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PORVAIR PLC

ANNUAL REPORT & ACCOUNTS 1997

Corporate Statement

Porvair develops, manufactures and markets materials with microporous structures. These materials are used in a wide variety of industrial applications including leather finishes, membranes for foul weather clothing, a wide range of filters, ceramics and medical diagnostic devices.

The Group's objective is to grow organically, by continued investment in new product development, and by acquisition into related growth industries using the strengths of the core business to enhance the profits of the enlarged Group.

The long term financial objective of Porvair is to increase shareholder value whilst also providing a secure and creative environment for its employees.

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Highlights

- Record profit before tax of £6.9m (1996: £4.2m) up 65%, on turnover increased by 28% at £70.8m (1996: £55.4m)
- Earnings per share increased by 64% to 18p (1996: 11p)
- Recommended final dividend raised to 4.1p (1996: 3.7p) making a total of 6.2p for the year (1996: 5.6p) an increase of 11%
- Marked improvement in progress at Porvair International and Selee
- Excellent performances from Porvair Ceramics and Porvair Sciences
- Following substantial growth of the Group, appointment of a Chief Executive, a new Board position

Chairman's Statement

All of our businesses have distinctive products offering considerable benefits to their target markets......We have continued to strengthen our senior management and invest in new product development. The Board therefore is confident that the Group is positioned to make further progress in the year ahead.

It has been an important year for the Group and I am delighted to report excellent progress with record results being achieved. Pre-tax profit at £6.9m (1996: £4.2m) increased by 65% compared with the previous 12 months on sales levels up 28% at £70.8m (1996: £55.4m). Permair Leathers Inc, which was acquired in December 1996, accounted for two thirds of the sales increase while the ongoing businesses were principally responsible for the rise in operating profit which was 58% higher than the previous year. This has been a strong performance from our core businesses that have responded well to the remedial action taken at under performing operations during the previous year.

In line with higher profits, earnings per share have increased by 64% to 18.0p (1996: 11.0p), whilst the Group's effective tax rate has remained steady at 33%.

With net borrowings at £11.4m balance sheet gearing is 49% while interest cover has improved to nine times (1996: seven times). The £4.7m increase in borrowings was after substantially higher capital expenditure of £4.3m and consideration of £2.2m paid in respect of the acquisition of Permair Leathers. Shareholders' funds are £23.1m (1996: £22.0m) after writing off goodwill of £1.9m during the year.

Dividend

The Board is recommending an increased final dividend of 4.1p per share (1996: 3.7p) to be paid on 9 April 1998 to shareholders on the register at the close of business on 13 March 1998. This brings the total dividend for the year to 6.2p per share (1996: 5.6p), an increase of 11% compared with the previous year. At this level of dividend the earnings per share cover the payment 2.9 times (1996: 2.0 times).

Trading

Porvair International and Selee, two of the businesses which were adversely impacted by slower market conditions in 1996, have made particularly encouraging progress this year. Sales in each company increased and both improved their operational profits, substantially in the case of Porvair International. There were also excellent performances from Porvair Ceramics and Porvair Sciences where record profits were achieved on the back of continuing market penetration by their products.

As I reported in the interim statement, Porvair Fabrics (formerly Comfort Barrier Systems) continued its restructuring programme and in the second half the benefits began to show. With the restructuring substantially completed, it is now well positioned to grasp the significant opportunities available. Porvair Technology had a disappointing year with sales lower than expected; however, the sales and marketing team has been strengthened and we expect this increased resource to improve sales significantly in 1998.

During the last quarter we introduced our new product, Porelle® drys – the waterproof socks, which we announced at the half year. The launch was very successful with the socks having an excellent reception. We are concentrating on building up the manufacturing capability ahead of introducing the product into higher volume markets later this year.

We are convinced that the kiln furniture and environmental markets have significant potential for the ceramic filter technology developed by Selee. Therefore, in order to focus better on the market opportunities we have separated these activities into a stand alone company, Porvair Advanced Materials, which, for the moment, will continue to operate from Selee's premises in North Carolina.

Acquisition

Permair Leathers Inc was acquired in December 1996 for £2.2m. This company had been our US licensee for manufacturing finished leather using Porvair's Permair® film. The business has performed excellently, achieving profits of £0.4m, even after assigning a proportion of its business to our new joint venture in China.

The management of Permair Leathers were closely involved in the early stages of establishing our joint venture operation in China, which is also manufacturing leather using Permair® film. The transfer of technology has taken place and, although three months later than expected, the Chinese plant is established and producing quality leather to supply footwear manufacturing operations in China.

Board changes

As many of you know, I have been Chairman and Chief Executive since February 1990. During this period the Group has grown considerably from £9m capitalisation to over £80m, from one company in the UK to eight companies, two of which are in the USA. The Group is now of a size where it is appropriate to split the roles of Chairman and Chief Executive, and it is with great pleasure that I announce that Ben Stocks is joining the Board on 16 February 1998 as Group Chief Executive.

Ben, who was Managing Director of the UK Speciality Packaging Division of Carnaud Metal Box and had been with that company since 1992, brings with him experience of managing multi-site international operations. Prior to that he held a general management position with Courtaulds plc.

I am delighted to welcome Mark Moran to the Board, who joins us from Caradon plc. He was appointed to the Board on 1 October 1997 as Group Finance Director. Ken Symonds has taken responsibility for mergers and acquisitions, an increasingly important role with the growth of the Group, and this move conveys the significance the Board attaches to this activity. Ken continues to act as Company Secretary.

Gene Kopf retired from the Board on 31 July 1997 and we thank him for his contribution during his time with us.

Employees

At the year end Porvair employed 748 personnel and we would like warmly to welcome all new employees to the Group, particularly extending that welcome to the employees of Permair Leathers who joined at the beginning of the year.

It has been a year of restructuring and, due in no small measure to the quality of our people, we have bounced back after a tough time in 1996. Everybody has worked extremely hard to achieve this objective, and the Board thanks all employees for their efforts during the year.

Outlook

Inevitably there are challenges ahead, not least the strength of sterling and uncertainty in the Far East. All of our businesses have distinctive products offering considerable benefits to their target markets and it is in times like these that the quality of the companies within the Porvair Group is highlighted. We have continued to strengthen our senior management and invest in new product development. The Board therefore is confident that the Group is positioned to make further progress in the year ahead.

John Morgan
Chairman
10 February 1998

Porvair at a glance

Consumer

Key Figures

Porvair International Location: King's Lynn	£19 million sales 260 employees
Porvair Fabrics/Socks Location: Northampton	£4 million sales 46 employees
Permair Leathers Location: Boston (USA)	£10 million sales 35 employees
Permair Austins Location: China	50:50 joint venture operation

	1997 £'000	1996 £'000
Turnover	33,200	22,084
Operating profit	2,877	289
Net assets	17,702	14,539

Porvair develops, manufactures and markets materials with microporous structures. These materials are used in a wide variety of industrial applications including leather finishes, membranes for foul weather clothing, a wide range of filters, ceramics and medical diagnostic devices. The Group is organised under two divisions – Consumer and Filtration.

Filtration

Key Figures

Selee/Porvair Advanced Materials

Location: Hendersonville (USA)

£22 million sales
222 employees

Porvair Ceramics

Location: King's Lynn

£7 million sales
47 employees

Porvair Technology

Location: Wrexham

£7 million sales
117 employees

Porvair Sciences

Location: Shepperton

£2 million sales
12 employees

	1997 £'000	1996 £'000
Turnover	37,566	33,343
Operating profit	4,830	4,575
Net assets	16,872	14,138

Operating Review

The continuing growth of the Group has prompted a review of the reporting structure. It is now appropriate that the Group be divisionalised and currently, with eight operational companies, a joint venture in China and a development business marketing waterproof socks, all operations have been organised under two divisions:

Consumer	Filtration
Porvair International	Selee (USA)
Porvair Fabrics	Porvair Technology
Permair Leathers (USA)	Porvair Ceramics
Permair Austins (China)	Porvair Sciences
Porelle drys - waterproof socks	Porvair Advanced Materials (USA)

The Consumer division, where each business is dependent on Porvair International's basic technology, accounted for 47% of Group sales and Filtration 53%. Group sales were £70.8m (1996: £55.4m) an increase of 28% and operating profit rose to £7.7m (1996 : £4.9m) an increase of 58%.

Research and development expenditure was £2.3m (1996: £2.1m) and continues our commitment to growing the business through new product development. Capital expenditure was £4.3m (1996: £1.8m) in the year and was spent principally to increase capacity, for new products and environmental protection.

Consumer division

Porvair International, which manufactures and markets breathable membranes for use in upgrading leather and making textiles waterproof, is the largest company in the division, accounting for approximately 60% of turnover. This company also makes synthetic leather (Poromerics), materials for wound dressings and printing blankets.

Porvair International increased its operating profit substantially to £3.0m (1996: £1.1m) with all product lines within the business increasing sales year on year. Permair® (the film used to upgrade leather) increased sales by a healthy 19% year on year and demonstrated that there is good quality growth in the product. The acquisition of Permair Leathers in the US enabled that company to quote for increased levels of business and they did just that, very successfully. This same management team also successfully transferred its experience of making quality leather to the Chinese joint venture, Permair Austins, which ended the year manufacturing at commercial levels. Several customers are sufficiently confident of the quality standards in China that they now buy their finished leather from there whereas previously they bought from the US. The Canadian licensee also had an excellent year selling in the North American markets where the demand for golf shoes was particularly buoyant. South Africa, Italy and Holland increased sales significantly as did India and Korea. New Permair finishes aimed at the casual footwear market should help us continue to grow sales of this product.

Permair Leathers has been a good acquisition for Porvair. Besides enhancing the Group's earnings per share by delivering a profit of £0.4m, the company increased its sales 20% year on year. This is after transferring almost £0.5m of sales to our Chinese joint venture. The sales and marketing team is being strengthened with a view to focusing on sales to customers in the US who buy their product from China.

Porelle® drys are one step ahead

These innovative waterproof socks, incorporating Porelle® membrane, were launched into the UK mountain biking and hiking markets in late 1997. Porvair has met the challenge of producing a sock which is of normal appearance yet is waterproof, breathable and close fitting.

Operating Review
Consumer division continued

Establishing Permair Austins in China, however, did tie up almost £1m of the Group's working capital at the year end although we anticipate this cash outflow reversing quickly in 1998.

Sales of Porelle® (the film laminated to textiles for use in waterproof breathable clothing) increased by 36% and now accounts for 21% of International's turnover. Our key customers in the US, Europe and the Far East all contributed to this growth. The contract with a major US based textile company is ongoing and contracts for the military and police forces in Europe delayed from 1996 came through during the year. Higher levels of activity are predicted for both accounts next year. Sales to our Taiwanese customer were creditable from a standing start and, if trading conditions in the Far East allow, further progress can be expected this year.

Sales of Porelle waterproof linings for ski and motorcycle gloves increased in volume by 5% but reduced revenue by 13% due to the supply of lower cost versions of Porelle and competitive price pressures.

Porvair Fabrics (formerly Comfort Barrier Systems) has undergone radical changes in the year and the re-organisation is now largely complete. Following the appointment of David Cornthwaite, who played an important role in W L Gore's marketing in the UK and Europe, as Managing Director, several key appointments have been made in sales, marketing and operations. The company is now able to compete in the international sports and leisure industry, as well as institutional and military markets. Sales for the company did not grow year on year, as it was still in its development phase, and the company absorbed £1.2m of cash while incurring a loss of approximately £0.5m. However, new sales strategies implemented during the year, total attention to quality issues and a thorough price and margin review puts the company in a position to make significant strides in 1998.

Porvair International also sells Poromerics (a synthetic leather) and printing blankets. Poromerics sales, which are mainly to Pakistan, increased by 10%. The level of Poromeric sales is however considerably lower (approximately £2m) than the earlier part of the 1990's and International's future strategy does not envisage significant effort to re-address this issue, as Poromerics is at best only a marginal contributor to overheads.

Sales of our dry offset printing blanket continue to grow with a 31% increase this year. Sales are now above £1m and the product is profitable. The new offset litho printing blanket is now substantially developed, although further investment may be delayed because of the current focus on the waterproof socks.

Porelle® drys, the exciting new waterproof and breathable socks, were launched in September into the mountain biking and hiking markets at trade shows. They are also being introduced to military and institutional users. The launch was successful with strong demand supported by positive reviews in the specialist trade press. We are currently building up the production capability so that by mid-1998 we will be in a position to launch the product into higher volume markets.

Top quality finish with Permair® leather

Permair®, the microporous breathable film used as a substitute for the top layer of quality grain leather, is styled with different finishes and colours to resemble real leather. Permair leather is used mainly for footwear and leather goods manufacture, and in 1997 the acquisition of Permair Leathers Inc gave even greater access to the rapidly growing US golf market.

Operating Review
Filtration division

The division consists of four companies, the largest of which, Selee, accounts for almost 60% of the division's turnover.

Selee

Selee manufactures ceramic filters and associated equipment for use in metal purification, environmental applications, chemical and thermal processing.

In US dollar terms Selee increased sales and operating profit by 20%. There were initial teething problems with the installation of new equipment in the first half of the year, which disrupted production, and some raw material problems which reduced yields. These were overcome by the second half and margins improved accordingly.

Sales increased in both the aluminium and iron foundry markets. However, while the aluminium sector continued strongly throughout the year, sales of filters to the iron foundry market began to be affected by competitor pressure towards the year end. Aluminium filter sales increased by 26% due to greater adoption of Selee's patented dual stage filtration process throughout the industry, and our prime competitor shutting down its North American facility. Iron foundry sales increased by 8% year on year and continue to be a major opportunity for the company as new products are developed and product costs continue to be reduced. Steel foundry introduced a new product which helped boost filter sales by 31% against the previous year.
Sales to the European market, while starting off the year well, began to slow with the weakening of the deutschemark coupled with aggressive protective pricing from the competition.

A number of new products based on proprietary porous ceramic material have applications in the thermal and environmental industries. We have separated this part of the business into a new company, Porvair Advanced Materials, with the express intent of better focusing on those markets and exploiting the new materials.

Porvair Ceramics

Porvair Ceramics markets pressure casting equipment and manufactures microporous synthetic moulds for the sanitaryware and tableware industries. Pressure casting is a term applied to the separation of water from clay by high pressure filtration.

Sales at £6.4m increased by 18% and operating profit was up by 40% to £1.2m. Sales would have been higher had it not been for cancellation of a large order from Malaysia in the last quarter of the year, as a result of the collapse of the local currency. Nevertheless, it has been a very satisfactory performance and one that will continue. The order book for machines going into the new year is higher than at the start of the year under review.

Top quality ceramic sanitaryware

Porvair Ceramics, with its patented application of synthetic filter materials, is a leading player in the world market for high pressure casting of sanitaryware products. Porvair's technology enables manufacturers to improve significantly manufacturing efficiency and to produce high quality final products.

Operating Review
Filtration division continued

The reputation of Porvair in the sanitaryware industry continues to grow and at the major industry exhibition in October interest in the company's products gave substance to future expectations. The new WC bowl casting machine was presented for the first time and drew considerable attention from potential customers. The roller moulds for making plates and cups within the tableware industry have had a slow start this year, as production difficulties delayed their introduction. The reception in the tableware industry of the product, however, leads us to believe that volume sales will materialise in due course.

Due to the level of expansion, this company will move to new purpose built premises in King's Lynn in the third quarter of 1998.

Porvair Technology

This company manufactures porous metal and plastic materials and converts them into products with a wide range of industrial applications including filtration and aeration.

Sales at £6.5m (1996: £6.8m) did not increase as originally expected. During the year there was a significant restructuring, with emphasis on strengthening the sales and marketing team, and as a result of both stagnant sales and the restructuring, profits dropped to £0.4m (1996: £0.7m). Sales were affected by a review of the prices and margins of each product and a decision not to pursue low margin business. The sales and marketing group has now been focused on the market sectors that exploit more directly the core competencies notably water aeration, polymer filtration and medical filter devices. The benefits of these actions should come through in 1998 and the expectations are for an improved result.

Porvair Sciences

This company specialises in the manufacture and marketing of single use devices, many of which are filters, sold predominantly to research and general scientific establishments. Sales at £2.2m (1996: £1.4m) increased by 63% and operating profit almost doubled.

The Microlute® sample preparation system, which reduces significantly the time taken to analyse samples in pharmaceutical companies, increased sales considerably in the year. Distributors for this patented product have been established in both Europe and the US. New products for use in robotic analysis and the high density well plates have also sold well. Again we will have to relocate this company into new premises because of its rapid growth and various options are currently under review. Prospects for the coming year look encouraging.

Application of latest technology in product development

Microlute®, a patented sample preparation system that reduces significantly the time taken for analysis, has become the system of choice for many large European and US pharmaceutical companies. The establishment of this product demonstrates the skills of Porvair Sciences in combining expert knowledge of filter characteristics with the capability of moulding to exact specifications.

Financial Review

Operating results

Group turnover increased by 28% to £70.8m (1996: £55.4m) and operating profit by 58% to £7.7m (1996: £4.9m). The underlying organic growth, excluding the acquisition of Permair Leathers, was 10% in turnover and 51% in operating profit.

The strength of sterling during the year had an adverse impact on the conversion of the results of overseas subsidiaries. Turnover and operating profit were respectively £1.6m and £0.2m lower than if the average rates used in 1996 had also been effective in 1997. The main exchange rate affecting Porvair's results is the US dollar. The average rate used in 1997 was US$1.637 (1996: US$1.561) and at the year end US$1.685 (1996: US$1.685).

There was a 1% improvement to 32% in the underlying gross margin, although after including the 8% gross margin of the Permair Leathers business, the overall figure reduced to 29%. Even allowing for the effect of this acquisition the net operating margin improved to 10.9% (1996: 8.8%). The main contributor to this has been the significantly improved performance from the Consumer division, particularly at Porvair International.

The Group is now managed as two divisions – Consumer and Filtration – and further information is presented in note 1 to the accounts. A more detailed analysis of the divisional operating results is given in the Operating Review on pages 6 to 13.

Interest

The Group has been in a net borrowings position throughout the year with the average debt being around £11.1m. Net interest payable increased to £850,000 (1996: £713,000) reflecting higher levels of borrowings, although as a result of the improved operating performance interest cover has increased.

Taxation

The Group's tax charge of £2.3m represents an effective tax rate of 33% (1996: 33.4%). This rate includes nine months at the reduced rate of UK Corporation Tax of 31%, and reflects the mix of UK and US profits. The overseas profits are taxed at a rate approaching 36% which comprises both US Federal Tax and State Taxes.

Earnings and dividends

Earnings per share increased by 64% to 18.0p (1996: 11.0p), reflecting the 65% growth in profits before tax and the small increase in the weighted average number of shares in issue.

An interim dividend of 2.1p per share was paid in September 1997 which, together with the proposed final dividend of 4.1p, gives a total for the year of 6.2p, an increase of 11%. The dividend is covered 2.9 times (1996: 2.0 times), and with total dividends amounting to £1.6m the balance transferred to reserves is £3.0m.

Cash flow

The net borrowings of the Group have increased to £11.4m (1996: £6.7m) at which level gearing is 49% (1996: 30%). However, as a result of the cumulative goodwill of £29.9m (1996: £28.0m) written off against reserves, interest cover is a more representative measure of the Group's financial strength. In 1997 interest cover increased to 9.1 times (1996: 6.8 times).

Cash flow from operating activities was £5.4m (1996: £5.3m) reflecting increased profitability offset by additional working capital requirements. The operational cash flow was reduced by around £3.5m as a direct result of implementing certain key strategies. These were the development of the waterproof sock, the restructuring of Porvair Fabrics and the establishment of the joint venture in China. In 1998 the operational cash flow should be stronger in the absence of much of this development expenditure which, even when combined with an ongoing high level of capital expenditure, would lead to a decline in net borrowings.

Net capital expenditure increased to the planned level of £4.3m (1996: £1.8m), equivalent to 184% of the depreciation charge (1996: 75%). 1996 had seen a sharp reduction in capital expenditure whilst the current year total brings expenditure back to the relative levels seen before 1996. The Group is committed to supporting the development of its businesses through investment for the long term in improved efficiency and

.....interest cover is a more representative measure of the Group's financial strength. In 1997 interest cover increased to 9.1 times (1996: 6.8 times).

new product development. During 1997 major projects included a vacuum furnace at Porvair Technology (£0.4m), investment in the Porelle® drys business (£0.5m), additional capacity at Selee (£0.9m) and Porelle production extension (£0.7m).

In addition the acquisition of Permair Leathers for £2.2m was funded by borrowings.

Financing and treasury policy

The treasury function is managed from the centre and operates under clearly defined policies, approved by the Board, designed to mitigate financial risk. It manages substantially all the Group's foreign exchange risks, and transactions are only undertaken if they relate to underlying exposures. It is not a profit centre and does not undertake speculative financial transactions.

The balance sheet is partially hedged by borrowings held in the same currency as overseas net assets and consequently at the year end the Group had borrowings of £3.0m in US dollars held against £6.4m of US net assets. The Group does not hedge against the impact of exchange rate movements on the translation of non-sterling profits. The exposure to interest rate movements is managed by maintaining a balance of fixed and floating rate debt.

At the year end total net borrowings stood at £11.4m, split between uncommitted overdrafts and credit lines (£6.1m) and committed bank loans (£5.3m). Of the outstanding bank loans £2.1m is due for repayment within one year. In order to continue funding the growth of the Group these net borrowings will be refinanced in 1998 by way of medium-term committed bank facilities.

Going concern

The Directors of Porvair plc after having made appropriate enquiries, including a review of the Group's budget for 1998 and its medium-term plans, have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these accounts.

Mark Moran
Group Finance Director
10 February 1998

Directors' Report

The Directors are pleased to present their annual report and the audited accounts of the Group for the year ended 30 November 1997.

Review of business, principal activities and results

The business is reviewed in the Chairman's statement on pages 2 and 3, the operating review on pages 6 to 13 and the financial review on pages 14 and 15. Likely future developments in the business are also to be found in those sections.

The Group's principal activities are in the areas of manufacturing and marketing microporous materials.

Dividends

An interim dividend of 2.1p per share was paid on 26 September 1997. The directors recommend the payment of a final dividend of 4.1p per share on 9 April 1998 to shareholders on the register on 13 March 1998. This makes a total dividend for the year of 6.2p per share (1996: 5.6p).

Directors and their interests

The names and biographical details of the directors are set out on page 25.

Mr R G Kopf resigned from the Board on 31 July 1997.

In accordance with the Articles of Association Mr P W Greenwood and Mr K J Symonds retire by rotation and being eligible offer themselves for re-election. Mr M Moran and Mr B Stocks were appointed to the Board on 1 October 1997 and 16 February 1998 respectively, and they both offer themselves for re-election at the next Annual General Meeting. During the year the Group maintained insurance providing liability cover for its directors.

Details of the beneficial interests of directors in the shares of the Company, share options and their service contracts are set out in the Remuneration Committee Report on pages 20 to 22. None of the directors had a material interest in any contract of significance in relation to the Company or its subsidiaries during the year.

Research and development

The Group continues to undertake a research and development programme with the objective of increasing profitability and evaluating new business opportunities. This expenditure, which is of a development nature, is incurred by all businesses in the Group and in 1997 amounted to £2.3m (1996: £2.1m).

Substantial shareholders

As at 10 February 1998 the Company has been notified of the following substantial shareholdings:

	Ordinary shares	Percentage
Schroder Investment Management Ltd	3,095,501	12.1
BAT Industries plc	1,531,072	6.0
T R Smaller Companies Trust plc	1,500,000	5.9
Royal & Sun Alliance Group plc	1,228,750	4.8
Laminvest NV	1,198,277	4.7
B S Pension Fund Trustee Limited	1,000,000	3.9
Foreign & Colonial Enterprise Trust plc	925,000	3.6

Employment policies

The Group maintains and develops the involvement of employees through both formal and informal systems of communication and consultation. Managers have a responsibility to communicate effectively and to promote a better understanding by employees of the activities and performance of the Group. Employee consultative committees regularly meet to ensure that management obtain the representative views of employees concerning any decisions that affect them. Information relating to trading, company strategy and any other matters of significance are communicated to all employees through daily and monthly meetings and twice a year through formal presentations.

It is the Group's policy to recruit, train, promote and treat all personnel on grounds solely based on individual ability and performance. These principles are applied regardless of sex, race, colour, religion, age, nationality or ethnic origin.

The Group recognises its clear responsibilities for the health and safety of its employees and to the communities in which the Group operates. A health and safety committee comprising representatives from management and employees regularly reviews and inspects the conditions in which our employees work. The Group consistently considers methods of improving safety and its environmental responsibilities.

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, so far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

Directors' Report continued

Donations

The Group made charitable donations of £14,000 during the year (1996: £11,000). There were no political donations.

Close company provisions

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 8 April 1998, in addition to the ordinary business, two resolutions will be proposed. Resolution 8 and 9 renew the Directors' authorities to allot securities up to specified limits. The authority sought under Section 80 of the Companies Act 1985, would permit the allotment of relevant securities to a maximum nominal value of £185,753. This represents one third of the issued share capital of the Company as at 10 February 1998, together with the 750,445 Ordinary shares reserved for issue in respect of outstanding options under the Porvair Share Option Scheme 1986 and the Porvair plc Executive Share Option Scheme 1997.

New Articles of Association

In view of the changes in law and practice which have taken place since the Company's Articles of Association were last amended in 1988 the Directors are proposing to bring them into line with current law and practice. Accordingly, an Extraordinary General Meeting is being convened, to be held immediately following the Annual General Meeting, at which a resolution will be proposed to adopt new Articles of Association and make a consequential change to the Memorandum of Association. Full details of these proposals are contained in a separate Circular which is being despatched to shareholders with this Report and Accounts.

Creditor payment policy

The individual operating companies are responsible for agreeing the terms and conditions under which they conduct transactions with their suppliers. It is Group policy that payments to suppliers should be made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The underlying trade creditor days of the Group for the year ended 30 November 1997 were 61 days (Company: 74 days).

Directors' responsibilities

Directors are required by the Companies Act 1985 to ensure that financial statements for each financial year are prepared which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period. In preparing the financial statements, the directors confirm that suitable accounting policies have been used and applied consistently; reasonable and prudent judgements and estimates have been made; and the financial statements have been drawn up on a going concern basis. Applicable accounting standards have been followed.

It is also the directors' responsibility to ensure that adequate accounting records are maintained; to safeguard the assets of the Company and the Group; to maintain a system of internal financial control; and to prevent and detect fraud and other irregularities.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 8 April 1998. Full details of the resolutions to be proposed are set out in the Notice of meeting on pages 47 and 48.

Auditors

Price Waterhouse, the current auditors of the Company, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be put to the Annual General Meeting.

By order of the Board

K J Symonds

Company Secretary, 10 February 1998

Report of the Remuneration Committee

The Group has complied fully throughout the period with Section A of the best practice provisions annexed to the London Stock Exchange Listing Rules. The Committee has given full consideration, when implementing remuneration policy, to the provisions in Section B of the Annex to the Listing Rules.

The Committee

The Committee is comprised of Ernest Bostwick (Chairman), Peter Greenwood, William Wallis and John Morgan. The Committee determines the pay and benefits of the executive directors, whilst the remuneration of the non-executive directors is determined by the full Board. The Group Chairman, John Morgan, gives guidance essential to the assessment of the performance of the other executive directors.

Remuneration policy

The remit of the Committee, which meets at least twice a year, is to ensure that the remuneration packages of the executive directors are competitive and designed to attract, retain and motivate managers of high quality. The Committee takes independent professional advice in determining remuneration packages. These consist of a base salary, a discretionary annual cash bonus, the grant of share options and the provision of other benefits including pension arrangements, health insurance and company car.

Service contracts

The executive directors have contracts terminable by the Company on twelve months' notice. The non-executive directors receive letters of appointment, and are subject to periodic re-election at the Annual General Meeting in common with all the executive directors. They do not participate in any share option scheme, bonus or pension arrangements.

Annual bonus

Bonus payments to executive directors are made at the discretion of the Committee with reference to individual performance and the achievement of profit targets for the Group or relevant subsidiary. When triggered they are cash payments made annually in arrears and are not pensionable. No bonuses were paid in 1997 relating to 1996 performance.

Directors' remuneration

The following table shows the total remuneration of the directors for the year:

	Basic salary and fees £'000	Bonus £'000	Benefits £'000	1997 total £'000	1996 total £'000	Increase in accrued pension p.a. £'000	Transfer value of increase £'000	Accumulated total accrued pension p.a. £'000
Executive directors								
J M Morgan (Chairman)	115	–	8	123	134	5	50	32
L G Bingham	85	–	5	90	47	1	1	6
R G Kopf* (1)	74	–	2	76	129	–	–	–
M Moran* (2)	19	–	1	20	–	–	–	–
K J Symonds	77	–	9	86	95	2	9	15
Non-executive directors								
E Bostwick	18	–	–	18	14	–	–	–
P W Greenwood	16	–	–	16	14	–	–	–
W O F Wallis	17	–	–	17	14	–	–	–
	421	–	25	446	447	8	60	53

* These directors served for part of the year only.

Notes:

1 Mr R G Kopf resigned from the Board on 31 July 1997.

2 Mr M Moran was appointed to the Board on 1 October 1997.

3 Mr A R Collinson, who resigned as a director on 12 April 1996, had total emoluments excluding pensions of £115,000 and pension contributions of £25,000 in 1996.

Pensions

Pension and life assurance benefits are provided for executive directors by the Porvair Pension Plan, a contributory scheme which is open to all employees. Directors receive the same benefits from the Plan as all other members, including a pension payable at retirement, dependants' benefits and a lump sum of four times salary on death in service. Only basic salary is pensionable.

The accumulated total accrued pension figures shown in the above table represent the annual amount of accrued pension payable on retirement at normal retirement age, based on the director's service to, and pensionable earnings at, the relevant year end. The transfer value of the increase has been calculated on the basis of actuarial advice and is net of directors' contributions in the year. The increase in accrued pension and transfer value excludes any increase in inflation.

Report of the Remuneration Committee continued

Share options

Details of the share options granted under Porvair Share Option Schemes are as follows:

	At 1/12/96	Number of options exercised	Granted	At 30/11/97	Exercise price	Date from which exercisable	Expiry date
Director							
L G Bingham	26,475	–	–	26,475	236.08p	07/10/96	07/10/03
L G Bingham	20,000	–	–	20,000	413.00p	07/03/99	07/03/06
L G Bingham	–	–	20,000	20,000	299.00p	30/07/00	30/07/07
K J Symonds	15,885	–	–	15,885	127.48p	23/10/95	23/10/02
K J Symonds	15,885	–	–	15,885	236.08p	07/10/96	07/10/03
K J Symonds	20,000	–	–	20,000	413.00p	07/03/99	07/03/06

- No directors' options lapsed in the year
- The market price of the shares at 30 November 1997 was 309p
- The range of market price during the year was 225p to 345p.

Directors' interests

The beneficial interests, at 30 November 1997, of directors at that date in the ordinary shares of the Company are shown below. Mr M Moran was granted rights over 50,000 share options on 10 February 1998 exercisable between 10/2/01 and 10/2/08 at an exercise price of 352.5p.

There were no further changes in those interests up to the date of this report.

	1997		1996	
	Ordinary Shares	Share options	Ordinary Shares	Share options
Executive directors				
J M Morgan (Chairman)	741,416	–	741,416	–
L G Bingham	5,000	66,475	11,475	46,475
M Moran	–	–	–	–
K J Symonds	30,474	51,770	30,474	51,770
Non-executive directors				
E Bostwick	12,018	–	12,018	–
P W Greenwood	1,875	–	1,875	–
W O F Wallis	9,375	–	9,375	–

Ernest Bostwick, Chairman
Remuneration Committee

Corporate Governance

The directors are of the opinion that the Company complied with the provisions of the Cadbury Committee's Code of Best Practice throughout the year. The Company's auditors, Price Waterhouse, have reviewed the directors' compliance statement and their report is set out on page 27.

Board of directors

The Board consists of seven directors, of whom three are non-executive, and it meets regularly, normally seven times a year.

The Board retains full and effective control over the Group and monitors the executive management. By invitation, the managing directors of subsidiaries attend meetings as required. The Board has a formal schedule of matters specifically reserved to it, which include public statements concerning the Group's affairs, strategy, approval of major expenditure, treasury policy, review of monthly operating results and authority levels. The Company Secretary and Group Finance Director are responsible for ensuring that applicable rules and regulations are complied with and Board procedures are followed.

Audit Committee

The Audit Committee is chaired by William Wallis and its membership is set out on page 26. It meets at least twice a year and its remit includes all matters pertaining to accounting policies, internal controls and financial reporting of the Group. It also recommends the appointment and fees of the external auditors and approves the scope of the audit.

Remuneration Committee

The Remuneration Committee is chaired by Ernest Bostwick and its membership is shown on page 26. The report of this committee is set out on pages 20 to 22.

Pension Committee

The Company operates a defined benefit pension scheme covering the majority of employees. The pension scheme is financed through a separate trust fund administered by trustees with an Independent Chairman. The Board has established a Pension Committee chaired by Peter Greenwood and its membership is listed on page 26. The purpose of the committee is to keep under review the present and future Group pension requirements and status of the scheme.

Internal financial control

The Board has overall responsibility for ensuring that the Group maintains a system of internal financial control. The system is designed to ensure the maintenance of proper accounting records and the reliability of financial information used to manage the business. As with any such system, it can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's key procedures are as follows:

Control environment – each subsidiary has its own management group which meets regularly to monitor operational matters. The managing director of each subsidiary reports to the Group Chief Executive, and clearly defined lines of responsibility have been established within this organisational structure. The executive directors visit all operating companies regularly to perform detailed operational reviews.

Risk management – operating company management have a clear responsibility for the identification of risks facing each of the businesses, and for establishing procedures to investigate and monitor such risks.

Information and control systems – the Group has a comprehensive process of annual budgets and detailed monthly reporting. The annual budget of each operating company and the consolidated Group budget is approved by the Board as part of its normal responsibilities.

Monitoring system – the Board has established a framework of controls encompassing procedures applicable to all companies that are subject to executive review. Within this framework subsidiaries define their own internal policies and procedures. The Group has introduced a self-assessment process so that operating companies can quantify the extent of their compliance with control objectives. This process is monitored by the Chairman and Group Finance Director. It is also reviewed by the external auditors and reported on by them to the Board.

The Audit Committee and the Board have reviewed the effectiveness of the Group's internal financial controls for the period 1 December 1996 to 30 November 1997.

Board of Directors

1 **John Morgan (58)**
Chairman
A chemical engineer with experience in manufacturing, marketing and management consultancy. He joined Porvair in 1979 and became Managing Director in 1982 after leading the management buy-out. He was appointed to the positions of Chairman and Chief Executive in 1990 and fulfilled both roles until February 1998 when the new Chief Executive joined the Board.

2 **Lew Bingham (43)**
Divisional Director
A materials engineer with extensive knowledge of overseas markets, he is a chartered marketeer and qualified human resource practitioner. He joined Porvair in 1992, after several years with Burmah Castrol/Foseco, and became Divisional Director (Consumer) in October 1997. He continues to act as Managing Director of Porvair International.

3 **Mark Moran (37)**
Group Finance Director
He joined Porvair in October 1997. He had previously been Group Financial controller of Caradon plc and before that held the same position in a quoted electronics group. He is a Chartered Accountant.

4 **Ben Stocks (35)**
Group Chief Executive
He joined the Group in February 1998 having previously been UK Managing Director of the Speciality Packaging Division of Carnaud Metal Box. He has also held general management positions with Courtaulds plc.

5 **Ken Symonds (49)**
Mergers and Acquisitions Director
He joined Porvair in 1985 having previously held positions with McCorquodale plc and Bayer. He is a Certified Accountant, Chartered Management Accountant and Chartered Secretary. He also acts as Company Secretary.

Non-executive directors

6 **Ernest Bostwick (65)**
He was appointed in 1988 and became Chairman of the Remuneration Committee in 1993. Formerly Northern Regional General Manager of GEC Telecommunications, and acts as Chairman of several privately owned UK companies.

7 **Peter Greenwood (63)**
He was appointed in 1986 and became Chairman of the Pensions Committee in 1996. A qualified lawyer and formerly Managing Director of Molins plc, he has a broad commercial knowledge of overseas markets.

8 **William Wallis (60)**
He was appointed at the time of the management buy-out in 1982 and became Chairman of the Audit Committee in 1993. He is a Chartered Accountant and a former Mergers and Acquisitions Manager of Commercial Union plc. Previously he was Director of Corporate Finance with a merchant bank.

Board Committees, Secretary and Advisers

Directors	John Morgan (Chairman) Lew Bingham Ernest Bostwick* Peter Greenwood* Mark Moran Ben Stocks (appointed 16 February 1998) Ken Symonds William Wallis* *Non-executive
Members of the Audit Committee	Ernest Bostwick Peter Greenwood William Wallis (Chairman)
Members of the Remuneration Committee	Ernest Bostwick (Chairman) Peter Greenwood John Morgan William Wallis
Members of the Pension Committee	Peter Greenwood (Chairman) Ken Symonds William Wallis
Secretary and registered office	Ken Symonds Riverside Industrial Estate Estuary Road King's Lynn Norfolk PE30 2HS
Company registration number	1661935
Auditors	Price Waterhouse 9 Bond Court Leeds LS1 2SN
Bankers	Barclays Bank plc 21 Tuesday Market Place King's Lynn Norfolk PE30 1JX
Registrars and transfer office	IRG plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Solicitors	Travers Smith Braithwaite 10 Snow Hill London EC1A 2AL
Stockbrokers	Beeson Gregory Limited The Registry Royal Mint Court London EC3N 4EY

Auditors' Reports

Report by the Auditors on Corporate Governance to the Directors of Porvair plc

In addition to our audit of the accounts, we have reviewed your statements on pages 15, 23 and 24 concerning the Group's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the accounts. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v), if not otherwise disclosed.

Basis of opinion

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

Opinion

In our opinion your statements on internal financial controls on page 24 and on going concern on page 15 have provided the disclosures required by the Listing Rules referred to above and are consistent with the information which came to our attention as a result of our audit work on the accounts.

In our opinion, based on enquiry of certain directors and officers of the Company, and examination of relevant documents, your statement on page 23 appropriately reflects the Group's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

Price Waterhouse

Price Waterhouse, Chartered Accountants, 9 Bond Court, Leeds, LS1 2SN
10 February 1998

Report of the Auditors to the members of Porvair plc

We have audited the accounts on pages 28 to 44 including the additional disclosures on pages 21 and 22 relating to the remuneration of directors, specified for our review by the London Stock Exchange, which have been prepared under the historical cost convention and the accounting policies set out on page 32.

Respective responsibilities of directors and auditors

As described on pages 18 and 19, the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 November 1997 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse, Chartered Accountants and Registered Auditors, 9 Bond Court, Leeds, LS1 2SN
10 February 1998

Consolidated Profit and Loss Account

For the year ended 30 November 1997	Note	Existing Operations 1997 £'000	Acquisitions 1997 £'000	Group 1997 £'000	Group 1996 £'000
Turnover					
Continuing operations	1	60,912	9,854	70,766	55,427
Cost of sales		(41,411)	(9,034)	(50,445)	(38,287)
Gross profit		19,501	820	20,321	17,140
Distribution costs		(1,929)	(131)	(2,060)	(1,757)
Administrative expenses		(10,492)	(353)	(10,845)	(10,867)
Other operating income		240	51	291	348
Operating profit					
Continuing operations		7,320	387	7,707	4,864
Interest payable (net)	2			(850)	(713)
Profit on ordinary activities before taxation				6,857	4,151
Tax on profit on ordinary activities	3			(2,263)	(1,385)
Profit on ordinary activities after taxation				4,594	2,766
Equity minority interests				(9)	(8)
Profit for the financial year				4,585	2,758
Dividends	4			(1,607)	(1,428)
Retained profit for the financial year				2,978	1,330

Earnings per share 8 18.0p 11.0p

Reconciliation of movements in equity shareholders' funds

For the year ended 30 November 1997	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Profit for the financial year	4,585	2,758	1,683	501
Dividends	(1,607)	(1,428)	(1,607)	(1,428)
Retained profit/(loss) for the financial year	2,978	1,330	76	(927)
New share capital subscribed	245	3,294	245	3,294
Shares to be issued	–	(3,868)	–	(3,868)
Goodwill written off	(1,950)	(1,423)	–	–
Exchange differences	(135)	(298)	12	103
Net addition to/(reduction in) equity shareholders' funds	1,138	(965)	333	(1,398)
Opening equity shareholders' funds	21,994	22,959	44,280	45,678
Closing equity shareholders' funds	23,132	21,994	44,613	44,280

Statement of total recognised gains and losses

For the year ended 30 November 1997 Group Company	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Profit attributable to shareholders	4,585	2,758	1,683	501
Exchange differences on retranslation of net assets of subsidiary undertaking and foreign borrowings	(135)	(298)	12	103
Total recognised gains and losses relating to the year	4,450	2,460	1,695	604

Balance sheets

As at 30 November 1997	Note	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Fixed assets					
Tangible assets	9	17,399	15,407	10,706	9,814
Investments	10	43	4	34,275	29,860
		17,442	15,411	44,981	39,674
Current assets					
Stocks	12	13,297	11,511	6,697	7,333
Debtors	13	18,743	14,997	7,539	7,600
Cash at bank and in hand		94	31	8	2,076
		32,134	26,539	14,244	17,009
Creditors					
Amounts falling due within one year	14	(22,950)	(14,636)	(11,712)	(8,486)
Net current assets		9,184	11,903	2,532	8,523
Total assets less current liabilities		26,626	27,314	47,513	48,197
Creditors					
Amounts falling due after more than one year	14	(3,216)	(5,320)	(2,900)	(3,917)
Provisions for liabilities and charges	16	(228)	–	–	–
		23,182	21,994	44,613	44,280
Capital and reserves					
Called up share capital	17	512	510	512	510
Share premium account	18	1,072	829	1,072	829
Other reserves	19	4,737	6,822	1,066	1,054
Profit and loss account	18	16,811	13,833	41,963	41,887
Total equity shareholders' funds		23,132	21,994	44,613	44,280
Equity minority interests		50	–	–	–
		23,182	21,994	44,613	44,280

Approved by the Board on 10 February 1998

J M Morgan, Director

M Moran, Director

Consolidated cash flow statement

For the year ended 30 November 1997	Note	Group 1997 £'000		Group 1996 £'000	
Net cash flow from operating activities	20		5,438		5,317
Returns on investments and servicing of finance					
Interest received		11		10	
Interest paid		(833)		(706)	
			(822)		(696)
Taxation					
UK corporation tax paid		(517)		(960)	
Overseas tax paid		(998)		(830)	
			(1,515)		(1,790)
Capital expenditure					
Purchase of tangible fixed assets		(4,342)		(1,935)	
Sale of tangible fixed assets		13		157	
			(4,329)		(1,778)
Acquisitions and disposals					
Purchase of subsidiary undertaking	25	(2,199)		(2,426)	
Purchase of minority shareholding	25	(100)		–	
Cash acquired with subsidiary undertakings	25	93		181	
Purchase of associate		(39)		–	
			(2,245)		(2,245)
Equity dividends paid			(1,480)		(1,395)
Financing					
Issue of ordinary share capital		245		173	
Debt due after one year					
New loan payable in two to five years		–		2,967	
Repayment of loan		(1,333)		(1,224)	
			(1,088)		1,916
Decrease in cash in the year			(6,041)		(671)

Accounting policies

Convention

The financial information has been prepared under the historical cost convention and complies with all applicable accounting standards.

Basis of consolidation

The consolidated accounts comprise the accounts of the Company and all its subsidiaries at 30 November 1997. The results of subsidiaries are accounted for in the profit and loss account as from the effective date of acquisition. Where businesses are acquired, any difference between the cost of acquisition and the fair value of the underlying net assets is written-off in the year of acquisition. The accounts of the company include the activities of Porvair International Limited and Porvair Technology Limited. These two companies are dormant and act as agents for Porvair plc.

Fixed assets and depreciation

Fixed assets, including items leased under finance leases, are capitalised at cost. Freehold land and assets under construction are not depreciated. Other fixed assets are depreciated by equal annual amounts over their estimated useful lives. Annual depreciation rates are 2.5% for freehold buildings, 10% to 33.33% for plant, machinery and equipment, and 25% for motor vehicles. Rentals under operating leases are charged to the profit and loss account as incurred.

Government grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful life of the assets. Revenue grants are credited to the profit and loss account in the period in which the related expenditure is incurred.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and an appropriate proportion of manufacturing overhead.

Patents and trade marks

All expenditure on the registration, renewal and maintenance of patents and trade marks is written off as incurred.

Research and development

Technical research and development expenditure is written off as incurred.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. The results of foreign subsidiary undertakings are translated at the average rate for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary undertakings and from the translation of the results of those undertakings at an average rate, are taken to reserves. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Gains and losses on forward foreign exchange contracts, entered into as hedges of future purchases and sales denominated in foreign currency, are carried forward and taken to the profit and loss account on maturity to match the underlying transactions.

Deferred taxation

The Group only provides for deferred taxation where in the opinion of the Directors there is a reasonable probability that a liability for taxation will crystallise in the foreseeable future.

Pensions

Pension costs for the Group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme.

Turnover

Turnover represents amounts invoiced to external customers in the ordinary course of business.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution of value.

Notes to the accounts

1. Turnover and segmental analysis

The analysis by class of business and geographical segment of the Group's turnover, profit before taxation and net assets is set out below:

	1997			1996		
	Consumer Division £'000	Filtration Division £'000	Total £'000	Consumer Division £'000	Filtration Division £'000	Total £'000
Turnover by geographical segment						
United Kingdom	4,330	6,015	10,345	4,730	5,584	10,314
Continental Europe	5,609	5,678	11,287	4,295	4,230	8,525
Americas	11,915	21,702	33,617	6,630	19,203	25,833
Asia	8,703	2,901	11,604	3,671	2,650	6,321
Australasia	79	629	708	209	495	704
Africa	2,564	641	3,205	2,549	1,181	3,730
	33,200	37,566	70,766	22,084	33,343	55,427
Operating profit	2,877	4,830	7,707	289	4,575	4,864
Net assets						
Net assets before borrowings	17,702	16,872	34,574	14,539	14,138	28,677
Borrowings			(11,392)			(6,683)
			23,182			21,994

The acquisition of Permair Leathers Inc during the year had the effect of increasing turnover for the consumer division by £9,854,000 of which £6,321,000 relates to sales to the USA and £3,450,000 to Asia and £83,000 elsewhere. Of the total turnover shown £32,360,000 (1996: £19,739,000) originated from the United States of America and £38,406,000 (1996: £35,688,000) from the United Kingdom.

The acquisition of Permair Leathers Inc during the year had the effect of increasing operating profit for the consumer division by £387,000 and the net assets by £1,018,000.

Notes to the accounts continued

2. Profit on ordinary activities before taxation

	Group	
	1997 £'000	1996 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs		
Wages and salaries	15,674	12,642
Social security costs	1,908	1,119
Other pension costs	1,242	966
	18,824	14,727
Operating lease costs		
Land and Buildings	385	166
Plant, machinery and vehicles	343	352
	728	518
Net interest payable on bank and other borrowings		
Interest payable on borrowings repayable within five years	861	723
Interest receivable	(11)	(10)
	850	713
Depreciation		
Owned assets	2,353	2,361
Loss (profit) on sale of tangible fixed assets	1	(126)
Income from government grants	(184)	(81)
Research and development	2,268	2,123

Fees paid to auditors in respect of the Group amounted to £78,000 (1996: £75,000) in respect of audit work, and £35,000 (1996: £35,000) in respect of non-audit work.

Audit fees incurred by the Company amounted to £29,000 (1996: £24,000).

3. Tax on profit on ordinary activities

	Group	
	1997 £'000	1996 £'000
Taxation on the profit for the year		
UK Corporation tax at 31.7% (1996:33.0%) (including £228,000 transferred to deferred tax account)	1,493	828
Overseas tax payable	770	557
	2,263	1,385

4. Dividends

	Group	
	1977 £'000	1996 £'000
Dividends on equity shares		
Interim dividend paid	536	484
Final dividend proposed	1,071	944
	1,607	1,428

5. Company profit for the financial year

As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented for the holding company. The profit attributable to the Company which has been dealt with in the accounts is £76,000 (1996: loss of £927,000).

6. Directors' emoluments

Detailed disclosures of directors' individual remuneration and share options are given in the Report of the Remuneration Committee on pages 20 to 22. Retirement benefits are accruing to four directors under the Group's defined benefits schemes. Total aggregate emoluments paid to the directors are £446,000.

Emoluments payable to the highest paid director are as follows:

	1997 £'000	1996 £'000
Aggregate emoluments, gains on share options exercised and benefits under long-term incentive schemes	123	134
Defined benefit scheme		
Accrued pension at year-end	32	27

7. Employees

	1997		1996	
	Average	Year end	Average	Year end
Consumer division	320	341	250	264
Filtration division	392	398	370	422
Head office	6	9	5	5
	718	748	625	691
USA employees included above	251	257	198	244

8. Earnings per share

The earnings per share as shown in the profit and loss account are calculated by reference to the profit for the financial year and the average number of shares in issue during the year on a time weighted basis of 25,534,468 (1996: 25,158,178).

Notes to the accounts continued

9. Tangible fixed assets

	Freehold Land and Buildings £'000	Plant, Machinery and Equipment £'000	Assets in Course of Construction £'000	Motor Vehicles £'000	Total £'000
Group					
Cost					
At 1 December 1996	2,464	23,521	1,159	29	27,173
Reclassification	547	1,130	(1,677)	–	–
Additions	10	1,137	3,195	–	4,342
Acquisitions	–	207	–	–	207
Disposals	–	(34)	–	(5)	(39)
Exchange differences	(15)	(22)	(2)	–	(39)
At 30 November 1997	3,006	25,939	2,675	24	31,644
Depreciation					
At 1 December 1996	421	11,331	–	14	11,766
Charge for year	67	2,280	–	6	2,353
Acquisitions	–	170	–	–	170
Disposals	–	(22)	–	(3)	(25)
Exchange differences	(1)	(18)	–	–	(19)
At 30 November 1997	487	13,741	–	17	14,245
Net book amount					
At 30 November 1997	2,519	12,198	2,675	7	17,399
At 30 November 1996	2,043	12,190	1,159	15	15,407
Company					
Cost					
At 1 December 1996	1,015	17,831	813	13	19,672
Reclassification	–	601	(601)	–	–
Additions	10	840	1,790	–	2,640
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(5)	(5)
Exchange differences	–	–	–	–	–
At 30 November 1997	1,025	19,272	2,002	8	22,307
Depreciation					
At 1 December 1996	280	9,569	–	9	9,858
Charge for year	25	1,719	–	2	1,746
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(3)	(3)
Exchange differences	–	–	–	–	–
At 30 November 1997	305	11,288	–	8	11,601
Net book amount					
At 30 November 1997	720	7,984	2,002	–	10,706
At 30 November 1996	735	8,262	813	4	9,814

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Capital commitments				
Authorised and contracted for	79	216	38	134

10. Fixed asset investments

	Shares in Subsidiary Undertakings £'000	Loans to Subsidiary Undertakings £'000	Shares in Associated Undertakings £'000	Total £'000
Company				
At 1 December 1996	27,573	2,283	4	29,860
Additions	119	4,257	39	4,415
At 30 November 1997	27,692	6,540	43	34,275

Additions to shares in subsidiary and associated undertakings are recorded at cost.

The Group's shares in associated undertakings of £43,000 (1996: £4,000) represent a 12.5% holding in Phoenix Travel (King's Lynn) Limited, a company which is registered and operates within Great Britain as a travel agency, and a 50% holding in Permair Austins Limited which is registered and operates in China.

The Group owns 49% of Selee de Venezuela ("SDV"), a joint venture which is registered and operates in Venezuela. SDV produces ceramic filters for aluminium casters in South America. The Company's investment in SDV is not assigned a value as a consequence of exchange control and relative political instability.

Details of the Group's subsidiary undertakings are given in Note 11.

11. Principal subsidiary undertakings

The results of the company include the activities of Porvair International and Porvair Technology. The principal operating companies are as follows:

	Country of incorporation and operation	% holding
Consumer division		
Porvair International Limited (1)	England	100
Porvair Fabrics Limited (formerly Comfort Barrier Systems Limited)	England	100
Permair Leathers Inc	USA	95
Filtration division		
Selee Corporation	USA	100
Porvair Ceramics Limited	England	100
Porvair Technology Limited (1)	England	100
Porvair Sciences Limited	England	100

Note: (1) These subsidiary undertakings were dormant throughout the period and acted as agents for the Company.

Notes to the accounts continued

12. Stocks

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Raw materials and consumables	5,321	3,831	2,322	1,888
Work in progress	1,442	1,625	1,035	1,264
Finished goods and goods for resale	6,534	6,055	3,340	4,181
	13,297	11,511	6,697	7,333

13. Debtors

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Trade debtors	15,446	13,220	4,538	6,390
Amounts owed by subsidiary and associated undertakings	915	129	1,552	270
VAT recoverable	452	474	452	411
ACT recoverable	268	236	268	236
Other debtors	377	491	41	79
Prepayments	1,285	447	688	214
	18,743	14,997	7,539	7,600

Group prepayments in 1997 include £526,000 falling due after more than one year.

14. Creditors

	Note	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Amounts falling due within one year					
Bank overdraft (unsecured)		6,166	95	1,671	-
Bank loans	15	2,104	1,299	1,017	150
Trade creditors		8,403	7,862	4,213	4,361
Corporation tax		1,912	1,488	1,462	1,061
Taxation and social security		660	590	474	380
Proposed dividend		1,071	944	1,071	944
Accruals and deferred income		2,634	2,358	1,804	1,590
		22,950	14,636	11,712	8,486
Amounts falling due after more than one year					
Bank loans	15	3,216	5,320	2,900	3,917

15. Bank loans

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Unsecured bank loan repayable by three annual instalments of £150, 000 falling due in the period 23 April 1998 to 23 April 2000. Interest is charged at 1% above LIBOR	450	600	450	600
Unsecured ECSC loan repayable by four annual instalments of £125,000 falling due in the period 3 August 1998 to 3 August 2001. Interest is charged at an effective rate of 6.1%.	500	500	500	500
Unsecured bank loan repayable by four annual instalments of £742,000 falling due in the period 14 August 1998 to 14 August 2001. Interest is charged at a fixed rate of 7.2%	2,967	2,967	2,967	2,967
Five year term loan bearing interest at variable rates (7.47% at 30 November 1997), payable in monthly instalments of £69,000 plus interest up to March 1998; with final monthly instalments of £79,000 plus interest up to March 1999.	1,225	2,018	–	–
Term loan bearing interest at variable rates (8.22% at 30 November 1997), payable in monthly instalments of £30,000 plus interest up to May 1998.	178	534	–	–
	5,320	6,619	3,917	4,067

The secured loan agreements require Porvair Corporation to comply with certain financial and non-financial covenants. The majority of the assets of Selee have been pledged as collateral for the aforementioned loans.

Selee entered into an interest rate swap agreement that expires in 1999 to exchange variable 30 day LIBOR plus 2.0% payments for 7.5% fixed-rate payments on a notional amount equal to the balance of five year term loan. This agreement effectively converts the variable rate borrowing under the five year term loan to a 7.5% fixed-rate obligation. The interest rate differential received or paid is recognised as an adjustment to interest expense. Interest rate differential receipts under the swap agreement was approximately £1,000 for the year ended 30 November 1997. To the extent that the variable rate on the five year term loan exceeds the fixed rate under the swap agreement, the Company is exposed to credit risk in the event of default by the counterparty of the swap agreement. The swap had a favourable market value of approximately £3,000 as of 30 November 1997.

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Bank loans and other borrowings of the Group are repayable as follows				
Within one year	2,104	1,299	1,017	150
One to two years	1,332	2,103	1,016	1,016
Two to five years	1,884	3,217	1,884	2,901
	5,320	6,619	3,917	4,067

16. Provisions for liabilities and charges

Deferred tax provided for in the accounts and the total potential liability including amounts for which provision has been made are as follows:

	Amount provided Group 1997 £'000	Amount provided Group 1996 £'000	Total potential liability Group 1997 £'000	Total potential liability Group 1996 £'000
Accelerated capital allowances	–	–	2,473	2,127
Short-term timing differences				
Provisions	–	–	(264)	(166)
Other	228	–	228	–
	228	–	2,437	1,961

Notes to the accounts continued

17. Called up share capital

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Authorised				
34,400,000 ordinary shares of 2p each (1996: 34,400,000 ordinary shares)	688	688	688	688
Allotted and fully paid				
25,611,590 ordinary shares of 2p each (1996: 25,505,676 ordinary shares)	512	510	512	510

Movements in the number of ordinary shares during the year were	
At 1 December 1996	25,505,676
Shares issued as fully paid	
On exercise of options	105,914
At November 1997	25,611,590

Options exercised during the year were: 5,483 at 84.81p, 7,413 at 127.48p, 55,953 at 236.08p and 37,065 at 269.13p.

Share options

The following options over ordinary shares granted under the Porvair Share Option Scheme 1986 and the Porvair Executive Share Option Scheme 1997 remain outstanding at 30 November 1997.

Number of shares	Subscription price	Exercise period
47,068	127.48p	1995-2002
117,194	236.08p	1996-2003
39,183	269.13p	1997-2004
384,000	413.00p	1999-2006
113,000	299.00p	2000-2007

Movements in share options during the year were:

	Number
At 1 December 1996	754,831
Options granted	113,000
Options exercised	(105,914)
Options lapsed	(61,472)
At 30 November 1997	700,445

Options lapsed during the year were: 2,118 at 127.48p, 6,354 at 236.08p, 53,000 at 413.00p.

18. Reserves

	Share premium account £'000	Profit and loss account £'000
Group		
At 1 December 1996	829	13,833
Premium on shares issued	243	–
Retained for year	–	2,978
At 30 November 1997	1,072	16,811
Company		
At 1 December 1996	829	41,887
Premium on shares issued	243	–
Retained for year	–	76
At 30 November 1997	1,072	41,963

19. Other reserves

	Special Reserve £'000	Exchange Reserve £'000	Capital Reserve £'000	Total £'000
Group				
At 1 December 1996	6,052	(181)	951	6,822
Goodwill on acquisition of Permair Leathers Inc	(1,548)	–	–	(1,548)
Additional goodwill on acquisition of Porvair Fabrics	(302)	–	–	(302)
Goodwill on acquisition of Porvair Ceramics minority shareholding Class B	(100)	–	–	(100)
Exchange difference on retranslation of net assets of subsidiary undertakings	–	(135)	–	(135)
At 30 November 1997	4,102	(316)	951	4,737
Company				
At 1 December 1996		103	951	1,054
Exchange difference on retranslation of foreign borrowings		12	–	12
At 30 November 1997		115	951	1,066

The additional goodwill represents adjustments to the estimated fair values of the assets of Porvair Fabrics acquired in the previous accounting period. The adjustments reflect warranty and stock claims relating to pre-acquisition trading.

The cumulative consolidated goodwill written off to reserves amounts to £29,904,000.

Notes to the accounts continued

20. Reconciliation of operating profit to net cash inflow from operating activities

	Group 1997 £'000	Group 1996 £'000
Operating profit	7,707	4,864
Depreciation	2,353	2,361
Loss/(profit) on sale of fixed assets	1	(126)
Increase in stocks	(1,211)	(1,786)
(Increase)/decrease in debtors	(2,882)	1,048
Decrease in creditors	(530)	(1,044)
Net cash inflow from operating activities	5,438	5,317

21. Reconciliation of net cash flow to movement in net borrowings

	Group 1997 £'000	Group 1996 £'000
Decrease in cash in the period	(6,041)	(671)
Decrease/(increase) in net borrowings	1,333	(1,743)
Change in net borrowings from cash flows	(4,708)	(2,414)
Translation difference	(1)	552
Movements in net borrowings in period	(4,709)	(1,862)
Net borrowings at 1 December 1996	(6,683)	(4,821)
Net borrowings at 30 November 1997	(11,392)	(6,683)

22. Analysis of net borrowings

	30/11/96 £'000	Cash flow £'000	Other Non-cash £'000	Exchange Movement £'000	30/11/97 £'000
Cash in hand and at bank	31	68	–	(5)	94
Overdrafts	(95)	(6,109)	–	38	(6,166)
		(6,041)			
Borrowings due after 1 year	(5,320)	–	2,104	–	(3,216)
Borrowings due within 1 year	(1,299)	1,333	(2,104)	(34)	(2,104)
		1,333			
Total	(6,683)	(4,708)	–	(1)	(11,392)

23. Operating lease commitments

The Group is committed to the following rentals during next year on operating leases expiring:

	Group 1997		Group 1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	–	103	–	59
Within two to five years	79	268	–	262
Over five years	281	–	182	16
	360	371	182	337

24. Pension costs

The Company operates a defined benefit pension scheme covering the majority of employees. The pension scheme is financed through a separate trust fund administered by Trustees with an independent Chairman.

Formal valuations of the pension scheme by a professionally qualified actuary are carried out at least every three years using the projected unit method. The latest actuarial valuation was at 1 April 1997. For the purposes of assessing pension costs under SSAP24, the principal actuarial assumptions adopted in that valuation were that over the long term the return on investments would be 9.5% per annum, that salary increases would average 6.0% per annum plus a promotional scale and that future pensions would be limited to those provided on a statutory basis. The actuarial value of the assets on the funding basis was sufficient to cover 90% (1996: 89%) of the benefits that had accrued to members after allowing for expected future increases in pensionable remuneration, and the current funding deficiency amounted to £924,000. The Company's contributions were 13.44% to 1 April 1997 and 15% thereafter and the employees' contributions remained at 6% during 1997. The ongoing funding status of the plan is expected to reach 100% in 3 years. The pension cost charge for the year was £967,000 with the funding via employer contributions being £1,307,000. The market value of the scheme's assets at 31 March 1997 was £9.1m (1996: £8.0m).

For its US employees, the Group operates a defined contribution pension plan (the "Pension Plan") covering all eligible full-time employees. The employer contributes 3% of participant's compensation each year to the Pension Plan.

Notes to the accounts continued

25. Acquisition of subsidiary undertakings

On 12 December 1996 Porvair Corporation acquired 95% of the share capital of Permair Leathers Inc a company registered in the USA. The transaction has been accounted for under the acquisition method of accounting. Details of the net assets, fair value adjustments and provisional goodwill arising on the acquisition are as follows:

	Book value £'000	Alignment with Porvair accounting policies £'000	Fair value of assets acquired £'000
Tangible fixed assets	37	-	37
Stock	1,030	(219)	811
Debtors	1,192	-	1,192
Cash	93	-	93
Creditors	(1,462)	-	(1,462)
	890	(219)	671
Minority Interest			(39)
Net assets acquired			632
Goodwill			1,548
Total purchase consideration			2,180
Discharged by			
Cash paid including acquisition costs			2,180

The results of Permair Leathers Inc since acquisition are shown under acquisitions in the consolidated profit and loss account, and the results for the 12 month period prior to acquisition were as follows:

	£'000
Turnover	7,828
Cost of sales	(7,163)
Gross profit	665
Distribution costs	(25)
Administration expenses	(503)
Operating profit	137
Interest payable	(17)
Profit on ordinary activities before taxation	120

During the year Permair Leathers Inc utilised £774,000 of the Group's net operating cash flow, paid £129,000 in respect of net returns on investments and servicing finance, paid £17,000 in respect of taxation and utilised £27,000 for investing activities.

On the 26 June 1997 the Company acquired the entire Class B shares in Porvair Ceramics Limited for consideration of £100,000. In addition, the Company incurred costs of £19,000 relating to the acquisition of Porvair Fabrics Limited.

Five year summary

	1997 £'000	1996 £'000	1995 £'000	1994 £'000	1993 £'000
Profit and loss account					
Turnover	70,766	55,427	39,924	24,832	21,893
Profit before taxation	6,857	4,151	5,120	3,105	2,551
Taxation	(2,263)	(1,385)	(1,568)	(870)	(561)
Profit after taxation	4,594	2,766	3,552	2,235	1,990
Equity minority interests	(9)	(8)	(10)	8	39
Profit for the financial year	4,585	2,758	3,542	2,243	2,029
Dividends	(1,607)	(1,428)	(1,191)	(742)	(648)
Retained profits	2,978	1,330	2,351	1,501	1,381
Earnings per share	18.0p	11.0p	18.0p	13.7p	12.5p
Dividends per share	6.2p	5.6p	5.4p	4.5p	4.0p
Balance sheet					
Fixed assets	17,442	15,411	16,189	10,194	9,296
Current assets	32,134	26,539	25,709	13,631	11,053
	49,576	41,950	41,898	23,825	20,349
Current liabilities	(22,950)	(14,636)	(15,048)	(8,528)	(6,393)
	26,626	27,314	26,850	15,297	13,956
Long-term liabilities	(3,216)	(5,320)	(3,903)	(1,250)	(1,400)
Provision for liabilities and charges	(228)	–	–	(60)	(84)
	23,182	21,994	22,947	13,987	12,472
Capital and reserves					
Called up share capital	512	510	492	309	308
Share premium account	1,072	829	31,559	5,866	5,845
Shares to be issued	–	–	3,868	–	–
Other reserves	4,737	6,822	(25,463)	(2,279)	(2,279)
Profit and loss account	16,811	13,833	12,503	10,152	8,651
Total equity shareholders' funds	23,132	21,994	22,959	14,048	12,525
Equity minority interest	50	–	(12)	(61)	(53)
	23,182	21,994	22,947	13,987	12,472

Financial calendar

10 February 1998	Preliminary announcement of 1997 results
9 March 1998	Ex-dividend date for final dividend on ordinary shares
13 March 1998	Closure of share register for final dividend on ordinary shares
8 April 1998	Annual General Meeting
9 April 1998	Payment of final dividend on ordinary shares
31 May 1998	Financial half year end
July 1998	Announcement of interim results
September 1998	Payment of interim dividend on ordinary shares
30 November 1998	Financial year end

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Porvair plc will be held at The Assembly Rooms, King's Lynn Town Hall, Saturday Market Place, King's Lynn, Norfolk, PE30 1HY on Wednesday 8 April 1998 at 12 noon for the purpose of transacting the following business namely:

1. To receive and consider the Directors' report and audited accounts for the year ended 30 November 1997.

2. To consider and declare a final dividend on the Ordinary shares.

3. To re-elect Mr P W Greenwood as a Director of the Company.

4. To re-elect Mr K J Symonds as a Director of the Company.

5. To re-elect Mr M Moran as a Director of the Company.

6. To re-elect Mr B Stocks as a Director of the Company.

7. To re-appoint Price Waterhouse as auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

To consider and if thought fit pass the following resolutions, of which number 8 will be proposed as an ordinary resolution and number 9 will be proposed as a special resolution.

8. That for the purposes of Section 80 of the Companies Act 1985 (expressions used in this resolution bearing the same meaning as in the said Section):

(i) the Directors be generally and unconditionally authorised to allot relevant securities up to a maximum nominal amount of £185,753 to such persons at such times and on such terms as they think proper during the period expiring on 7 April 2003; and

(ii) the Company be and it is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given in this resolution and that the authority of the Directors pursuant to Section 80 of the Companies Act 1985, given on 9 April 1997 be and is hereby revoked.

Notice of Meeting continued

9. That subject to the passing of resolution 8 set out in the Notice convening this meeting, the Directors be empowered to make allotments of equity securities (as defined in Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred upon them by that resolution as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment and so that:

(a) references to allotment in this resolution shall be construed in accordance with Section 94(3) of the said Act; and

(b) the power conferred by this resolution shall enable the Company to make any offer or agreement before the expiry of the said period which would or might require equity securities to be alloted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power;
Provided however, that the power conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company (except to the extent that the same is renewed or extended on or before that date) or, if earlier, on 7 July 1999, and shall be limited;

(i) to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of Ordinary shares and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' or to such other persons' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may consider neccessary or expedient to deal with fractional entitlements or legal and practical problems under the laws of or the requirements of any recognised regulatory body in any territory; and

(ii) to the allotment (otherwise than aforesaid) of equity securities up to an aggregate nominal amount of £25,612.

By order of the Board
K J Symonds
Secretary
6 March 1998

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and , on a poll, vote in his stead. A proxy need not also be a member.
2. Copies of Directors' service contracts with the Company will be available for inspection at the Company's registered office in Riverside Industrial Estate, Estuary Road, King's Lynn, Norfolk, PE30 2HS, during normal business hours from the date of this notice until the date of the Annual General Meeting.

Designed and produced by CGI.
Printed by Intercity Print Financial PLC.
Main photography by Andrew Hall.
With thanks to C.P. Hart.