered Glass Products remained exceptionally strong, so that by the year end key plant within this Division was being continually operated on a twenty four hour per day basis.

Export business continued to develop steadily through the year, with volumes for the German market being above expectation. Orders emanating from the Weidemann Contract, which at the time I previously reported were anticipated to produce an additional £23 million sales in the first three years, continued to grow steadily, despite the fact that as a direct consequence of shortage of Curved Tempered



## CHAIRMAN'S STATEMENT

Glass production capacity – the product for which Weidemann has forecast the largest medium term sales potential – we had to limit the availability of this product range, thus extending the period during which the volume of sales are anticipated to be achieved.

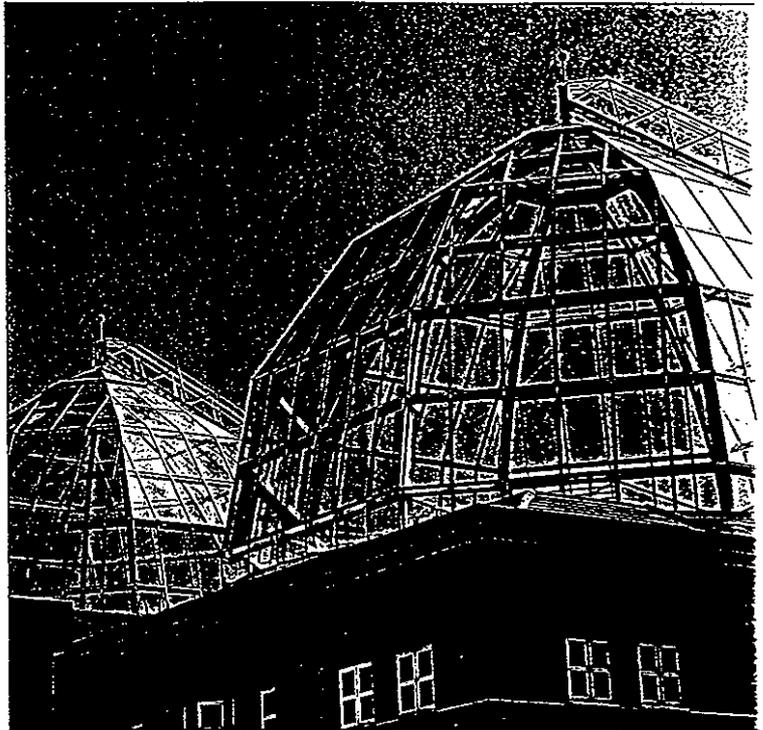
Our longer term strategy of attempting to reduce our dependence on the U.K. Construction Industry, bore fruit with the value of such business falling for the first time to a level below 40% of total sales.

Following the successful Rights Issue in July 1995, our gearing was reduced to 18%. This figure had risen only slightly (to 21%) at the period end despite heavy, planned expenditure on the new Curved Tempering Plant and other items of equipment necessary to achieve our production targets.

### Current Trading and Prospects

Trading during January and February 1996, a period in which business in the Industry is traditionally slow, was ahead of expectation. Our declining dependence upon the U.K. Construction Industry is reflected by particularly good orders in January for non building applications. January yielded profit generation above expectation.

Severe adverse weather conditions during much of February over a wide area of the Country, as expected resulted in reduced volumes for the Subsidiary Manufacturing Companies. However, it is believed that this is not of any long term significance, since most importantly, the customer base at each of the Subsidiaries, as measured by the number of customers ordering regularly, continues to rise in line with our expectations. We believe that the rate of growth achieved in the last quarter of 1995 will be sustained during the next period, with a significant proportion of this additional business originating through continued expansion of our market share.



We intend to continue the development of our network of low cost manufacturing units within important industrial conurbations. We expect to commission a new factory in the North West in the late summer, with a further site in the South East provisionally programmed to come onstream at the beginning of 1997. The timing of these developments will be closely controlled to maximise trading impact.

Trading emphasis at all Subsidiary Manufacturing Sites will continue to be directed to that business which, through the provision of superior levels of service (R.D.S.), can command premium rates, and has further potential.

Orders for high value added products at the main Scunthorpe factory continues to grow, and margins associated with this business are



## CHAIRMAN'S STATEMENT

continued

being steadily improved as a consequence of the input of sophisticated new automated production equipment. This controlled investment programme will continue. The Build Programme for the revolutionary Horizontal Curved Tempering Plant is on schedule for an end of April start up date, with commercial production planned for early May. This new plant, which has commanded an investment of approximately £2 million and is sited within a separate factory unit in Scunthorpe, will secure substantially enhanced levels of productivity within the Division (by a factor of up to six times), and will have the immediate impact of securing enhanced margins on a tranche of existing business. Additionally, the new plant will enable us to enter market sectors which have until now been denied to us. An additional advantage will accrue from the commissioning of the new plant, in that we shall henceforth have the ability to direct the activities of the existing plant to more specialised work, which whilst being low in volume, is available at very high price levels, and for which we believe there will be considerable ongoing demand. The working life of the old plant will therefore be profitably extended.

The development of the value added potential of the Scunthorpe factory generally, and the Curved Tempering Division particularly, will we believe facilitate a major improvement in our export business. The arrangements with Weidemann will receive a considerable boost as a consequence of the availability of

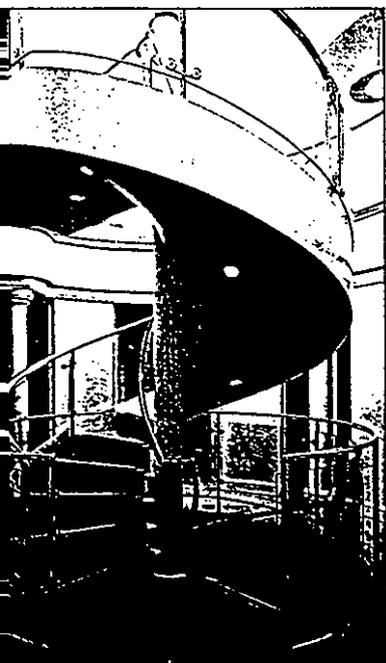
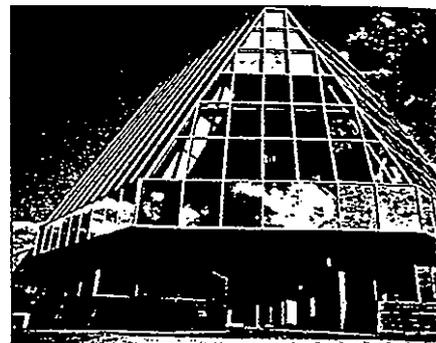
increased volumes of Curved Tempered Glasses available on short delivery lead times for a range of new niche market applications. Additionally, we intend to achieve increased export penetration in new markets by similarly aligning ourselves with established players of proven status

therein, helping our partners to develop high margin specialised business which they cannot alone accomplish. To this end we recently signed a Distribution Agreement with D.S.G. Industri A.S. Denmark covering the Danish

Market, but with potential for other neighbouring Scandinavian Markets. This arrangement is as yet in its infancy but we believe it has considerable potential in markets where we currently have no presence.

In difficult trading times in the New Build Industry, our Redbourne Division, which has now been relocated within our Gloucester factory, continues to outperform expectations. Its ability to offer a design and build sliding door service has resulted in the securing of a number of important new contracts with good long term profit earning potential, including an excellent export contract with a leading Irish Company. Order volumes for the Division generally are considerably ahead of the same period last year, and look set to be sustained. Prospects for Redbourne will further improve in line with any Recovery in the New Build Sector.

We have completed the reorganisation of the Company's administrative systems, with all Production Planning and Customer Service Functions being centrally located within the enlarged Scunthorpe main office complex. This is having the effect of facilitating the evening out of production loadings at the various manufacturing sites, thereby reducing the need for premium priced working at any individual site and consequently bringing down average unit production costs. Service levels provided to regular customers are being further enhanced as a consequence of this development, thereby encouraging the



## CHAIRMAN'S STATEMENT

generation of repeat business. Customer loyalty, in an Industry noted for its volatility, continues to show marked improvement, as the overall scope and quality of our supply package relative to that of our competitors, is more widely appreciated.

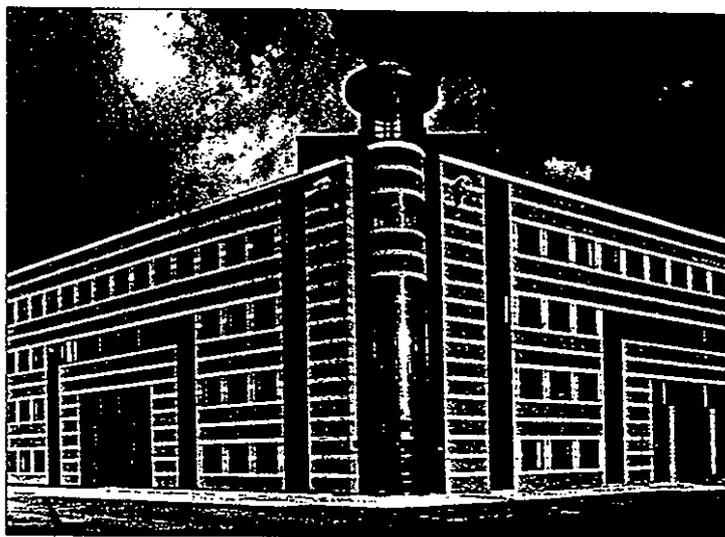
The Company now has probably the largest raw material glass spend of any U.K. Glass Processing Company not directly owned by a Glass Manufacturer. This has been used to major advantage in that we have been able to negotiate very favourable revised purchasing terms with our major glass supplier on a fixed price basis throughout the year. Additionally, the recent introduction of new Glass Cutting Optimising Equipment has enabled us to reduce cutting waste by just over one full percentage point. These two developments are combining to secure significant raw material glass cost savings, which will impact positively on margins.

### Management

I am pleased to confirm that Mr. Roger Queen has joined us as Group Finance Director, and at this early stage we are seeing strong benefits from his input. Financial disciplines have already been considerably strengthened, with the exercising of continued stringent controls over gearing levels, being a priority objective. Mr. John Young C.B.E., formerly the Chief Executive of the Securities and Investment Board, has taken up his position as a Non-Executive Director and I am confident that the Board will obtain substantial benefit from his considerable experience.

### Stock Exchange Listing

Due to the closure of the Unlisted Securities Market at the end of 1996, the Company intends to apply for its shares to be admitted to the Official List following publication of the annual report and accounts.



### Outlook

The pace of trading progress evidenced during the latter part of 1995 looks set to accelerate further as 1996 progresses. Apart from unavoidable seasonal order variations, the underlying quality and mix of our business remains good, and we are confident that the trading strategy now firmly in place will secure for the Company significantly improved trading results both in the current year and beyond. High levels of localised service made possible through the manufacturing subsidiaries, coupled with the development of sophisticated plant and equipment at the Company's main Scunthorpe factory complex are combining to facilitate a dual pronged market attack with positive results. Higher sales values are being achieved in both Home and Export Markets for a product range which continues to widen and which contains an increasing premium pricing element.

I believe that we can look forward to the immediate and longer term trading periods with considerable optimism.

**Michael Darby**

*Chairman*

14th March 1996



## OFFICERS AND ADVISERS

<b>Chairman and Chief Executive</b>	M. J. Darby
<b>Group Operations Director</b>	C. M. Simpson
<b>Directors</b>	R. C. Queen H. Hardy ( <i>non-executive</i> ) J. R. C. Young ( <i>non-executive</i> )
<b>Company Secretary</b>	B. Dovey
<b>Registered Office</b>	Darby House, Sunningdale Road, Scunthorpe, South Humberside
<b>Auditors</b>	Streets & Co., Tower House, Lucy Tower Street, Lincoln
<b>Bankers</b>	National Westminster Bank PLC Nottingham Business Centre, 1st Floor, Radford House, Radford Boulevard, Nottingham
<b>Joint Solicitors</b>	Ashurst Morris Crisp Broadwalk House 5 Appold Street London  Burton & Dyson, Market Place, Gainsborough, Lincolnshire
<b>Stockbrokers</b>	Albert E. Sharp Edmund House, 12, Newhall Street, Birmingham
<b>Transfer Office</b>	Independent Registrars, Broseley House, Newlands Drive, Witham, Essex



# REPORT OF THE DIRECTORS

for the period ended 31st December 1995

The directors submit their annual report and audited financial statements for the 10 months ended 31st December 1995. The company and the group have changed their accounting reference date to 31st December.

## Results and dividends

The group profit for the year, before taxation, was **£955,000**

After taxation, there was a profit of **£977,000**

An interim dividend of 0.9p per share was paid, amounting to £241,000. The directors propose a final dividend of 1.1p per share amounting to £294,000.

## Review of the business

The group is a manufacturer and distributor of a range of specialist glass products.

The Chairman's Statement contains a review of the group's business and likely future developments.

## Fixed assets

The group continued to invest in fixed assets and principal additions to plant included glass toughening and process equipment.

The directors do not consider the market value of the group's interest in land and buildings is less than that at which it is stated in the accounts.

## Directors

The directors of the company at 31st December 1995 and their interests in the ordinary share capital of the company were as follows:

	31st December 1995	28th February 1995
M. J. Darby	7,650,000	7,650,000
C. M. Simpson	2,100	1,250
H. Hardy	7,024	4,181

J. R. C. Young was appointed as a director on 1st January 1996. R. C. Queen was appointed as a director on 13th March 1996. Mrs. B. J. Darby resigned as a director on 4th July 1995. D. E. Boddy died on 7th September 1995.

The above interests include shares held by or on behalf of Trustees of a Settlement made by him as follows:

	31st December 1995	28th February 1995
M. J. Darby	7,650,000	7,650,000

The above disclosable shareholdings of M. J. Darby include those of his wife. In addition, 33,600 shares are held in a Self

Administered pension fund controlled by M. J. Darby (28th February 1995: 20,000).

There was no change in the above shareholdings between 31st December 1995 and 14th March 1996.

The following directors held options to purchase shares under the company's Executive Share Option Scheme at 31st December as follows:

	31.12.95	28.2.95	Exercise price	Date from which exercisable	Expiry date
M. J. Darby	220,000	220,000	35p	1996	2003
C. M. Simpson	110,000	110,000	35p	1996	2003

Other than the transactions referred to below, no director has had a beneficial interest in any contract of significance with the company or its subsidiaries during the period.

H. Hardy is a consultant for the firm of Messrs. Burton & Dyson, the company's Solicitors. During the period that firm received fees of £70,288 in respect of general services and for his services as a non-executive director.

## Other substantial shareholdings

At 29th February 1996, other disclosable substantial shareholdings were as follows:

	Number of Ordinary Shares	Percentage of Issued Share Capital
PDFM Limited	3,689,120	13.8%
Norwich Union Life Insurance Society and Norwich Union Pensions Management Limited	2,371,557	8.9%
NatWest Investment Management Ltd	2,054,943	7.7%
The Equitable Life Assurance Society	1,944,820	7.3%
The Fleming Mercantile Investment Trust Plc	1,451,983	5.4%
Premium Life Investment Management Services Ltd	1,368,709	5.1%

## Corporate governance

The Board of Directors has considered the recommendations of the Committee on the financial aspects of corporate governance and the code of best practice included in the report.

## Board of directors

The Board comprises three executive and two non-executive directors and meets monthly exercising full and effective control over the group. The Board considers that two non-executive directors are appropriate in view of the size of the business. The selection of non-executive directors was subject to a formal process, carried out by the Board as a whole.



# REPORT OF THE DIRECTORS

for the period ended 31st December 1995

The directors are able to take independent professional advice, if necessary, at the company's expense. At the present time and in view of the size of the group it is not thought necessary to have a formal Audit or Remuneration Committee.

## Internal financial control

The Board of Directors has reviewed the effectiveness of internal controls over the year and implemented additional formalised procedures where considered necessary to comply more fully with the Code of Best Practice. The Board has overall responsibility for the group's system of internal financial control and for monitoring their effectiveness.

The annual operating and budgetary plans for each operating division are reviewed by the controlling management prior to submission to the Board for approval. This includes the identification and assessment of the business and financial risks inherent in each operating area. The process is repeated monthly with results for each operational division compared with budget and past period. Additionally, planned capital expenditure is discussed by the Board as a whole and approved formally at monthly Board meetings.

The systems of internal control have been enhanced to provide reasonable assurance against misstatement or loss; namely

- Comprehensive budgeting systems with an annual budget approved by the Board.
- Regular consideration by the Board of actual revenues and costs compared with budgets.
- Periodic review of legal and accounting developments affecting the group.
- Monthly review of the group's capital commitments by the Board.

## Directors responsibilities for preparing the financial statements

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

- select suitable accounting policies and then 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;

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 accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

## Special Business at the Annual General Meeting

The Directors draw your attention to Special Resolution No. 7, set out in the Notice of Meeting on page 28, that will be proposed at the Annual General Meeting for the purpose of giving the directors a general empowerment to disapply statutory pre-emption rights under Section 95 of the Companies Act 1985. This would enable the directors to issue up to 1,337,878 ordinary shares (being 5 per cent of the total issued ordinary share capital of the Company at 31st December 1995) for cash other than to existing shareholders of the Company in proportion to their shareholdings.

## Movement to the Crest System

This is to give you notice, in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), that the Company intends to pass a resolution of its directors that title to the ordinary shares of 5p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system.

The above notice informs members, in accordance with the Regulations, that the Company intends to pass a "directors' resolution" (as defined in the Regulations) in relation to its ordinary shares. A directors' resolution will enable the Company's ordinary shares to join CREST in due course.



## REPORT OF THE DIRECTORS

for the period ended 31st December 1995

However, shareholders should note that the shares will not become transferable by means of the CREST system merely by virtue of the passing of the directors' resolution (nor will they do so by virtue of the directors' resolution becoming effective); the permission of the Operator of the system, CRESTCo Limited, must also be given before the shares can become so transferable. This is anticipated to arise March 1997.

### Employees

The group seeks to provide equal opportunities in the appointment, training and career development of disabled persons taking into account their abilities.

The group seeks to keep employees involved in and informed about the group's affairs.

### Officers' insurance

During the year the company has purchased insurance of officers against liabilities in relation to the company.

### Close company

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

### Auditors

A resolution is to be proposed at the annual general meeting for the reappointment of Streets & Co. together with the appointment of KPMG Audit Plc as joint auditors.

By order of the Board

**B. Dovey**  
*Secretary*

14th March 1996



# AUDITORS' REPORT

to the members of Darby Group Plc

We have audited the financial statements on pages 11 to 28 which have been prepared under the historical cost convention and the accounting policies set out on pages 15 and 16.

## **Respective responsibilities of directors and auditors**

As described in the directors' report, 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 31st December 1995 and of the profit of the group for the year

then ended and have been properly prepared in accordance with the Companies Act 1985.

## **Corporate governance matters**

In addition to our audit of the financial statements we have reviewed the directors' statement on pages 7 and 8 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

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

With respect to the directors' statement on going concern in our opinion the directors have provided the disclosures required by the Code and the statement is 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' statement on pages 7 and 8 appropriately reflects the company's compliance with the paragraphs of the Code specified for our review.

## **Streets & Co.,**

*Registered Auditor  
Chartered Accountants  
Lincoln  
14th March 1996*



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period ended 31st December 1995

	<i>Note</i>	10 months ended 31.12.95		Year ended 28.2.95
		£'000	£'000	£'000
Turnover	2		15,614	16,371
Cost of sales			(10,369)	(10,741)
<b>Gross profit</b>			5,245	5,630
Distribution and selling costs		(1,824)		(2,095)
Administrative expenses		(2,125)	(3,949)	(1,921)
<b>Operating profit</b>	3		1,296	1,614
Interest receivable			21	-
Interest payable	5		(362)	(600)
<b>Profit on ordinary activities before taxation</b>	2		955	1,014
Taxation	6		22	(72)
<b>Profit on ordinary activities after taxation</b>	7		977	942
Minority Interests			-	(123)
<b>Profit attributable to shareholders</b>			977	819
Dividends	8		(535)	(303)
<b>Retained profit for the period</b>	19		442	516
Earnings per share	9		5.33p	4.55p

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the period ended 31st December 1995

Total gains and losses recognised being profit for the period	977	819
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# CONSOLIDATED BALANCE SHEET

as at 31st December 1995

	<i>Note</i>	31.12.95 £'000	£'000	28.2.95 £'000
<b>Fixed assets</b>				
Tangible assets	10		11,751	10,732
<b>Current assets</b>				
Stocks	12	1,704		1,733
Debtors	13	4,262		3,886
Cash and bank balances		526		3
		6,492		5,622
<b>Creditors: Amounts falling due within one year</b>	14	(4,403)		(5,808)
<b>Net current assets/(liabilities)</b>			2,089	(186)
<b>Total assets less current liabilities</b>			13,840	10,546
<b>Creditors: Amounts falling due after more than one year</b>	15		(2,015)	(3,375)
			11,825	7,171
<b>Capital and reserves</b>				
Called-up share capital	17		1,338	796
Share premium account	18		7,963	3,503
Profit and loss account	19		2,524	2,364
<b>Total shareholders funds</b>	20		11,825	6,663
<b>Minority interests</b>	21		-	508
			11,825	7,171

Approved by the board of directors on 14th March 1996 and signed on its behalf by:

M. J. Darby	}	<i>Directors</i>
R. C. Queen		



## COMPANY BALANCE SHEET

as at 31st December 1995

	Note	31.12.95 £'000	£'000	28.2.95 £'000
<b>Fixed assets</b>				
Tangible assets	10		1,913	1,762
Investments	11		665	100
			2,578	1,862
<b>Current assets</b>				
Debtors	13	7,541		4,075
Cash and bank balances		1,148		-
			8,689	4,075
<b>Creditors: Amounts falling due within one year</b>	14	(943)		(675)
			7,746	3,400
<b>Net current assets</b>			10,324	5,262
<b>Creditors: Amounts falling due after more than one year</b>	15		(387)	(313)
			9,937	4,949
<b>Capital and reserves</b>				
Called-up share capital	17		1,338	796
Share premium account	18		7,963	3,503
Profit and loss account	19		636	650
			9,937	4,949

Approved by the board of directors on 14th March 1996 and signed on its behalf by:

M. J. Darby	}	<i>Directors</i>
R. C. Queen		



## CASH FLOW STATEMENT

for the period ended 31st December 1995

	Note	10 months ended 31.12.95 £'000	Year ended 28.2.95 £'000
Net cash inflow from operating activities	23	2,259	1,763
<b>Returns on investments and servicing of finance:</b>			
Interest received		21	-
Interest paid		(463)	(548)
Dividends paid		(159)	(254)
Net cash inflow/(outflow) from returns on investments and servicing of finance		(601)	(802)
Taxation (paid)/received		(274)	129
<b>Investing activities:</b>			
Purchase of tangible fixed assets		(865)	(864)
Purchase of minority interest in related company		(790)	-
Sale of tangible fixed assets		-	60
Purchase of subsidiary company		-	(22)
Net cash inflow/(outflow) from investing activities		(1,655)	(826)
Net cash inflow/(outflow) before financing		(271)	264
<b>Financing:</b>			
Issue of shares, net of costs of issue		5,002	-
Receipts from loans		545	2,200
Repayments of loans		(2,475)	(757)
Finance lease repayments		(704)	(576)
Net cash inflow/(outflow) from financing		2,368	867
Increase/(decrease) in cash and cash equivalents	23	2,097	1,131



# NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

## 1 Accounting policies

The accounts have been prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards. All the activities in the Group are continuing businesses and the significant accounting policies are set out below and have been applied consistently.

### Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary and related companies, all of which are drawn up to 31st December and based on audited accounts. A separate Profit and Loss Account for the holding company is not presented as provided by Section 230 of the Companies Act 1985.

Consolidated goodwill arising on the acquisition of subsidiary companies or businesses acquired by subsidiary companies (representing the excess of the fair value of the consideration given over the separate net assets acquired) is written off against reserves in the period in which it arises.

### Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases") the assets are treated as if they had been purchased outright and the corresponding leasing commitments are included in creditors.

All other leases are "operating leases" and the annual rentals are charged in the profit and loss account.

### Depreciation

Freehold land is not depreciated. Other fixed assets are depreciated on a straight line basis to write off the excess of cost over estimated residual value over the estimated useful lives of the assets, from the date of coming into use, as follows:

Freehold buildings	-	40 years
Leasehold improvements	-	life of lease
Plant	-	7 to 15 years
Office equipment	-	7 years
Motor vehicles	-	4 years

The residual values and the useful lives are estimated by the directors.

Plant includes the cost of commissioning new machinery being the cost of glass used together with the attributable cost of labour and overhead.

### Turnover

The group turnover represents the value of goods, excluding VAT, supplied to customers excluding group companies.



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 1 Accounting policies (continued)

#### Government grants

Regional selective assistance received primarily in respect of job creation is credited to the profit and loss account as earned.

#### Stocks

Stocks and work in progress are valued at the lower of cost, including the appropriate level of overheads, and net realisable value.

#### Foreign currencies

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates of exchange ruling at 31st December. Exchange differences are dealt with in the profit and loss account.

#### Deferred taxation

Deferred taxation is calculated by the liability method on timing differences between accounting profits and profits computed for taxation purposes, and is provided in the accounts to the extent that it is likely to become payable in the future.

#### Pensions

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the group in an independently administered fund. In addition, the group makes discretionary contributions to the personal pension plans of certain employees. The pension cost charge represents contributions payable by the group.

### 2 Turnover, expenses, profit and net assets

(a) The turnover, profit and net assets all arise in the UK and are attributable to one activity, the manufacture and distribution of a range of specialist glass products.

(b) The analysis of turnover by geographical destination is as follows:-

	Turnover	
	10 months to	Year to
	31.12.95	28.2.95
	£'000	£'000
Continuing operations:		
UK	14,453	15,089
Other EEC countries	1,081	1,100
Other	80	182
	<hr/>	<hr/>
	15,614	16,371



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 3 Operating profit

	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
This is stated after charging/(crediting):		
Depreciation on:		
Owned assets	613	575
Assets held under finance leases and hire purchase contracts	249	211
Plant and vehicles – hire	56	97
– operating lease	366	333
Property – operating lease	197	226
Directors' remuneration	254	288
Auditors' remuneration	30	30
Foreign exchange loss/(gain)	–	65
Regional selective assistance	(90)	(75)
Loan from ex-shareholder in related company written off	–	(179)

Non-audit fees paid to Streets & Co. amounted to £13,700.

### 4 Employees and directors

	10 months to 31.12.95	Year to 28.2.95
The average weekly number of employees during the period was made up as follows:		
Production	248	282
Administration and management	62	45
Sales and distribution	51	33
	361	360
	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
Staff costs consist of:		
Wages and salaries	3,525	3,840
Social Security costs	295	318
Other pension costs (defined contribution schemes)	46	51
	3,866	4,209
Directors remuneration:		
Fees	8	10
Other emoluments (including pension contributions)	246	278
	254	288
Emoluments excluding pension contributions:		
Chairman and highest paid director	114	102



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 4 Employees and directors (continued)

	10 months to 31.12.95	Year to 28.2.95
Other directors' emoluments fell within the following ranges:		
£5,001 - £10,000	1	1
£15,001 - £20,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	1	1
£55,001 - £60,000	1	-
£70,001 - £75,000	-	1

#### Directors Emoluments and Interests

The formation of a Remuneration Committee has not yet been carried out. The directors are giving full consideration to establishing a committee in the current financial year following the appointment of J. R. C. Young as non-executive director on 1st January 1996, and the planned movement to a full listing. The current policy is to review the remuneration of directors annually giving consideration to performance and prevailing market rates.

#### Employment Contracts

Each executive director has an employment contract with an entitlement to notice. M. J. Darby and C. M. Simpson entered into three year fixed term contracts on 1st July 1993. The notice period for each extends 12 months beyond the expiry date of 30th June 1996. Thereafter, notice period remains at 12 months for both directors.

Directors emoluments included the following:

	Salary £'000	Benefits £'000	Pension Contri- butions £'000	Fees £'000	Total 10 months to 31.12.95 £'000	Total Year to 28.2.95 £'000
<b>Executive directors</b>						
M. J. Darby	97	7	10	-	114	102
C. M. Simpson	41	5	7	-	53	55
D. E. Boddy	56	3	-	-	59	73
B. J. Darby	15	5	-	-	20	48
<b>Non-Executive Directors</b>						
H. Hardy	-	-	-	8	8	10
	209	20	17	8	254	288

The salary of D. E. Boddy included an ex gratia payment of £13,000 paid to his widow following his death.

During the period none of the remuneration was performance related.

Benefits principally include the provision of a company car and medical insurance. The company operates a defined contribution pension scheme for its directors. Contributions are paid annually at 10% of basic salary.

Details of share options held at 31st December 1995, are set out in the Report of the Directors on page 7. There have been no movements during the period and the market price at 31st December 1995 was 58p.

The company does not offer any other long term incentive schemes.



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

5 Interest payable	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
On bank overdrafts and bank loans wholly repayable within five years	232	397
Finance lease and hire purchase interest	123	176
On other borrowings and other interest	7	27
	362	600

6 Taxation	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
Taxation based on the profit for the period:		
Corporation tax payable	(4)	(75)
Adjustment relating to prior years	26	3
	22	(72)

Corporation tax is calculated at 33% of taxable profits.

The tax charge for the year has been reduced

as a result of:

Accelerated capital allowances	£141,000
Utilisation of losses brought forward	£203,000

7 Profit for the year	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
This has been dealt with as follows:		
Parent company	521	(189)
Subsidiary companies and consolidation	456	1,131
	977	942

8 Dividends	10 months to 31.12.95 £'000	Year to 28.2.95 £'000
Ordinary dividends – paid	241	144
– proposed	294	159
	535	303



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 9 Earnings per share

	10 months to 31.12.95 Pence	Year to 28.2.95 Pence
Earnings per share	5.33	4.55
Tax	(0.12)	0.40
Minority interests	-	0.68
<hr/>		
Continuing profit before tax per share	5.21	5.63

The continuing profit before tax per share has been calculated in addition to the earnings per share required by SSAP 3 since in the opinion of the directors this will allow shareholders to consider the results of the continuing operations of the group.

The earnings per share is based on the average number of shares in issue during the period of 20,705,270 (28.2.95 – 15,927,145). The earnings per share for the period and for the prior year have been adjusted to take into account the rights issue during the period by applying the factors 70/62 and 62/70 respectively. The fully diluted earnings per share does not differ materially from the above.

### 10 Tangible assets

Group	Freehold Property £'000	Short Leasehold Improvements £'000	Plant Vehicles & Office Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost:					
At 28.2.95	2,300	162	12,495	343	15,300
Additions	53	94	457	1,277	1,881
Reclassification	-	-	765	(765)	-
<hr/>					
At 31.12.95	2,353	256	13,717	855	17,181
<hr/>					
Depreciation:					
At 28.2.95	383	40	4,145	-	4,568
Provided during period	57	10	795	-	862
<hr/>					
At 31.12.95	440	50	4,940	-	5,430
<hr/>					
Net book value:					
At 31.12.95	1,913	206	8,777	855	11,751



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 10 Tangible assets (continued)

Company	Freehold Property	Total
	£'000	£'000
Cost:		
At 28.2.95	2,123	2,123
Additions	53	53
Transfers	177	177
<hr/>		
At 31.12.95	2,353	2,353
<hr/>		
Depreciation:		
At 28.2.95	361	361
Provided during period	38	38
On transfers	41	41
<hr/>		
At 31.12.95	440	440
<hr/>		
Net book value		
At 31.12.95	1,913	1,913

### Group

	10 months to 31.12.95	Year to 28.2.95
	£'000	£'000
Cost of land not subject to depreciation	334	334
Residual value of plant used in the calculation of depreciation and therefore not subject to depreciation	2,968	2,968
Additions to plant includes:		
● Cost of materials used plus labour and overhead in commissioning new machinery	126	221
● Own labour on installation of plant	103	110
Net book value of plant held under finance lease	3,751	3,009

### 11 Investments

Subsidiary company	31.12.95	Company 28.2.95
	£'000	£'000
Cost:		
28.2.95	167	145
Addition	665	22
<hr/>		
31.12.95	832	167
<hr/>		
Provision:		
28.2.95	167	145
Increase	-	22
<hr/>		
31.12.95	167	167
<hr/>		
Net book value	665	-



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 11 Investments (continued)

	31.12.95 £'000	Company	28.2.95 £'000
Related company			
Cost:			
28.2.95	100		100
Disposal	(100)		-
31.12.95	-		100

Subsidiary company:

Shareholdings are stated at cost less provisions.

The company's trading subsidiary is:

	Country of incorporation and operation	Proportion of ordinary share capital held
Darby Tempered Products Limited	U.K.	100%

The shareholding is held directly by the company. The business is the manufacture and distribution of specialist glass products.

Related company:

At 28th February 1995 the company owned 50% of the ordinary share capital of Bent Tempered Glass Limited, a company incorporated and trading in the UK whose business was the manufacture and sale of bent toughened glass. During the period the company purchased the remaining 50% of the ordinary share capital for £790,000. The directors believe that the fair value of Bent Tempered Glass Limited was not materially different from the amounts stated in the accounts. In the group accounts the goodwill on this purchase, being the excess of the amount paid over the amount due to the minority interest of £508,000 is £282,000 and has been charged against reserves. Darby Group Plc sold its investment in Bent Tempered Glass Limited to Darby Tempered Products Limited on 29th December 1995.

### 12 Stocks

	31.12.95 £'000	Group	28.2.95 £'000
Raw materials	1,196		1,159
Work in progress	208		65
Finished goods	300		509
	1,704		1,733



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 13 Debtors

	Group		Company	
	31.12.95 £'000	28.2.95 £'000	31.12.95 £'000	28.2.95 £'000
Trade debtors	3,424	3,335	-	-
Amounts owed by group companies	-	-	7,216	3,811
Taxation recoverable	397	264	325	255
Other debtors	-	2	-	-
Prepayments and accrued income	441	285	-	9
	<b>4,262</b>	<b>3,886</b>	<b>7,541</b>	<b>4,075</b>
Due within 1 year	4,128	3,846	7,407	4,035
Due after 1 year	134	40	134	40

### 14 Creditors falling due within one year

	Group		Company	
	31.12.95 £'000	28.2.95 £'000	31.12.95 £'000	28.2.95 £'000
Bank overdraft (secured)	-	1,574	-	-
Bank loan (secured)	313	721	188	187
Finance leases	701	551	-	-
Trade creditors	1,619	1,547	-	-
Amounts owed to group companies	-	-	59	59
Social Security and other taxes	138	262	-	-
Corporation tax	145	308	133	233
Dividends	563	187	563	187
Other creditors	-	9	-	9
Accruals	924	649	-	-
	<b>4,403</b>	<b>5,808</b>	<b>943</b>	<b>675</b>

### 15 Creditors falling due after one year

	Group		Company	
	31.12.95 £'000	28.2.95 £'000	31.12.95 £'000	28.2.95 £'000
Bank loans (secured)	512	2,034	387	313
Finance leases	1,503	1,341	-	-
	<b>2,015</b>	<b>3,375</b>	<b>387</b>	<b>313</b>



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 16 Borrowings

	Group		Company	
	31.12.95 £'000	28.2.95 £'000	31.12.95 £'000	28.2.95 £'000
Bank loans (secured)	825	2,755	575	500
Finance leases	2,204	1,892	-	-
	<b>3,029</b>	<b>4,647</b>	<b>575</b>	<b>500</b>
Repayable as to:				
Within one year	1,014	1,272	188	187
Not within one year	2,015	3,375	387	313
	<b>3,029</b>	<b>4,647</b>	<b>575</b>	<b>500</b>
Borrowings which are repayable by instalments are due:				
Within one year				
- Bank and other	313	721	188	187
- Finance leases	701	551	-	-
In one to two years				
- Banks	250	688	125	188
- Finance leases	527	465	-	-
In two to five years				
- Banks	262	1,346	262	125
- Finance leases	936	715	-	-
After five years				
- Finance leases	40	161	-	-
	<b>3,029</b>	<b>4,647</b>	<b>575</b>	<b>500</b>

All bank loans and facilities are given by or guaranteed by the group's bankers, and are secured by fixed and floating charges over all the assets of the company and its subsidiary companies and by cross guarantees between those companies.

### 17 Share capital

	Authorised		Issued and Fully Paid	
	Number	£'000	Number	£'000
Ordinary shares of 5p each - 28.2.95	19,000,000	950	15,927,145	796
	<b>35,680,000</b>	<b>1,784</b>	<b>26,757,562</b>	<b>1,338</b>

During the period 10,830,417 ordinary shares of 5p each were allotted for a total consideration of £5,451,720. The premium on issue of £4,910,199 has been credited to the share premium account. The shares were issued in order to provide finance for a programme of capital investment, the purchase of the minority shareholding in Bent Tempered Glass Limited and to reduce the group's borrowings.

Share option scheme:

Options have been granted to subscribe for ordinary shares and are outstanding as follows:

Date granted	Number	Option price	Exercisable
31st October 1988	2,000	115p	1996 to 1998
9th July 1993	791,000	35p	1996 to 2003



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 18 Share premium account

	£'000
At 28th February 1995	3,503
Arising on issue of shares	4,910
Share issue expenses	(450)
At 31st December 1995	7,963

### 19 Reserves – profit and loss account

	Group £'000	Company £'000
At 28th February 1995	2,364	650
Retained profit for the year	442	(14)
Goodwill on purchase of minority interest written off	(282)	-
At 31st December 1995	2,524	636

The cumulative goodwill written off resulting from acquisitions (adjusted for disposals) at 31st December 1995 is £1,561,000.

### 20 Reconciliation of movements in shareholders' funds

	31.12.95 £'000	Group 28.2.95 £'000
Profit for the financial period	977	819
Dividends	(535)	(303)
New share capital subscribed, net of costs of issue	5,002	-
Goodwill written off	(282)	(332)
Movement in period	5,162	184
Opening shareholders' funds	6,663	6,479
Closing shareholders' funds	11,825	6,663

### 21 Minority interests

	Group £'000
Equity interest in related company at 28th February 1995	508
Purchase of minority interest	790
Goodwill on purchase of minority interest written off to reserves	282



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 22 Provision for liabilities and charges

	Group		Company	
	31.12.95	28.2.95	31.12.95	28.2.95
	£'000	£'000	£'000	£'000
Deferred taxation	-	-	-	-

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	Group		Company	
	31.12.95	28.2.95	31.12.95	28.2.95
	Total	Total	Total	Total
	Potential	Potential	Potential	Potential
	Liability	Liability	Liability	Liability
	£'000	£'000	£'000	£'000
Potential liability				
Accelerated capital allowances	1,813	1,594	185	176
Short term timing differences	-	3	-	3
Losses carried forward	(27)	(226)	(27)	(94)
	1,786	1,371	158	85

### 23 Cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities	10 months to 31.12.95	Year to 28.2.95
	£'000	£'000
Operating profit	1,296	1,614
Loan from ex-shareholder in related company written off	-	(179)
Depreciation	862	786
(Profit)/Loss on sale of tangible fixed assets	-	(32)
Decrease/(increase) in stocks	29	(203)
(Increase)/decrease in debtors	(243)	300
Increase/(decrease) in creditors	315	(523)
<b>Net cash outflow from operating activities</b>	<b>2,259</b>	<b>1,763</b>

(b) Analysis of changes in cash and cash equivalents during the year:		
Balance at 1st March 1995	(1,571)	(2,645)
Net cash inflow/(outflow)	2,097	1,131
Overdraft in business acquired	-	(57)
<b>Balance at 31st December 1995</b>	<b>526</b>	<b>(1,571)</b>



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 23 Cash flow statement (continued)

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet:

	31.12.95	28.2.95	Change in year
	£'000	£'000	£'000
Cash at bank and in hand	526	3	523
Bank overdrafts	-	(1,574)	1,574
	526	(1,571)	2,097

(d) Analysis of changes in financing during the period:

	Bank Loans £'000	Finance Leases £'000
1st March 1995	2,755	1,892
Cash inflow/(outflow) from financing	(1,930)	(704)
Capital value of new leases	-	1,016
At 31st December 1995	825	2,204

### 24 Capital commitments

	Group		Company	
	31.12.95	28.2.95	31.12.95	28.2.95
	£'000	£'000	£'000	£'000
Amounts contracted for but not provided for in these accounts	2,867	1,886	20	-
Amounts authorised by the directors but not contracted for	-	28	-	-



## NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

### 25 Financial commitments

The group leases property, plant and vehicles. The minimum annual rentals under these leases are as follows:

	31.12.95		28.2.95	
	Property £'000	Plant & Vehicles £'000	Property £'000	Plant & Vehicles £'000
Operating leases which expire:				
Within 1 year	2	54	-	28
In 1 to 5 years	79	318	79	391
Over 5 years	193	6	149	5
	274	378	228	424

### 26 Contingent liabilities

Government grants received have been included in the accounts in accordance with the policy set out in Note 1. Grants may become repayable in certain circumstances in accordance with the conditions of the grants.

Bent Tempered Glass Limited ("BTG") has received a claim for £309,000 (plus costs and interest) from Harmon Contracts UK Limited ("Harmon") in respect of glass supplied by BTG in 1993 to the value of approximately £250,000. The statement of claim which was served on 31st May 1995 alleges that the damage which occurred to certain of the glass panels supplied amounted to a breach of contract by BTG. The directors are of the opinion that BTG has fully complied with its obligations to Harmon under the said contract and that the glass supplied met the agreed specifications. The directors have resolved to defend these proceedings and are of the opinion that, on the facts known at present, it would not be appropriate to make any provision in respect of the substantive claim from Harmon although the company will continue to incur costs arising from the investigation and the defence of the proceedings.

The company has guaranteed the bank facilities granted to its subsidiary. At 31st December 1995, the amounts guaranteed totalled £621,582.



## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Darby Group Public Limited Company will be held at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS on Tuesday, 7th May, 1996 at 11.00 a.m. for the following purposes.

### Ordinary business

1. To receive the reports of the Directors and Auditors and to adopt the accounts of the Company for the year ended 31st December 1995.
2. To declare the dividend recommended by the Directors.
3. To re-appoint Streets & Co. as Auditors and authorise the Directors to agree their remuneration.
4. To appoint KPMG as Auditors jointly with Streets and Co., and to authorise the Directors to agree their remuneration.
5. To re-appoint Mr. J. R. C. Young as a Director.
6. To re-appoint Mr. R. C. Queen as a Director.

### Special Resolution

7. THAT the directors be and they are hereby authorised and empowered for the period commencing on the date of the passing of this Resolution and expiring on whichever is the earlier of 15 months from the passing of this Resolution or the date of the Annual General Meeting of the Company to be held in 1997 to allot equity securities (as defined in Section 94(2) of the Companies Act 1985 ("the Act")) of the Company as if Section 89(1) of the Act did not apply to any such allotment Provided that the authority and power contained in this Resolution shall be limited to an allotment of equity securities:
  - (i) otherwise than pursuant to (ii) below for cash up to an aggregate nominal amount equal to 1,337,878 (being not more than 5% of the issued ordinary share capital of the Company as shown in its last set of audited accounts); or

- (ii) in connection with a rights issue or any other pre-emptive offer concerning equity securities in the Company where it is, in the opinion of the directors, necessary or desirable to allot equity securities otherwise than in accordance with Section 89 of the Act by reason of the rights attached to any shares or securities of the Company or so as to be able to deal with fractional entitlements, record dates or legal or practical problems under the laws of, or the requirements of, any regulatory authority in any territory or otherwise howsoever;

Save that the Company may before the expiry of the power hereby conferred make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power hereby conferred had not expired.

By order of the Board

**B. Dovey**  
*Secretary*

15th March, 1996

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of a Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish.
2. Forms of Proxy must be lodged with the Company Secretary, Darby Group Public Limited Company, Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS not less than forty eight hours before the time fixed for the meeting.
3. In accordance with the requirements of the London Stock Exchange the following documents will be available for inspection at Darby House, Sunningdale Road, Scunthorpe, South Humberside during usual business hours on weekdays (except Saturdays, Sundays and public holidays) from the date of this notice until the close of the Annual General Meeting:-
  - (i) the Register of Directors' Interests in the capital of Group companies;
  - (ii) copies of directors' service contracts with the Company;
  - (iii) copies of the Rules of the Company's Executive Share Option Scheme.





**Darby Group Plc  
Darby House  
Sunningdale Road  
Scunthorpe  
DN17 2SS**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares of 5p each in Darby Group Plc you should at once hand this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

A copy of this document, which has been drawn up in accordance with The Public Offers of Securities Regulations 1995 ("the Regulations") and includes particulars given in compliance with the USM Rules of the London Stock Exchange for the purpose of giving information with regard to the Company, together with the Provisional Allotment Letter, will be delivered to the Registrar of Companies in England and Wales for registration as required by regulation 4(2) of the Regulations.

You should note that, in connection with the transactions and arrangements proposed in this document, Close Brothers Limited, which is regulated by the Securities and Futures Authority Limited, is acting exclusively for Darby Group Plc and no one else and will not be responsible to any other person for providing the protections afforded to customers of Close Brothers Limited nor for providing advice in relation to such transactions and arrangements.

Application will be made for the grant of permission to trade on the Unlisted Securities Market on the London Stock Exchange in the securities proposed to be issued pursuant to the Rights Issue. It is emphasised that no application has been made for these securities to be admitted to listing. It is expected that permission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on 24th July, 1995.

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# **DARBY GROUP PLC**

*(Incorporated and registered in England and Wales No. 1285055)*

## **Rights Issue**

**of up to**

**10,830,458 New Ordinary Shares of 5p each  
at 50p per share**

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The New Ordinary Shares and the Provisional Allotment Letters have not been and will not be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any State of the United States nor any province or territory of Canada, nor with the Australian Securities Commission and, accordingly, subject to certain exceptions, they may not, directly or indirectly, be offered or sold in the United States, Canada or Australia or, in the case of the Provisional Allotment Letters, renounced in favour of or to a person in the United States, Canada or Australia.

Notice convening an Extraordinary General Meeting of Darby Group Plc to be held at 11.00 a.m. on 21st July, 1995 at the offices of Darby Group Plc, Darby House, Sunningdale Road, Scunthorpe, South Humberside is set out at the end of this document. You are urged to complete and return the enclosed pre-paid pink Form of Proxy as soon as possible and, in any event, so as to be received by Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CMS 2BR no later than 11.00 a.m. on 19th July, 1995.

The latest time for acceptance and payment in full under the Rights Issue is expected to be 3.00 p.m. on 11th August, 1995. The procedure for acceptance and payment is set out in Part II of this document and will be set out in the Provisional Allotment Letter which is expected to be sent to Qualifying Shareholders on 21st July, 1995. You should retain this document for reference pending receipt of a Provisional Allotment Letter.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for final dividend	Thursday, 29th June, 1995
Record Date for entitlement to the Rights Issue	close of business on Friday, 14th July, 1995
Latest time and date for receipt of the pink Forms of Proxy for the Extraordinary General Meeting	11.00 a.m. on Wednesday, 19th July, 1995
<b>Extraordinary General Meeting</b>	<b>11.00 a.m. on Friday, 21st July, 1995</b>
Despatch of Provisional Allotment Letters	Friday, 21st July, 1995
Dealings in New Ordinary Shares to commence, nil paid	Monday, 24th July, 1995
Latest time and date for receipt of the white forms of proxy for the Annual General Meeting	11.00 a.m. on Wednesday, 26th July, 1995
<b>Annual General Meeting</b>	<b>11.00 a.m. on Friday, 28th July, 1995</b>
Latest time and date for splitting Provisional Allotment Letters, nil paid	3.00 p.m. on Wednesday, 9th August, 1995
<b>Latest time and date for acceptance and payment in full</b>	<b>3.00 p.m. on Friday, 11th August, 1995</b>
Latest time and date for registration of renunciation	3.00 p.m. on Friday, 18th August, 1995
Definitive share certificates for New Ordinary Shares to be despatched	on or before Friday, 25th August, 1995

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 21st July, 1995, the expected timetable as set out above, together with the relevant dates contained in this document, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters.

## DEFINITIONS

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The following definitions apply throughout this document unless the context otherwise requires:

"Darby" or "Company"		Darby Group Plc
"Group" or "Darby Group"		Darby and its subsidiaries
"Act"		the Companies Act 1985 (as amended)
"Board" or "Directors"		the directors of the Company, whose names are set out on page 4 of this document
"BTG"		Bent Tempered Glass Limited
"Close Brothers"		Close Brothers Limited
"Extraordinary Meeting"	General	the Extraordinary General Meeting of the Company to be held at 11.00 a.m. on 21st July, 1995 or any adjournment thereof, notice of which is set out at the end of this document
"Form of Proxy"		the pink Form of Proxy accompanying this document for use by Shareholders at the Extraordinary General Meeting
"the London Stock Exchange"	Stock	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"New Ordinary Shares"		up to 10,830,458 new Ordinary Shares which are proposed to be issued pursuant to the Rights Issue
"Official List"		the Official List of the London Stock Exchange
"Ordinary Shares"		Ordinary Shares of 5p each in the capital of Darby
"Provisional Letters"	Allotment	renounceable provisional allotment letters to be issued to Qualifying Shareholders by the Company in respect of the New Ordinary Shares pursuant to the Rights Issue
"Qualifying Shareholders"		the holders of Ordinary Shares whose names appear on the register of members of Darby on the Record Date, subject to the exclusions described in the section headed "Overseas Shareholders" on pages 14 to 16 of Part II of this document
"Record Date"		close of business on 14th July, 1995
"Resolutions"		the resolutions to be proposed at the Extraordinary General Meeting
"Rights Issue"		the proposed offer by way of rights of up to 10,830,458 New Ordinary Shares, as described in this document
"Rights Price"		50p per New Ordinary Share
"Scheme"		the Darby Group Plc Executive Share Option Scheme
"Shareholders"		the holders of Ordinary Shares
"Underwriting Agreement"		the conditional agreement dated 5th July, 1995 between, <i>inter alia</i> , Darby and Close Brothers relating to the Rights Issue, details of which are set out in paragraph 9 of Part III of this document
"USM"		the Unlisted Securities Market of the London Stock Exchange

## PART I

# DARBY GROUP PLC

*(Incorporated and registered in England and Wales with Registered Number 1285055)*

### *Directors:*

M J Darby (Chairman and Chief Executive)  
D E Boddy (Managing Director)  
C M Simpson (Sales Director)  
H Hardy (Non-executive)

### *Registered office:*

Darby House  
Sunningdale Road  
Scunthorpe  
South Humberside  
DN17 2SS

5th July, 1995

*To Shareholders and, for information only, to participants in the Scheme*

Dear Sir or Madam,

## **RIGHTS ISSUE OF UP TO 10,830,458 NEW ORDINARY SHARES AT 50p PER SHARE**

### **INTRODUCTION**

Your Board announced today that the Company intends to raise approximately £5.4 million gross (£5.0 million net of expenses) by way of a rights issue of up to 10,830,458 New Ordinary Shares at 50p per share. The proceeds of the Rights Issue will be used principally to finance a programme of capital investment to which the Group is already committed, the purchase of the outstanding share capital of BTG which Darby does not already own and to reduce the Group's borrowings.

This prospectus provides you with details of the Rights Issue and explains why your Board is recommending Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to be held on 21st July, 1995, the first of which is necessary to implement the Rights Issue. The report and accounts of the Company for the year ended 28th February, 1995 are also enclosed with this prospectus.

### **BACKGROUND TO AND REASONS FOR THE RIGHTS ISSUE**

The results for the year to 28th February 1995 confirm the establishment of a firm base for future expansion. To build on this, Darby's future strategy is increasingly to develop those areas of its business where higher margins can be achieved, either through a high level of added value within the manufacturing process or where the element of service is critical. Accordingly, your Board has determined that the Group should implement a major programme of investment in two principal areas where it has a strong market position, namely the processing of bent tempered glass and its "Rapid Delivery Service" concept, whereby customers of the regionally based manufacturing units are promised deliveries, against orders, the next working day. Having regard to Darby's existing level of borrowings and other indebtedness, which at 9th June, 1995 equated to some 93 per cent. of the Group's net assets, your Board believes that it would be appropriate for Darby to fund this investment programme through an issue of new shares and, at the same time, take the opportunity to reduce the Group's borrowings.

Darby already has an established reputation in the provision of bent tempered glass, both in the United Kingdom and in Europe, arising from its 50 per cent. shareholding in BTG. Based in Scunthorpe, BTG was formed in 1988 as a joint venture with Cattin Machines SA, a Swiss manufacturer of highly specialist machinery for the processing of tempered glass. The remaining 50 per cent. of the shares in BTG are now directly owned by Mr. Jean Jacques Cattin, the founder of Cattin Machines SA.

Since 1988, Darby has experienced considerable demand for bent tempered glass from architects and designers who have come increasingly to value its contribution to buildings design. More recently, there appears to be further demand for bent tempered glass from manufacturers of high value consumer

products, such as shower enclosures. However, the higher production runs required by such potential customers are less readily handled by the Darby Group's existing facilities.

It is the belief of your Board that the demand for bent tempered glass for construction and consumer products will continue to grow strongly, placing increasing pressure on BTG's capacity to deliver. Evidence of this demand is shown by the recently announced exclusive distribution agreement between Schollglas GmbH and Darby. This provides for Schollglas GmbH to have exclusive rights within several mainland European countries for an initial period of three and a half years to distribute a range of high value safety glass products supplied by Darby, including bent tempered glass. Accordingly, your Board has concluded that Darby should invest in the latest generation of bent tempering machinery at the Scunthorpe factory in order to increase both capacity and efficiency. The Board believes that this investment should widen Darby's product range and consolidate its position as one of the foremost producers of bent tempered glass in Europe.

Additionally, as mentioned in the annual report and accounts for the year ended 28th February, 1995, which accompany this document, Darby intends to increase the availability of its Rapid Delivery Service both to existing and new customers by broadening its geographical coverage and developing further manufacturing sites. As well as its main factory at Scunthorpe, the Group already has manufacturing sites at Barking, Gloucester, Wolverhampton and Glengarnock, in Scotland. Further sites will be suitably located in order to cover as many customers as possible while remaining mutually supportive and ensuring a continuity of supply. At the first of its new sites, Darby has taken a 15 year lease of premises in Newcastle and the site is expected to be operational by September of this year.

In view of the lead times for delivery, installation and commissioning of new plant and in anticipation of the funds being raised under the Rights Issue, contracts are in place with Cattin Machines SA for the new equipment to be delivered to Darby's Scunthorpe and Newcastle sites. After allowing for the trade-in value of two existing items of equipment, the net investment in new tempering plant already ordered amounts to approximately £2.1 million. The Board considers that, in view of the magnitude of this expenditure, the level of gearing would be unacceptably high if this were to be financed other than by an issue of equity.

In addition to this capital investment, the Board and Mr. Cattin have agreed that it would now be appropriate for Darby to acquire from Mr. Cattin the 50 per cent. shareholding in BTG which Darby does not already own. Accordingly, an agreement to this effect has been signed by the two parties with completion expected to take place following the Rights Issue becoming unconditional. The consideration for the purchase of the remaining 50 per cent. of BTG, which is payable in cash, is 1.485 million Swiss Francs (approximately £810,000). Further details of this agreement are given in paragraph 10 of Part III of this document. For the year ended 28th February, 1995, BTG recorded a profit before tax of approximately £318,000 (including the release of a longstanding credit balance of £179,000 which is no longer a liability of BTG) on turnover of £1.3 million and had net assets of £1.0 million at the year end.

The proceeds of the Rights Issue will initially be used to fund the purchase of the remaining 50 per cent. shareholding in BTG and the programme of capital investment detailed above as instalments fall due. The balance of the proceeds will be used to reduce borrowings and provide additional working capital for the Group.

#### **PRINCIPAL TERMS OF THE RIGHTS ISSUE**

A total of up to 10,830,458 New Ordinary Shares will be provisionally allotted by way of rights at 50p per New Ordinary Share to Qualifying Shareholders on the basis of

##### **17 New Ordinary Shares for every 25 Ordinary Shares**

held on the Record Date. Fractions of New Ordinary Shares will not be allotted and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares, save that they will not rank for the final dividend of 1.0p (net) per Ordinary Share which the Directors are recommending in respect of the year ended 28th February, 1995, payable to Shareholders on the register on 29th June, 1995. Close Brothers is underwriting the Rights Issue and Albert E Sharp is broker to the issue.

The trustees of the M J Darby Settlement and the B J Darby Settlement have irrevocably undertaken to renounce the aggregate entitlements of those settlements to 5,201,983 New Ordinary Shares under the

Rights Issue and Close Brothers has undertaken to use its reasonable endeavours to arrange for those rights to New Ordinary Shares to be placed with institutional investors. Following the Rights Issue, the aggregate interests attributable to myself and my family under those settlements will fall from approximately 48.0 per cent. of the issued share capital of the Company to approximately 28.6 per cent..

The Rights Issue is conditional, *inter alia*, upon the following conditions being satisfied by not later than 10.00 a.m. on 24th July, 1995 (or such later time and/or date (being not later than 2nd August, 1995) as Close Brothers may agree with the Company):

- (i) the passing of Resolution No. 1 at the Extraordinary General Meeting;
- (ii) permission to trade on the USM in the New Ordinary Shares (nil paid) becoming effective; and
- (iii) the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

Dealings in the New Ordinary Shares are expected to commence, nil paid, on Monday, 24th July, 1995. The attention of Qualifying Shareholders is drawn to the details of the terms and conditions, and the procedure for acceptance, of the Rights Issue set out in Part II of this document. Subject to the passing of Resolution No. 1, Provisional Allotment Letters will be sent to Qualifying Shareholders, in respect of their entitlements to New Ordinary Shares, immediately following the Extraordinary General Meeting.

A summary of the United Kingdom taxation position of Qualifying Shareholders with regard to the Rights Issue is set out in Part II of this document. Any person who is in any doubt about his or her tax position, or who is subject to tax in jurisdictions other than the United Kingdom, should consult his or her own professional adviser.

The attention of Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom, is drawn to paragraph 6 of Part II of this document, which sets out certain rights and restrictions applicable to such Shareholders.

#### **ADMISSION TO THE OFFICIAL LIST**

As a result of the prospective closure of the USM, it is Darby's intention to seek a full listing for its shares on the London Stock Exchange. Accordingly, it is intended that an application will be made to the London Stock Exchange for Darby's issued share capital to be admitted to the Official List as soon as practicable.

#### **BOARD CHANGES**

The Board recognises that the planned expansion of the Group will place significantly greater demands on senior management and represents a substantial organisational challenge. In order to strengthen the management team, it has therefore been decided to recruit a full-time finance director to assume complete responsibility for the finance function, thereby allowing Mr. Boddy to devote his time to the role of Managing Director.

Furthermore, following the recent resignation of my wife, Mrs. B J Darby, as a Director of Darby, your Board has decided to seek to appoint a new non-executive director to the Board to provide further counsel and experience as the Group expands. A search for suitable candidates for both of these positions is currently under way and a further announcement is expected to be made in due course.

#### **EXECUTIVE SHARE OPTION SCHEME**

In accordance with the Listing Rules of the London Stock Exchange prevailing at the time the Scheme was established, there is a numerical limit on the number of shares which may be issued pursuant to the exercise of options. The limit is 1,460,000 shares. It would have been appropriate, in consequence of the Rights Issue, to increase this limit. However, as it is no longer a requirement of the Listing Rules that a numerical limit be included and since there are effective percentage anti-dilution limits already contained in the rules of the Scheme, it is proposed simply to delete the limit.

## CURRENT TRADING AND FUTURE PROSPECTS

Sales in our home market have been slow to recover since the disappointing two months prior to the year end, but by May business volumes were again in line with our expectations. We expect continued modest growth in the United Kingdom, but more rapid growth in our export markets. Accordingly, we now believe that it is appropriate for us to embark upon the major expansion programme detailed above, building on the solid trading platform that we have established during the last two years.

Demand in the Group's major export markets has increased more rapidly since the year end than originally anticipated. In particular, I am pleased to have been able to announce in May that we signed an important distribution agreement with Schollglas, a German company, which could prove to be one of the most important in the history of the Group. Schollglas is a member of the Weidemann Group, one of Europe's largest glass merchanting/processing companies.

The terms of the distribution agreement give Schollglas exclusive rights to sell our products in several European countries where it is already well established, including Poland, the former Czechoslovakia, Austria, Denmark, Sweden and the former Soviet Union, as well as in Germany. In return, we expect to secure additional export sales of not less than £23 million during the three years starting in December 1995, failing which Darby will not be bound by the exclusivity arrangement and may choose to use other distribution channels. We have already established a good relationship with Schollglas, and early orders under the new contract have been very encouraging. However, the full financial benefits are not expected to accrue until the financial year ending 31st December, 1996.

We are actively pursuing other such opportunities to establish distribution agreements in other territories in order to exploit our specialist skills in niche markets to their maximum potential.

## EXTRAORDINARY GENERAL MEETING

You will find at the end of this document a notice of Extraordinary General Meeting at which the following ordinary resolutions will be proposed.

### Ordinary Resolution No. 1

To increase the Company's authorised share capital from £950,000 to £1,784,000 by the creation of 16,680,000 new Ordinary Shares and to authorise the Directors to allot, *inter alia*, the New Ordinary Shares.

Following the Rights Issue approximately 8,922,397 Ordinary Shares (representing 25.0 per cent. of the Company's authorised share capital, as enlarged by Resolution No. 1) will remain unissued, of which 793,000 Ordinary Shares will be reserved for the exercise of options under the Scheme. Your Directors will then have authority to allot relevant securities up to a nominal amount of approximately £446,119 representing 25.0 per cent. of the enlarged authorised share capital. Your Directors have no present intention of allotting relevant securities other than pursuant to the Rights Issue and the Scheme.

### Ordinary Resolution No. 2

To amend the rules of the Scheme by deleting the numerical limit, of 1,460,000, on the number of fully paid Ordinary Shares which may be issued on the exercise of share options under the Scheme. This limit relates to a former London Stock Exchange requirement which no longer applies. The Scheme will remain subject to an effective limit, during its ten year life, on the issue of new Ordinary Shares equal to 5 per cent. of the Company's issued Ordinary Share capital from time to time, which accords with current institutional guidelines. This amendment will require the formal approval of the Board of Inland Revenue.

Your attention is drawn to the notice convening the Extraordinary General Meeting set out at the end of this document which contains the full text of the Resolutions.

## ACTION TO BE TAKEN

*To vote at the Extraordinary General Meeting*

You will find enclosed a pink Form of Proxy for use at the Extraordinary General Meeting. Shareholders are asked to complete and return the pink Form of Proxy to Independent Registrars Group

Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR so as to arrive as soon as possible and, in any event, no later than 11.00 a.m. on 19th July, 1995. Completion and return of a Form of Proxy will not preclude your right to attend and vote at the Extraordinary General Meeting should you wish to do so.

*In respect of the Rights Issue*

No action is required at present in respect of the Rights Issue. If Resolution No. 1 is passed at the Extraordinary General Meeting, an announcement will be made and Provisional Allotment Letters giving details of entitlements to New Ordinary Shares will be posted to Qualifying Shareholders on 21st July, 1995 immediately following the Extraordinary General Meeting. To take up your entitlement in whole or in part, you must lodge your duly completed Provisional Allotment Letter by 3.00 p.m. on the latest date for acceptance and payment in full, which is expected to be 11th August, 1995.

*Overseas Shareholders*

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are residents of countries other than the United Kingdom is drawn to the section headed "Overseas Shareholders" on pages 14 to 16 of Part II of this document.

**RECOMMENDATION**

Your Directors consider that the Rights Issue is in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting (whether or not you intend to take up New Ordinary Shares under the Rights Issue) as they intend to do in respect of the beneficial shareholdings in their names, consisting of 24,531 Ordinary Shares in aggregate, representing 0.2 per cent. of the Company's present issued ordinary share capital. In addition, the trustees of the M J Darby Settlement and the B J Darby Settlement, who hold in aggregate 7,650,000 Ordinary Shares, representing 48.0 per cent. of the Company's present issued share capital, have irrevocably undertaken to vote in favour of the Resolutions.

Yours faithfully,

M J Darby  
Chairman and Chief Executive

## PART II

### TERMS OF THE RIGHTS ISSUE

#### 1. Terms and conditions of the Rights Issue

Subject to the fulfilment of the conditions referred to below, Darby will raise approximately £5.0 million, net of expenses, through a Rights Issue of up to 10,830,458 New Ordinary Shares at 50p per New Ordinary Share. The New Ordinary Shares are being offered by way of rights to Qualifying Shareholders on the following basis and otherwise as set out herein:

#### 17 New Ordinary Shares for every 25 Ordinary Shares

held at the close of business on Friday, 14th July, 1995 and so in proportion for any other number of Ordinary Shares then held.

New Ordinary Shares representing fractional entitlements will not be allotted to Qualifying Shareholders and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number.

**The attention of overseas Shareholders is drawn to paragraph 6 below.**

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares now in issue, save that they will not be entitled to the final dividend of 1.0p (net) which the Directors are recommending in respect of the year ended 28th February, 1995.

Application has been made to the London Stock Exchange for the grant of permission to trade on the USM in the New Ordinary Shares. Subject to such permission being granted and becoming effective, dealings in the New Ordinary Shares are expected to commence, nil paid, on 24th July, 1995.

The Rights Issue is conditional upon, *inter alia*, fulfilment of the following conditions by 10.00 a.m. on 24th July, 1995, or such later time and/or date (not being later than 2nd August, 1995) as Close Brothers and the Company may agree:—

- (a) the passing of Resolution No. 1 at the Extraordinary General Meeting;
- (b) the Underwriting Agreement having become unconditional and not having been terminated; and
- (c) permission to trade in the New Ordinary Shares (nil paid) on the USM becoming effective.

The issue of the New Ordinary Shares has been fully underwritten by Close Brothers. Under the terms of the Underwriting Agreement, further details of which are set out in paragraph 9 of Part III of this document, Close Brothers has certain rights to terminate the Underwriting Agreement, if, *inter alia*, the Company has breached its warranties or undertakings.

#### 2. Action to be taken

##### (a) Provisional allotment letters

Subject, *inter alia*, to the passing of Resolution No. 1 at the Extraordinary General Meeting and save as provided in paragraph 6 below, it is intended that Provisional Allotment Letters in respect of New Ordinary Shares will be posted to Qualifying Shareholders at their own risk on 21st July, 1995.

The Provisional Allotment Letters will set out the holding of Ordinary Shares on which Qualifying Shareholders' entitlements to New Ordinary Shares have been based, the aggregate number of New Ordinary Shares which have been provisionally allotted and the procedure to be followed if Qualifying Shareholders wish to dispose (whether before or after payment of the Rights Price) of all or part of their entitlement. The Provisional Allotment Letter will also include instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

##### (b) Acceptance and payment by original allottees and renounees

Qualifying Shareholders who wish to take up their entitlement, in whole or in part, must return the Provisional Allotment Letter, together with a remittance for the full amount payable

on acceptance, in accordance with the instructions printed thereon, by hand or by post in the reply paid envelope to be sent out together with the Provisional Allotment Letter, to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, so as to arrive not later than 3.00 p.m. on 11th August, 1995. If you post your Provisional Allotment Letter within the United Kingdom by first class post you are recommended to allow at least two days for delivery.

All subscription monies must be in sterling and cheques or banker's drafts should be made payable to "Independent Registrars Group Limited A/C Darby Group Plc" and crossed "Account payee". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS and Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Cheques or banker's drafts will be presented for payment upon receipt. The Directors reserve the right to instruct Independent Registrars Group Limited to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due. It is a term of the Rights Issue that cheques shall be honoured at first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured.

At Close Brothers' discretion, the New Ordinary Shares comprised in any Provisional Allotment Letter may be treated as having been validly taken up by 3.00 p.m. on 11th August, 1995, if the completed Provisional Allotment Letter and the remittance for the full amount payable in respect thereof are received through the post by not later than 10.00 a.m. on the next day, the cover bearing a legible postmark not later than 3.00 p.m. on 11th August, 1995, or if the required remittance is received prior to 3.00 p.m. on 11th August, 1995 from an authorised person (as defined in the Financial Services Act 1986) specifying the New Ordinary Shares concerned and accompanied by an undertaking to lodge the relevant Provisional Allotment Letter duly completed in due course.

The Company may (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instruction or is not accompanied by a valid power of attorney where required.

If the value of your application exceeds £10,000 (or is one of a series of linked applications, the aggregate value of which exceeds that amount) the verification of identity requirements of the Money Laundering Regulations 1993 (the "Money Laundering Regulations") will apply. Independent Registrars Group Limited is entitled to require, in its absolute discretion, verification of identity from any person lodging a Provisional Allotment Letter (the "applicant"), including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to Independent Registrars Group Limited to be acting on behalf of some other person. Submission of a Provisional Allotment Letter will constitute a warranty and undertaking by the applicant to provide promptly to Independent Registrars Group Limited such information as may be specified by it as being required for the purpose of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Independent Registrars Group Limited as to identity, Independent Registrars Group Limited may, in its absolute discretion, retain a Provisional Allotment Letter lodged by an applicant for New Ordinary Shares and/or the cheque or other remittance relating thereto and/or not enter the New Ordinary Shares to which it relates on the register of members or issue any share certificate in respect of them.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Independent Registrars Group Limited to require verification of identity as stated above):

1. Applicants are urged if possible to make their payment by their own cheque. If this is not practicable and an applicant uses a cheque drawn by a building society or other third party or a banker's draft, the applicant should:
  - (i) write the applicant's name and address on the back of the building society cheque, banker's draft or other third party cheque and, in the case of individuals, record their date of birth against their name; and

- (ii) if a building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque the full name and account number of the person whose building society or bank account is being debited.
2. If an application is delivered by hand and the accompanying payment is not the applicant's own cheque, applicants should ensure that they have with them evidence of identity bearing their photograph, for example, a valid full passport.

If you are making an application as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution then, irrespective of the value of the application, Independent Registrars Group Limited is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Applicants making such an application as agent should specify on the Provisional Allotment Letter if they are a United Kingdom or European Union regulated person or institution (for example a bank or broker).

Verification of identity is a requirement of the Money Laundering Regulations and applicants should note that failure to provide verification of identity may result in delays to the despatch of documents or the return of application monies.

All enquiries in relation to the Provisional Allotment Letter should be addressed to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

*(c) Dealings in nil paid rights*

Subject, *inter alia*, to the passing of Resolution No. 1 and the grant of permission to trade on the USM in the New Ordinary Shares, nil paid, becoming effective, dealings in the New Ordinary Shares are expected to commence, nil paid, on 24th July, 1995.

*(d) Renunciation and splitting*

When trading commences, a Qualifying Shareholder originally entitled to a provisional allotment of New Ordinary Shares who wishes to transfer all the New Ordinary Shares comprised in a Provisional Allotment Letter may (save as required by the laws of certain foreign jurisdictions) renounce such allotment by completing and signing Form X on such letter and handing the entire letter to the transferee or to the broker or bank who acts for such holder in the transaction. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form. The latest time and date for registration of renunciation is 3.00 p.m. on 18th August, 1995.

If Qualifying Shareholders wish to have only some of their provisional allotment of New Ordinary Shares registered in their name and to transfer the remainder, or wish to transfer all the New Ordinary Shares but to different persons, they may have the letter split, for which purpose they or their agent must complete and sign Form X on such letter. The letter must then be lodged by hand or by post with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ by not later than 3.00 p.m. on 9th August, 1995, to be cancelled and exchanged for the split letters required. The number of split letters required and the number of New Ordinary Shares to be comprised in each should be stated in an accompanying letter. Form X on split letters will be marked "Original Duly Renounced" before issue.

*(e) Registration in the names of persons originally entitled*

Qualifying Shareholders originally entitled to a provisional allotment of New Ordinary Shares who wish to have all such New Ordinary Shares registered in their names must accept and make payment for such allotment in accordance with the provisions set out in the Provisional Allotment Letter.

*(f) Registration in names of persons other than Qualifying Shareholders originally entitled*

Renounees or their agents must complete Form Y on the Provisional Allotment Letter and lodge the entire letter by hand or by post with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ by not later than 3.00 p.m. on 18th August, 1995. After such time, the New Ordinary Shares will be in registered form and will only be transferable by written instrument of transfer in the usual or common form (or such other form as the Directors may approve). Registration cannot be effected unless the letter is fully paid.

Renounees or their agents will be required to warrant that they are not applying as nominee or agent for a person who is or may be liable to stamp duty or stamp duty reserve tax under any of Sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services).

*(g) Share certificates and transfers*

The New Ordinary Shares will, following the latest date for registration of renunciation, be issued in registered form on definitive share certificates. Share certificates are expected to be despatched by first class post on or before 25th August, 1995 to the persons entitled thereto.

After 25th August, 1995, Provisional Allotment Letters will cease to be valid for any purpose whatsoever and, pending the issue of definitive share certificates, instruments of transfer will be certified by Independent Registrars Group Limited against lodgement of fully paid Provisional Allotment Letters and/or, in the case of renounced Provisional Allotment Letters, against registration receipts stamped by Independent Registrars Group Limited.

*(h) Posting*

All documents and cheques sent to or by the allottees or their renounees (or their agents, as appropriate) will be posted at their risk.

**3. Procedures in respect of rights not taken up**

If payment in full for an entitlement to New Ordinary Shares is not received by 3.00 p.m. on 11th August, 1995, in accordance with the procedure laid down for acceptance and payment, or such later time as may be permitted under paragraph 2(b) above, then that provisional allotment will be deemed to have been declined and will lapse. Close Brothers will instruct Albert E Sharp to use its reasonable endeavours to procure, by not later than 4.30 p.m. on 14th August, 1995, subscribers for such New Ordinary Shares if a premium over the aggregate of the Rights Price and the expenses of procuring subscribers (including any value added tax thereon) can be obtained. It will be a term of such subscription that such premium shall be paid to the original provisional allottee, subject to the terms of this paragraph 3. New Ordinary Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the premium (being the amount paid by such subscribers after deducting the Rights Price and the expenses of procuring subscribers including any value added tax thereon) will be paid (without interest) to those provisional allottees who have not taken up their entitlements *pro rata* to their lapsed provisional allotments, save that amounts of less than £3.00 will not be so paid but will be aggregated and retained for the benefit of the Company.

Any transactions undertaken pursuant to this paragraph 3 shall be deemed to have been undertaken at the request of such Shareholders and neither the Company nor Close Brothers nor Albert E Sharp nor any person procuring such subscribers shall be responsible for any loss arising from the terms or timing of any such subscription. Cheques for the amount due will be sent at the risk of provisional allottees, who have not taken up their rights, to their registered addresses (or to the registered address of the first named in the case of joint holders). If subscribers cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by Close Brothers or sub-underwriters at the Rights Price.

**4. The Scheme**

Holder of options under the Scheme are not entitled to participate in the Rights Issue. In accordance with the rules of the Scheme, the number of Ordinary Shares in respect of which options granted under the Scheme may be exercised and/or the price at which Ordinary Shares may be acquired by the exercise of such options may be adjusted, subject to certain restrictions and any necessary prior approval of the Inland Revenue, to take account of the terms of the Rights Issue in such manner as the Board (having obtained confirmation in writing from the auditors of the Company that in their opinion the adjustments proposed are fair and reasonable) may decide. In due course, holders of options under the Scheme will be sent an explanatory letter regarding any such adjustments.

**5. Taxation**

The following statements are intended only as a general guide to the position under current United Kingdom law and practice and may not apply to certain classes of Shareholders, such as dealers in securities. Shareholders who are in any doubt as to their tax position are strongly recommended to consult their professional tax adviser immediately.

The Directors have been advised as follows on the basis of United Kingdom law presently in force and current Inland Revenue practice:—

(a) *Stamp duty and stamp duty reserve tax*

No stamp duty or stamp duty reserve tax will normally be payable on the issue of Provisional Allotment Letters or split allotment letters or on the issue of definitive share certificates or on the registration of the original holders of Provisional Allotment Letters or their renounees unless such holders are persons to whom the depositary or clearance service charge may apply.

Where rights to New Ordinary Shares represented by a Provisional Allotment Letter (whether or not fully paid) are sold (for money or money's worth) on or before the last date for registration of renunciation, the purchaser will generally be liable to stamp duty tax reserve tax normally at the rate of 50p per £100 (or part of £100) of the consideration paid (except in the case of certain sales to market-makers, broker-dealers and charities).

The transfer or sale of New Ordinary Shares or of rights to New Ordinary Shares after the last date for registration of renunciation will normally incur *ad valorem* stamp duty or (if an unconditional agreement to transfer such New Ordinary Shares is not completed by a duly stamped transfer within two months of the date of that agreement) stamp duty reserve tax, generally in each case at the rate of 50p for every £100 (or part of £100) of the consideration paid (except in the case of certain sales to market-makers, broker-dealers and charities).

Liability to pay any stamp duty or stamp duty reserve tax is generally that of the transferee or purchaser.

(b) *Taxation of capital gains*

The following paragraphs are intended as a general guide for persons holding their Ordinary Shares as investments and not as trading stock.

For the purposes of United Kingdom taxation on capital gains:—

- (i) Shareholders should not be treated as making a disposal of all or part of their holdings of Ordinary Shares or any rights attached to them by reason of taking up all or part of their rights to New Ordinary Shares;
- (ii) any New Ordinary Shares subscribed under the Rights Issue by a holder of Ordinary Shares should, together with the original holding of Ordinary Shares, be treated as a single asset acquired on the date of acquisition of the original holding, the base cost of which will be the amount paid for the original holding together with the amount paid for the New Ordinary Shares;
- (iii) for the purpose of calculating a Shareholder's indexation allowance on a subsequent disposal, the expenditure incurred in subscribing for the New Ordinary Shares will be treated as incurred by reference to the time when the Shareholder makes or becomes liable to make payment of the subscription monies for the New Ordinary Shares; and
- (iv) depending on a Shareholder's circumstances, a liability to United Kingdom taxation may be incurred if:—
  - (a) all or some of the rights to subscribe for the New Ordinary Shares or the New Ordinary Shares themselves are sold or otherwise disposed of; or
  - (b) the rights to subscribe for the New Ordinary Shares are allowed to lapse and a cash payment is received in respect thereof.

However, if the proceeds resulting from a lapse or disposal of the rights to subscribe for New Ordinary Shares are small (which the United Kingdom Inland Revenue currently regard as less than five per cent. of the market value on the date of lapse or disposal of the original holding in respect of which the rights arose), the United Kingdom Inland Revenue may direct that the Shareholder should not be treated as making a disposal for the purposes of United Kingdom tax on chargeable gains. The proceeds received would then be deducted from the base cost of his holding of Ordinary Shares.

Shareholders who are not resident or ordinarily resident in the United Kingdom for tax purposes will not normally be liable to United Kingdom tax on chargeable gains unless any such Shareholder carries on

a trade, profession or vocation in the United Kingdom through a branch or agency and the shares in respect of which the gain arose were used or held for the purposes of that branch or agency.

*(c) Dividends other than foreign income dividends*

The following summary assumes that the Company will not elect for any of its dividends to be treated as foreign income dividends. The Company has no present intention of making such an election.

Under current United Kingdom taxation legislation, no tax is withheld by the Company from dividend payments but when it pays a dividend the Company is liable to account to the United Kingdom Inland Revenue for advance corporation tax ("ACT") at a current rate of one quarter of the dividend paid. ACT paid by the Company can be set against the Company's liability to corporation tax or that of its United Kingdom tax resident subsidiaries, subject to certain limits and restrictions.

A United Kingdom resident individual Shareholder will be entitled to a tax credit in respect of any dividend received equal to 20 per cent. of the combined amount of the dividend and the tax credit ("the grossed up dividend"). Liability to United Kingdom tax is calculated on the sum of the dividend and the tax credit which will be regarded as the top slice of the individual's income. The tax credit will be available to offset such Shareholder's liability (if any) to income tax on the grossed up dividend. Shareholders who are liable to tax at the lower or basic rate only should be liable to income tax at the lower rate (currently 20 per cent.) on the grossed up dividend. The tax credit should therefore discharge that liability and such Shareholders should have no further liability to tax on their dividends. A Shareholder liable to income tax at the higher rate will be liable to income tax (at the rate of 40 per cent.) on the grossed up dividend, but will be able to offset the tax credit (of 20 per cent.) against such liability.

In appropriate cases, the tax credit attaching to a dividend may be reclaimed in cash from the United Kingdom Inland Revenue. Special transitional rules apply to Shareholders which are charities (and certain other specified bodies or associations within Section 80 Finance Act 1993) in respect of dividends paid before 6th April, 1997.

A United Kingdom resident corporate Shareholder will not normally be liable to United Kingdom taxation on a dividend received and should be able to treat the dividend and the associated tax credit as franked investment income.

Whether or not Shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the United Kingdom Inland Revenue of a proportion of the tax credit in respect of any dividends received depends, in general, upon the provisions of any double taxation convention which exists between such countries and the United Kingdom. Individual Shareholders who are resident for tax purposes in countries other than the United Kingdom but who are either Commonwealth citizens or citizens of the Republic of Ireland or fall into certain categories of person within Section 278 of the Income and Corporation Taxes Act 1988 are entitled to a tax credit which they may set off against their total United Kingdom income tax liability or, in appropriate cases, reclaim in cash. Shareholders who are resident for tax purposes in jurisdictions other than the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received and as to whether or not they are entitled to reclaim any part of the tax credit and, if so, the procedure for claiming payment and what relief or credit may be claimed in respect of such tax credit in their own jurisdictions.

The above comments are intended only as a general guide to the current position. Persons who are in any doubt as to their tax position should consult their own professional advisers.

## 6. Overseas Shareholders

### *(a) Availability of documents*

In accordance with Section 90(5) of the Act, the offer by way of rights to Qualifying Shareholders who have no registered address within the United Kingdom, and who have not supplied to the Company an address within the United Kingdom for the giving of notices, will be made (subject to the passing of Resolution No. 1 at the Extraordinary General Meeting) by the Company publishing a notice in the London Gazette (which it expects to do on 21st July, 1995) stating where copies of this document and the Provisional Allotment Letter may be inspected or obtained on personal application by or on behalf of such Shareholders. However, in order to facilitate acceptance of the offer by way of rights made to such

Shareholders by virtue of such publication, Provisional Allotment Letters will also be posted to overseas Shareholders (other than as stated below). Accordingly, such Shareholders may accept the offer by way of rights either by returning the Provisional Allotment Letters posted to them in accordance with the instructions set out therein or (subject to surrendering the original Provisional Allotment Letters so posted to them) by obtaining copies thereof, as set out in the notice in the London Gazette, from Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, and returning them in accordance with the instructions set out therein.

*(b) General*

The making of the offer by way of rights to persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities (including the payment of any issue, transfer or other taxes due in such jurisdiction) to enable them to take up their rights.

Accordingly, persons receiving a Provisional Allotment Letter should not, in connection with the Rights Issue, distribute or send it in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If Provisional Allotment Letters are received by any persons in any such territory (or by the agents or nominees of such persons), they must not seek to take up the New Ordinary Shares or renounce such Provisional Allotment Letters. Any person who does forward a Provisional Allotment Letter into any such territory (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 6.

No persons receiving a copy of this document and/or a Provisional Allotment Letter in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to them, nor should they in any event use such a Provisional Allotment Letter, unless in the relevant territory such an invitation or offer could lawfully be made to them and the Provisional Allotment Letter could lawfully be used without contravention of any registration or other legal requirements. In such circumstances the Provisional Allotment Letter is to be treated as sent for information only.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in any Provisional Allotment Letter which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the securities laws of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of definitive share certificates for New Ordinary Shares in the United States, Canada or Australia or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Save as set out in paragraphs *(c)* and *(d)* below, the provisions of paragraph 3 above will apply generally to overseas Shareholders who are unable to take up New Ordinary Shares provisionally allotted to them.

**Overseas Shareholders who wish and are permitted to take up their entitlement should note that payments must be made in pounds sterling.**

*(c) United States and Canada*

The New Ordinary Shares and the Provisional Allotment Letters have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the United States and the relevant exemptions have not been and will not be obtained from the securities commissions of any province or territory of Canada. Accordingly, subject to certain exceptions, neither the New Ordinary Shares nor the Provisional Allotment Letters may be offered, sold, delivered, renounced or transferred, directly or indirectly, in the United States or in Canada or for the account or benefit of a United States person (as defined in Regulation 5 under the Securities Act) at any time except pursuant to the terms of an applicable exemption under the Securities Act and applicable State securities laws. Accordingly, this document is being sent to Qualifying Shareholders with a registered address in the United States or Canada for information purposes only and should not be copied or redistributed by them and does not constitute an offer for, or an invitation to subscribe for or to purchase, any New Ordinary Shares in the United States or in Canada and no Provisional Allotment Letter will be sent to any Shareholder whose registered address is in the United States or Canada. Provisional Allotment Letters sent from or post-marked in the United States or Canada will be deemed to

be invalid and all persons subscribing for New Ordinary Shares must provide addresses outside the United States and Canada for the return of definitive certificates. The Company reserves the right to reject any Provisional Allotment Letter (or renunciation thereof) that appears to the Company or its agents to have been executed in or despatched from the United States or Canada, or that provides an address in the United States or Canada for the delivery of definitive certificates for New Ordinary Shares pursuant to the Rights Issue.

Notwithstanding the above, New Ordinary Shares may be allotted to certain sophisticated investors in the United States at the sole discretion of Darby and Close Brothers, under restrictions designed to preclude a distribution that would require registration under the Securities Act.

*(d) Australia*

This document has not been lodged with or registered by the Australian Securities Commission. Accordingly, no person may directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell the New Ordinary Shares or distribute any document (in draft or definitive form) in connection with any such offer, invitation or sale in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such corporation or entity located outside Australia).

No offer of New Ordinary Shares is being made under this document or the Provisional Allotment Letter to Shareholders who are in or a resident of Australia. Accordingly, neither this document nor the Provisional Allotment Letter will be sent to Qualifying Shareholders with registered addresses in Australia. In this document Australia means the Commonwealth of Australia, its territories and possessions.

*(e) South Africa*

In order to comply with South African law, Provisional Allotment Letters sent to Shareholders with registered addresses in South Africa will not be renounceable. Such Qualifying Shareholders may require the approval of the South African Exchange Control authorities if they wish to take up their rights.

*(f) Republic of Ireland*

The attention of Shareholders resident in the Republic of Ireland is drawn to the Irish Exchange Control Regulations applicable to holders of United Kingdom securities. If such Shareholders wish to take up their rights they must consult an approved agent in the Republic of Ireland (i.e. a banker, stockbroker or solicitor) to ensure that they obtain the necessary permission to enable them to do so.

The above comments are intended only as a general guide. Persons who are in any doubt as to their eligibility to accept a Provisional Allotment Letter should consult their own professional advisers.

## PART III

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names and functions are set out on page 4, all of Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS, accept responsibility for this document. The Company also accepts responsibility for this document.

To the best of the knowledge of the Company and the Directors the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

#### 2. Incorporation and registration

The Company was incorporated in England and Wales on 4th November, 1976 with the name Michael J. Darby (Holdings) Limited under the Companies Act 1948 as a private company limited by shares with registered number 1285055. On 3th September, 1988 the name of the Company was changed to Darby Group Limited. On 26th September, 1988 the Company was re-registered as a public limited company under the Act with the name Darby Group Plc. The liability of the shareholders of the Company is limited. The Company is the holding company of the Group.

#### 3. Share capital of Darby

(i) The following table shows the authorised and issued share capital of Darby at present and as it will approximately be following the Rights Issue:

Ordinary Shares	Authorised		Issued and fully paid	
	£	Number	£	Number
Present .. .. .	950,000	19,000,000	796,357	15,927,145
Proposed .. .. .	1,784,000	35,680,000	1,337,880	26,757,603

(ii) As at the date of this document, the following options over Ordinary Shares had been granted, in each case for a consideration of £1, under the Scheme, to Directors and full time employees of the Group:

Date of grant	Number of shares	Exercise price	Normal exercise date	
			From	To
November 1988 .. .. .	2,000	115p	31.10.91	31.10.98
July 1993 .. .. .	791,000	35p	22.7.96	22.7.2003

Except in accordance with the Scheme, no share or loan capital of Darby or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

#### 4. Memorandum and Articles of Association

(i) The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as dealers and manufacturers in glass. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the addresses specified in paragraph 12 below.

#### (ii) Voting rights

Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company save where provided otherwise by the terms of issue of the shares they hold, or the provisions of the Articles of Association of the Company. Subject to any special terms as to voting upon which any shares may have been issued, or may for the time being be held, on a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him.

No member shall, unless the Directors otherwise determine, be entitled to be present or to vote either in person or by proxy at any general meeting or upon any poll if any call or other moneys due and payable by him in respect of shares remains unpaid or if he or any person appearing to be interested in shares held by him has been duly served with a notice pursuant to Section 212 of the Act and (a) is in default in supplying to the Company the information thereby required, within 28 days after the service of such notice or such longer period as is specified for compliance, or has made a false or misleading statement in purported compliance with such notice; and (b) has not remedied such default within 14 days of the service of a further notice requiring him to do so.

#### (iii) Variation of class rights

If at any time the capital is divided into different classes of shares, all or any of the rights and privileges attached to any class of shares may be varied in such manner (if any) as may be provided by such rights or (in the absence of any such provision) either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise. Every such separate general meeting shall be convened as nearly as possible in the same way as an extraordinary general meeting but so that the necessary quorum at every such meeting shall be two persons holding or representing by proxy at least one-third of the nominal value of the issued shares of the relevant class. Any holder of shares of the relevant class present in person or by proxy may, in writing, demand a poll and at any adjourned meeting of such holders the quorum is one person holding shares of the class in question. The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided) be deemed to be a variation of the rights of such shares.

(iv) *Transfer of shares*

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a partly paid share, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in the usual common form or any other form which the Directors shall approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of any share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly or any transfer of a share on which the Company has a lien. Every instrument of transfer must be in respect of only one class of share, and must be left at the registered office accompanied by the certificate for the shares and any other evidence the Directors may require to show the title of the intending transferor. The registration of transfers may be suspended by the Directors at such time and for such periods as they may from time to time determine (not exceeding 30 days in any year).

(v) *Dividends and distributions on liquidation to shareholders*

- (a) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the rights of any persons entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
- (b) The Directors may from time to time declare and pay an interim dividend to the members.
- (c) No dividend shall be paid otherwise than in accordance with the provisions of the Act. Any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.
- (d) On a liquidation, the liquidator may, with the authority of an extraordinary resolution of the Company, divide amongst the members in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be so divided and determine how such division shall be carried out between members or classes of members.

5. **Working capital**

The Directors are of the opinion that, after taking into account the net proceeds from the Rights Issue and available bank facilities, the Group has sufficient working capital for its present requirements.

6. **Indebtedness**

At the close of business on 9th June, 1995 the Darby Group had outstanding secured bank loans of £2,235,645, secured overdrafts of £1,369,021, guaranteed bank loans of £864,346 and hire purchase and leasing commitments and other guarantees of £2,264,705. In addition, outstanding performance guarantees to customers and other guarantors amounted to £585,654.

Save as disclosed above, and apart from intra-Group indebtedness, at the close of business on 9th June, 1995 neither Darby nor any member of the Darby Group had any loan capital created but not issued, term loans (whether or not guaranteed or secured) including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, mortgages, charges, guarantees or other contingent liabilities.

7. **Directors' and other interests**

- (i) The interests of the Directors and their families together with connected persons, as defined by Section 346 of the Act, in the share capital of Darby as at 4th July, 1995 (being the latest practicable date prior to the publication of this document), which have been notified to Darby pursuant to Section 324 or Section 323 of the Act or are required to be entered in the register maintained under the provisions of Section 325 and Schedule 13 of the Act, are set out below:

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of options</i>
M J Darby .. .. .	7,650,000	48.03	330,000
D E Boddy .. .. .	19,100	0.12	112,000
C M Simpson .. .. .	1,250	0.01	110,000
H Hardy .. .. .	4,181	0.03	—

Notes:

- 1. Mr. M J Darby's interest includes 3,824,999 Ordinary Shares held by the trustees of a settlement made by his wife, Mrs. B J Darby, who also holds 110,000 of the options shown against Mr. M J Darby's name. Also included are 3,825,001 Ordinary Shares held by the trustees of a settlement made by Mr. M J Darby.
- 2. In addition to the above, 20,000 Ordinary Shares are held jointly by Mr. M J Darby, Mrs. B J Darby and David Booter & Co. as trustees of the Darby Group Directors Pension Fund, the sole beneficiaries of which are Mr. M J Darby and Mrs. B J Darby.

Following the Rights Issue the interests of the Directors equivalent to those disclosed above are expected to be as follows:

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital following the Rights Issue</i>
M J Darby .. .. .	7,650,000	28.59
D E Boddy .. .. .	19,100	0.07
C M Simpson .. .. .	2,100	0.01
H Hardy .. .. .	7,024	0.03

- (ii) In addition to the Directors' holdings in (i) above, as at the close of business on 4th July, 1995 (being the latest practicable date prior to the publication of this document) Darby had been notified of the following holdings of three per cent. or more of the issued Ordinary Share capital of Darby:

Shareholders	Number of Ordinary Shares	Percentage of existing issued share capital
Norwich Union Life Insurance Society and Norwich Union Pensions Management Limited .. .. .	2,466,667	15.49
County NatWest Investment Management Limited .. .. .	1,047,942	6.58
Sun Alliance Investment Management Limited .. .. .	820,119	5.15
Premium Life Investment Service Limited .. .. .	804,708	5.05

Save as disclosed above, the Directors are not aware of any person who is interested, directly or indirectly, in three per cent. or more of the issued share capital of Darby or of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

- (iii) No Director has, or has had, any interest, direct or indirect, in any assets which, during the two years immediately preceding the date of this document, have been or are proposed to be acquired by, disposed of or leased to Darby or any of its subsidiaries.
- (iv) Mr. H Hardy is a consultant to the firm of Burton & Dyson, the Company's solicitors, which will receive fees of £25,000 in connection with the proposals described in this document. During the year ended 28th February, 1995, the firm received fees of £46,000 in respect of the provision of general legal services to the Company, including Mr. Hardy's services as a non-executive director of Darby.

Save as disclosed above, none of the Directors has any material interest in any contract or arrangement subsisting at the date of this document and which is significant in relation to the business of the Group taken as a whole.

#### 8. Directors' service agreements

There are no service contracts between any Director and any member of the Group, other than those which have previously been made available for inspection and which have not been subsequently varied.

The aggregate remuneration payable and benefits in kind to be granted to the Directors in the ten months ending 31st December, 1995 are estimated, on the basis of current arrangements, to amount to £251,404.

#### 9. Underwriting Agreement

The Company and Close Brothers have entered into an underwriting agreement dated 5th July, 1995, whereby Close Brothers has agreed, subject to the conditions specified therein, to underwrite the issue of up to 10,830,458 New Ordinary Shares at the Rights Price. Close Brothers will receive:

- (i) a commission of 1.25 per cent. of the aggregate value at the Rights Price of the New Ordinary Shares and a commission of 0.75 per cent. of the aggregate value at the Rights Price of such number of the New Ordinary Shares to be placed for which Close Brothers are not able to procure places (the "Relevant Placed Shares");
- (ii) if the Underwriting Agreement becomes unconditional, a further commission of 0.75 per cent. of the aggregate value at the Rights Price of the New Ordinary Shares other than the New Ordinary Shares in respect of which Close Brothers has agreed to use its reasonable endeavours to procure places (the "Underwritten Shares"); and
- (iii) a further commission of 0.125 per cent. of the aggregate value at the Rights Price of the Underwritten Shares and the Relevant Placed Shares for each period of 7 days or part thereof (if any) in excess of the period of 30 days from the date of the Underwriting Agreement during which the underwriting obligation remains in force.

In addition, Close Brothers will be entitled to a documentation and advisory fee. All commissions are payable together with any applicable VAT and out of such commissions Close Brothers will pay any sub-underwriting commissions and a fee to Albert E Sharp for its services as broker to the Rights Issue.

The Underwriting Agreement contains certain representations, warranties and indemnities from the Company in favour of Close Brothers and provisions entitling Close Brothers to terminate its obligations for material breach of warranty prior to the posting of the Provisional Allotment Letters. The Underwriting Agreement is conditional, *inter alia*, upon the passing of Resolution No. 1, on the grant of permission to trade on the USM in the New Ordinary Shares becoming effective by not later than 10.00 a.m. on 24th July, 1995 (or such later time and/or date not later than 2nd August, 1995 as Close Brothers may agree with the Company) and on Close Brothers not having exercised any rights to terminate its obligations under the Underwriting Agreement. Close Brothers is entitled, with the agreement of the Company, to waive any of the conditions of the Underwriting Agreement.

The trustees of the M J Darby Settlement and the B J Darby Settlement have irrevocably undertaken to the Company and to Close Brothers to renounce their entitlements to New Ordinary Shares in respect of their holdings of Ordinary Shares and, accordingly, Close Brothers has agreed to use its reasonable endeavours to arrange for these shares to be placed with institutional investors.

#### 10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by the Darby Group during the two years preceding the publication of this document and are or may be material:

- (i) an agreement dated 5th July, 1995 made between Mr. Jean Jacques Cattin (1) and the Company (2) whereby the Company has agreed to purchase the remaining 50 per cent. of the issued share capital of BTG which it does not already own for a

consideration of 1,485,000 Swiss Francs payable in cash on completion. Completion is expected to take place following the Rights Issue becoming unconditional; and

- (ii) the Underwriting Agreement, details of which are set out in paragraph 9 above.

## 11. General

### (i) Material changes

Save as disclosed on page 7 of this document, there has been no significant change in the financial or trading position of the Darby Group since 28th February, 1995, the date to which the last audited financial statements were prepared.

### (ii) Litigation

BTG has received a claim for £309,000 (plus costs and interest) from Harmon Contract UK Limited ("Harmon") in respect of glass supplied by BTG in 1993 to the value of approximately £250,000. The statement of claim, which was served on 31st May, 1995, alleges that the damage which occurred to certain of the glass panels supplied amounted to a breach of contract by BTG. The Directors are of the opinion that BTG has fully complied with its obligations to Harmon under the said contract and that the glass supplied met the agreed specifications. The Directors have resolved to defend these proceedings and are of the opinion that, on the facts known at present, it would not be appropriate to make any provision in respect of the substantive claim from Harmon, although the Company will continue to incur costs arising from the investigation and the defence of the proceedings.

Save as described above, there are no legal or arbitration proceedings active, pending or threatened against or being brought by any member of the Group which are having or may have a significant effect on the financial position of the Company.

### (iii) Expenses

The expenses of and incidental to the proposals set out in this document, including underwriting commissions, the London Stock Exchange fees, professional fees and the costs of printing and distributing this document, are estimated to amount to approximately £425,000 (inclusive of VAT) and are payable by the Company.

### (iv) Close company

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988 and is expected to remain so following the Rights Issue.

### (v) Ordinary Share prices

Set out below are the average prices of business done in dealing in Ordinary Shares on the first business day of each of the months from February, 1995 to July, 1995 and 3rd July, 1995, being the last practicable date prior to the posting of this document, as derived from the Unlisted Securities Market Appendix to the London Stock Exchange Daily Official List. Where no trades are recorded on a given day, the table shows the average of the marked bargains on the most recent prior business day on which trades were recorded.

1995	Share price
1st February .. .. .	85p (26th January, 1995)
1st March .. .. .	78p (22nd February, 1995)
3rd April .. .. .	70p
1st May .. .. .	75p
1st June .. .. .	72p
3rd July .. .. .	67p (29th June, 1995)

### (vi) Minimum subscription

The minimum amount which, in the opinion of the Directors, must be raised is as follows:

Acquisition of BTG .. .. .	£'000
Acquisition of new plant .. .. .	810
Preliminary expenses and commissions in connection with the Rights Issue .. .. .	2,200
Working capital and reduction of borrowings .. .. .	425
	1,980
	<hr/>
	5,415
	<hr/>

The Company may fund all or part of the acquisition of the outstanding share capital of BTG by means of a short term bridging facility and may also fund all or part of the acquisition of new plant by means of hire purchase contracts or leases. To the extent that the Company obtains such alternative finance, the resulting additional indebtedness would be repaid from the proceeds of the Rights Issue.

Save as disclosed above, no amounts due in respect of any of the above matters are to be provided otherwise than out of the proceeds of the Rights Issue.

## 12. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (public holidays excepted) from the date of this document up to and including 21st July, 1995 at the Company's registered office at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS and at the offices of Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA:

- (i) the Memorandum and Articles of Association of Darby;
- (ii) the audited consolidated accounts of Darby for the years ended 28th February, 1994 and 28th February, 1995;
- (iii) the rules of the Scheme; and
- (iv) the material contracts referred to in paragraph 10 above.

5th July, 1995

# DARBY GROUP PLC

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Darby Group Plc ("Darby" or the "Company") will be held at the offices of the Company on 21st July, 1995 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

### ORDINARY RESOLUTION

1. THAT,
  - (a) the authorised share capital of the Company be and it is hereby increased from £950,000 to £1,784,000 by the creation of an additional 16,680,000 new Ordinary Shares of 5p each to rank *pari passu* in all respects with the existing Ordinary Shares of 5p (save that they will not be entitled to the final dividend of 1.0p (net) which the Directors of the Company are recommending in respect of the year ended 28th February, 1995); and
  - (b) the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £987,642, provided that this authority shall:
    - (i) (unless previously revoked or renewed) expire 5 years from the date of the passing of this resolution; and
    - (ii) allow and enable the Directors of the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities (as defined above) to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of any such offers or agreements up to the maximum amount permitted by this resolution as if the authority conferred hereby had not expired; and
    - (iii) replace the authority conferred upon the Directors of the Company pursuant to Special Resolution 1 passed at the Annual General Meeting of the Company held on 30th June, 1994.

### ORDINARY RESOLUTION

2. THAT, in accordance with Rule 15.1.2 of the rules of the Company's Executive Share Option Scheme (the "Scheme"), the proposed amendments to the Scheme described in the Chairman's letter to Shareholders contained in Part 1 of the prospectus dated 5th July, 1995 be and they are hereby approved and the Directors of the Company be and they are hereby authorised to carry the same into effect in such manner as they shall consider expedient and in such form as may be necessary to maintain approval of the Scheme by the Inland Revenue.

5th July, 1995

BY ORDER OF THE BOARD  
B. Dovey  
Secretary

Registered Office:  
Darby House  
Sunningdale Road  
Scunthorpe  
South Humberside  
DN17 2SS

#### Notes:

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. The pink Form of Proxy for use at the Meeting is enclosed.
- (ii) To be valid the pink Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof) must be deposited at or posted to the office of the Company's registrars, Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR, to be received not later than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (iii) Completion and return of a Form of Proxy will not preclude a member from attending or voting at the Meeting.