

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%

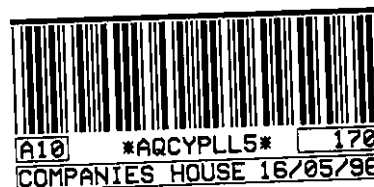
Earnings per share increased by 17% to 5.33p (1994: 4.55p)

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.

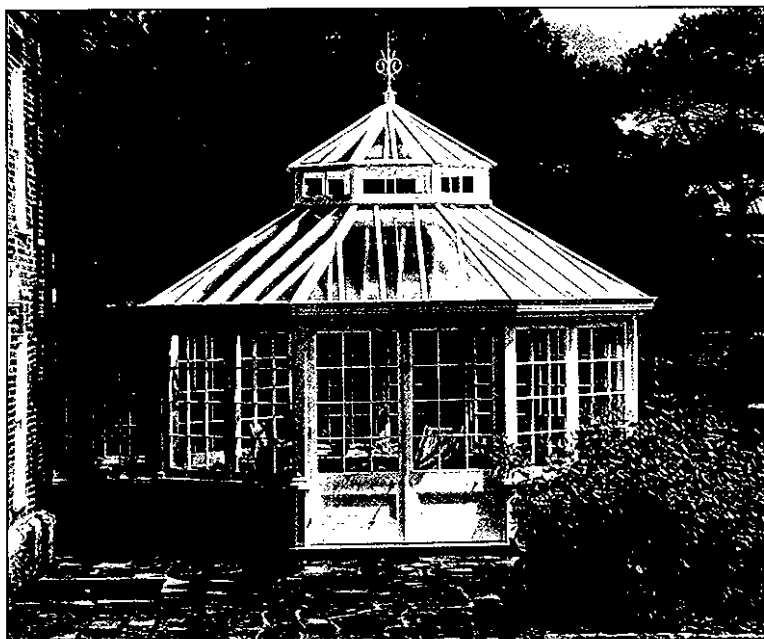
Whilst U.K. market volumes in 1995 were relatively flat for the Industry as a whole, as the year developed the operation of our developing network of Subsidiary Manufacturing Units, through the provision of higher levels of service to a localised customer base, enabled us to obtain a meaningful improvement 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.

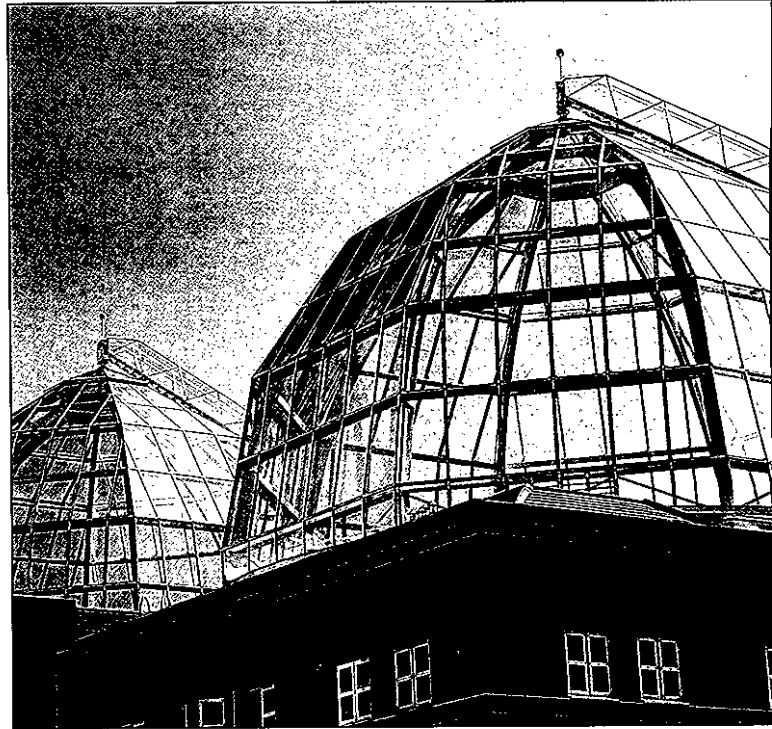
Our longer term strategy of attempting to reduce our dependence on the U.K. Construction Industry, bore fruit with the value of such business falling for the first time to a level below 40% of total sales.

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.

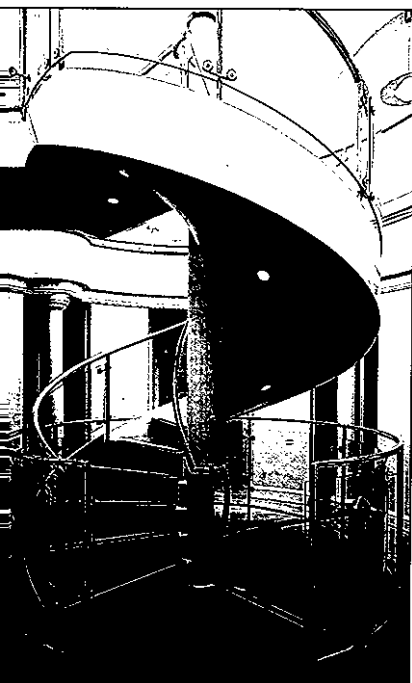
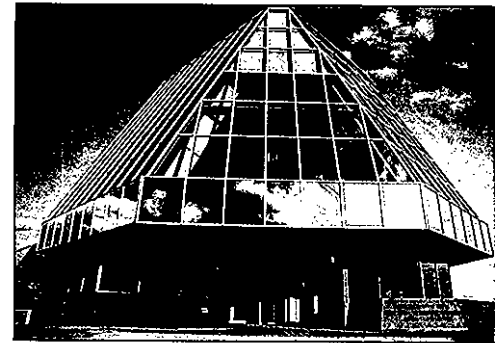
The development of the value added potential of the Scunthorpe factory generally, and the Curved Tempering Division particularly, will we believe facilitate a major improvement in our export business. The arrangements with Weidemann will receive a considerable boost as a consequence of the availability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

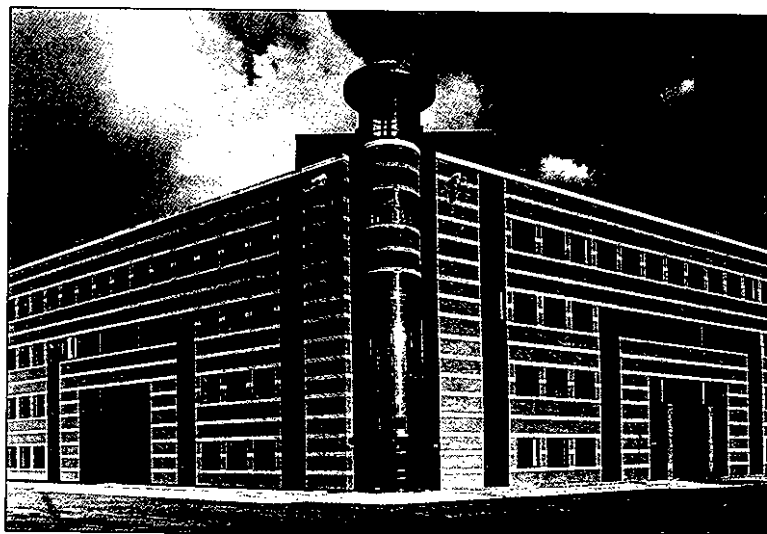
The Company now has probably the largest raw material glass spend of any U.K. Glass Processing Company not directly owned by a Glass Manufacturer. This has been used to major advantage in that we have been able to negotiate very favourable revised purchasing terms with our major glass supplier on a fixed 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

Chairman and Chief Executive	M. J. Darby
Group Operations Director	C. M. Simpson
Directors	R. C. Queen H. Hardy (<i>non-executive</i>) J. R. C. Young (<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
Joint Solicitors	Ashurst Morris Crisp Broadwalk House 5 Appold Street London 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 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

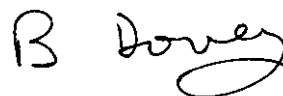
The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

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

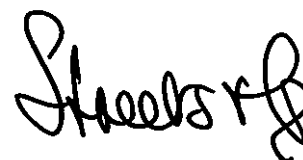
In addition to our audit of the financial statements we have reviewed the directors' statement on pages 7 and 8 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance 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

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

	Note	31.12.95 £'000	28.2.95 £'000
Fixed assets			
Tangible assets	10	11,751	10,732
Current assets			
Stocks	12	1,704	1,733
Debtors	13	4,262	3,886
Cash and bank balances		526	3
		6,492	5,622
Creditors: Amounts falling due within one year	14	(4,403)	(5,808)
Net current assets/(liabilities)		2,089	(186)
Total assets less current liabilities		13,840	10,546
Creditors: Amounts falling due after more than one year	15	(2,015)	(3,375)
		11,825	7,171
Capital and reserves			
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
Total shareholders funds	20	11,825	6,663
Minority interests	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

R. C. Queen

} Directors




COMPANY BALANCE SHEET

as at 31st December 1995

	Note	31.12.95 £'000	28.2.95 £'000
Fixed assets			
Tangible assets	10	1,913	1,762
Investments	11	665	100
		2,578	1,862
Current assets			
Debtors	13	7,541	4,075
Cash and bank balances		1,148	—
		8,689	4,075
Creditors: Amounts falling due within one year	14	(943)	(675)
Net current assets		7,746	3,400
Total assets less current liabilities		10,324	5,262
Creditors: Amounts falling due after more than one year	15	(387)	(313)
		9,937	4,949
Capital and reserves			
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
R. C. Queen } *Directors*




CASH FLOW STATEMENT

for the period ended 31st December 1995

		10 months ended 31.12.95	Year ended 28.2.95
	Note	£'000	£'000
Net cash inflow from operating activities	23	2,259	1,763
Returns on investments and servicing of finance:			
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
Investing activities:			
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
Financing:			
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 31.12.95 £'000	Year to 28.2.95 £'000
Continuing operations:		
UK	14,453	15,089
Other EEC countries	1,081	1,100
Other	80	182
	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)
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	361	360
	<hr/>	<hr/>

	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
	<hr/>	<hr/>
	3,866	4,209
	<hr/>	<hr/>

Directors remuneration:		
Fees	8	10
Other emoluments (including pension contributions)	246	278
	<hr/>	<hr/>
	254	288
	<hr/>	<hr/>

Emoluments excluding pension contributions:		
Chairman and highest paid director	114	102
	<hr/>	<hr/>



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
Executive directors						
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
Non-Executive Directors						
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
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)	–
At 31.12.95	2,353	256	13,717	855	17,181
Depreciation:					
At 28.2.95	383	40	4,145	–	4,568
Provided during period	57	10	795	–	862
At 31.12.95	440	50	4,940	–	5,430
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 £'000	Total £'000
Cost:		
At 28.2.95	2,123	2,123
Additions	53	53
Transfers	177	177
At 31.12.95	2,353	2,353
Depreciation:		
At 28.2.95	361	361
Provided during period	38	38
On transfers	41	41
At 31.12.95	440	440
Net book value		
At 31.12.95	1,913	1,913

Group

	10 months to 31.12.95 £'000	Year to 28.2.95 £'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 £'000	Company 28.2.95 £'000
Cost:		
28.2.95	167	145
Addition	665	22
31.12.95	832	167
Provision:		
28.2.95	167	145
Increase	-	22
31.12.95	167	167
Net book value	665	-



NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

11 Investments (continued)

Related company	31.12.95 £'000	Company 28.2.95 £'000
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	28.2.95	31.12.95	28.2.95
	£'000	£'000	£'000	£'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
	4,262	3,886	7,541	4,075
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	28.2.95	31.12.95	28.2.95
	£'000	£'000	£'000	£'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	—	—
	4,403	5,808	943	675

15 Creditors falling due after one year

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



NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

16 Borrowings

	Group		Company	
	31.12.95	28.2.95	31.12.95	28.2.95
	£'000	£'000	£'000	£'000
Bank loans (secured)	825	2,755	575	500
Finance leases	2,204	1,892	—	—
	3,029	4,647	575	500
Repayable as to:				
Within one year	1,014	1,272	188	187
Not within one year	2,015	3,375	387	313
	3,029	4,647	575	500
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	—	—
	3,029	4,647	575	500

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
– 31.12.95	35,680,000	1,784	26,757,562	1,338

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	—	—	—	—

	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

	10 months to	Year to
	31.12.95	28.2.95
	£'000	£'000
(a) Reconciliation of operating profit to net cash inflow from operating activities		
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)
Net cash outflow from operating activities	2,259	1,763

(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)
Balance at 31st December 1995	526	(1,571)



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	Plant & Vehicles	Property	Plant & Vehicles
	£'000	£'000	£'000	£'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.

