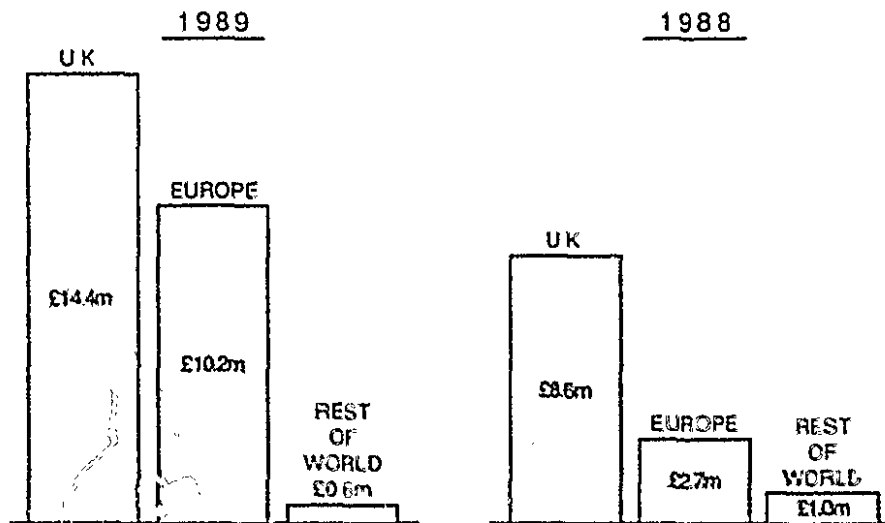


Financial Highlights

		£000	
		1989	1988
Turnover	up 105%	25,190	12,299
Profit before tax	up 172%	3,094	1,138
Earnings per share (fully diluted)	up 73%	15.26p	8.82p

Group Sales



General Information

Directors

- * P H Ryan - Chairman
- D J Shingler - Managing director
- * F C Cady (USA)
- * T R M Kinsey
- * C J Mallese (USA)
- * P Stefanovits (Austria)
- B Thomas
- A J Verhoef (Holland)
- * J D Wellesley Wesley
- P White

Secretary

P White (CA)

Registered Office

Edison Road
Fins Industrial Estate
Bedford MK43 0JR

Auditors

Coopers & Lybrand Deloitte
Chartered Accountants
One House
55 Sheep Street
Northampton NN1 2NF

Solicitors

Lowell White Durrant
73 Chapside
London EC2N 6LR

Bankers

Deutsche Bank AG
D 7000 Stuttgart 50
West Germany

Barclays Bank PLC

111 High Street
Bedford MK43 2NJ

Merchant Bankers

Comptons & Co Limited
Mint House
77 Mark Lane
London EC3N 8AF

* Non executive

Chairman's Report

Results

The Group results for the year to 31st December 1989 reflect a continuation of the strong performance reported in my interim statement with a profit before tax of £3,093,902 which is a 172% increase on last year. Turnover increased by 105% to £25,190,349 and earnings per share increased by 6.44p to 15.26p (fully diluted).

These excellent results include five and a half months contribution from our German subsidiary Frimeda acquired in July 1989.

Dividend

Your Board is recommending a dividend of 2.5p per ordinary share which, together with the interim dividend of 1.75p already paid, makes a total dividend for the year of 4.25p. Subject to approval at the Annual General Meeting the final dividend will be paid on 1 June 1990.

Review

The Frimeda acquisition completed the initial phase of our growth strategy and in looking at the future strategy plans laid out in the placing document issued in March 1988, I am pleased to report that we have achieved a great deal of the forward programme which we outlined at the time.

We are approaching the successful completion of an agreement to acquire the assets of the building products division of a French distribution company that will well place the Group to take advantage of the French market where until now, both Trustart and Frimeda have been under represented.

The acquisition in Germany and similar in France will provide additional orders and products and will add further products to our UK range as well as strengthening our distribution network. Our UK branches play an important part in our success and we have upgraded the facilities necessary to support

both their premises and their technical service capability. Work is also in hand to extend the production capacity of our Bedford factory.

We shall be continuing to pursue a similar strategy in the future and are currently

examining opportunities for expansion elsewhere in Europe to give us wider coverage geographically and in our product range.

As we move forward we are conscious of the need to integrate and manage the new and existing activities and we have strengthened our management team during the year in several critical areas. This ensures that we will be in a position to take advantage of any new opportunities as they arise.

A major feature of the integration of Frimeda has been the whole hearted co-operation we have received from the former owners Ingrid and Siegfried Fricker and their staff. We are delighted that when Siegfried Fricker's full time commitment with the company ends, as agreed, during 1990 he will commence a long term technical consultancy with the company.

Management and Staff

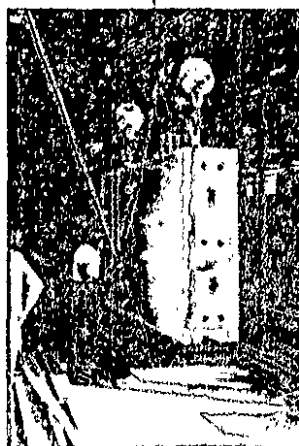
The additional workload which our expansion and acquisition programmes have placed on all employees have been accepted with great determination to succeed. That we have been successful in 1989 is due in no small way to the enthusiasm of the management and the willingness of everyone to shoulder the burdens. I would

like to express my appreciation for all their efforts.

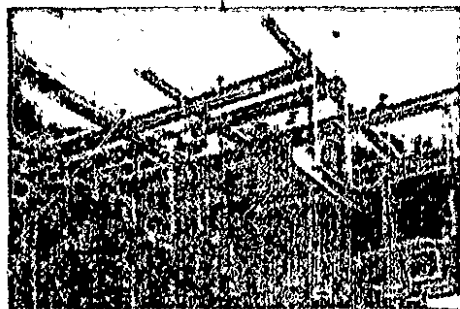
Prospects

Sales in both the UK and Germany have started strongly and whilst we see excellent prospects for Frimeda in 1990, the UK business may be affected by the uncertainties which exist about the economy. However, with a full years results from Germany and our broad base of UK business including

overseas, a substantial expansion of the Group's production programme is envisaged.



Concrete pump being lifted with the Frimeda Transporter in the States



System A diesel cylinder equipment supplied by Frimeda recently arrived



View of the World's Shopping Centre at the new town of Loughborough in Leicestershire, which is the site of the new Frimeda factory.

Robert Ryan
Chairman

1974598

Bericht des Vorsitzenden

Ergebnisse

Die Ergebnisse der Gruppe per 31. Dezember 1989 reflektieren die Fortsetzung der positiven Entwicklung, über die ich in meinem Zwischenbericht ausgeführt habe. Das Ergebnis vor Steuern liegt mit £3.093.902 um 172% über dem Vergleichswert des Vorjahres. Die Umsätze wurden um 105% auf £25.190.349 gesteigert und die Gewinne je Aktie stiegen um 6,44p auf 15,26p (voll verwässert).

Diese hervorragenden Ergebnisse beinhalten den 5½-monatigen Beitrag unserer deutschen Tochtergesellschaft Frimeda, erworben im Juli 1989.

Dividende

Ihr Vorstand empfiehlt eine Dividende von 2,5p je Stammaktie, das ergibt zusammen mit der zwischenzeitlich gezahlten Dividende von 1,75p eine Gesamtdividende für das Jahr von 4,25p. Die Genehmigung während der Jahreshauptversammlung vorausgesetzt wird die endgültige Dividendenzahlung am 1. Juni 1990 erfolgen.

Rückblick

Mit dem Erwerb der Frimeda ist die Anfangsphase unserer Wachstumsstrategie abgeschlossen worden. Bei Betrachtung der strategischen Zukunftspläne, die im März 1988 vorgelegt wurden, kann ich Ihnen mitteilen, daß wir bereits einen Großteil der Zielsetzungen erreicht haben, die darin umrissen wurden.

Wir nahen uns dem erfolgreichen Abschluß eines Vertrages zum Erwerb der Aktiva des Baubereiches einer französischen Handelsfirma, was unsere Gruppe in die Lage versetzt, am französischen Markt teilzunehmen, in dem beide – sowohl Unistrut und auch Frimeda – bisher einzeln handverwandelt sind.

Die Linsenabnahme in Deutschland sowie die bevorstehende in Frankreich schafften uns zusätzliche Absatzgebiete und auch Produkte – außerdem haben wir weitere Produkte zu unserer erghalten Produktpalette hinzugefügt und unser Handelsnetz verstärkt. Unsere englischen Niederlassungen spielen eine wichtige Rolle innerhalb eines Erfolges, entsprechend sind sie unter Berücksichtigung ihrer Ausstattung und technischen Leistungsfähigkeit ausgebaut worden. Zur Zeit erfolgt darüberhinaus die Auswertung der Produktionsmöglichkeiten im Werk Bedford.

Wir machen auch weiterhin eine ähnliche Strategie verfolgen und sind momentan dabei weitere Exportmöglichkeiten innerhalb Europas zu kanalisieren mit dem Ziel, geographisch und auch in Bezug auf das Produktportfolio eine größere Verbreitung zu erzielen.

Aus unserem Weg forthin sind wir uns bewußt der Notwendigkeit, die neuen und bestehenden Aktivitäten zu integrieren und zu

bewältigen, und wir haben unser Management Team während des Jahres in verschiedenen kritischen Bereichen verstärkt. Dadurch sind wir in die Lage versetzt, jegliche sich bietenden neuen Möglichkeiten zu nutzen, so wie sie sich ergeben.

Als ein wesentliches Merkmal bei der Integration der Frimeda ist die aufrichtige Zusammenarbeit zu nennen, die uns von Seiten der ehemaligen Inhaber Ingrid und Siegfried Fricker sowie auch der Belegschaft entgegengebracht wurde. Wir sind sehr erfreut über die Tatsache, daß Herr Siegfried Fricker nach seinem vertragsgemäßen Ausscheiden aus der Firma eine langfristige technische Beraterfunktion für diesen Betrieb aufnehmen wird.

Geschäftsführung und Belegschaft

Die im Rahmen unserer Expansion und Übernahmeverhaben angefallenen zusätzlichen Arbeiten sind von allen Arbeitnehmern mit großer Entschlossenheit aufgenommen worden mit dem Ziel eines erfolgreichen Abschlusses. Daß wir im Jahr 1989 erfolgreich gewesen sind ist nicht zuletzt auf den Enthusiasmus der Geschäftsführung und die Bereitschaft eines jeden Einzelnen zurückzuführen, diese Last mitzutragen. In ganz besonderer Weise möchte ich all ihre Bemühungen hiermit würdigen.

Aussichten

Die Umsatzentwicklung sowohl im UK als auch in Deutschland hat sehr positiv begonnen und während wir hervorragende Aussichten für die Frimeda im Jahr 1990 sehen, kann das UK-Geschäft durch die Ungewißheit bezüglich der Wirtschaftslage beeinflusst werden. Unter Berücksichtigung eines vollen Jahresergebnisses aus Deutschland und unserem auf weiter Basis stehenden UK-Geschäftsbetriebes einschließlich eines erheblichen Exportanteils hoffe ich, in einem Jahr über weitere Umsatzziele hinauszukommen.

Peter H. Ryan
Vorsitzender

Managing Director's Report

UK Operations

1989 opened with a significant increase in the rate of input of new orders into our five UK branches, a rate that was sustained throughout the year. Whilst the strong demand for the company's products from the thriving UK non-residential construction market was the driving force behind this performance, our branches were particularly successful in developing new product applications and selling the added value of installation contracts. Notable among many such contracts was the success of the Unstrut Midlands branch in winning orders valued in excess of £1.2M for the design, supply and installation of metal framing supports for the decorative facias of the new Merryhill Shopping Centre in Dudley.

Without exception, all the UK branches turned in record performances. The hard work and dedication of the staff in achieving these results deserves the highest praise.

1990 has started in a similarly robust style and while there must be some concern for the continued good health of the UK economy, we are in possession of a number of long term contracts received during 1989 including the electrical cable support contract for the Sizewell nuclear power station.

Deliveries began in November 1989 and are expected to peak late 1990/early 1991. The 'Latchway' till arrest system introduced in 1988 made significant progress during the year with the introduction of specialist representatives. This successful formula of combining a comprehensive distribution service from the branches with specialist representation is being used to launch the newly acquired Frimeda products range in the UK.

The UK manufacturing operations were already being started in late 1988. The dramatic increase in demand during 1989 tested both man and machine to the limits. This was also at a time when much senior management time was being devoted to the Frimeda acquisition and new manufacturing management and control systems were being introduced. By meeting the demand from the branches during this year the manufacturing division can take a sigh of relief.

Two major manufacturing contracts have been awarded during the year. A NEC electrical products contract for a large bank of tool changes and a contract for welding machine design details for the design of the cable support frame required for the Sizewell Nuclear Power Station contract. Both of these

rebuild flexibility of being able to reprogramme the robots to carry out other welding procedures. The pressing need for additional manufacturing floor space will be met by 1990 by the completion of a 15,000 sq ft. extension to one of our three Bedford factories.

During the closing stages of the Frimeda acquisition, two senior appointments were made at Bedford. Mr Allan Brewes joined the company as Operations Director responsible for all manufacturing and technical functions and Mr Brian Davis was appointed Financial Controller. These appointments have allowed me and my colleague Peter White, the Finance Director to allocate more time to manage the full integration of the Frimeda company and concentrate on the strategic management of the Group.

Continental European Operations

The influence of the Frimeda company, acquired in July 1989, has been immediate and of great benefit to the Group. We are greatly indebted to the previous owners, Siegfried Fricker and his wife Ingrid, for their continued involvement and commitment to the business. Mrs Fricker left the company in February following the appointment of Josef Sievering as the new financial controller for Frimeda. In April we Kunstner joined the company as managing director designate and will take up his full duties when Mr Fricker's contract of employment agreed at the time of the acquisition completes its term at the end of June 1990. The Group will continue to benefit from Mr Fricker's considerable technical and marketing skills as a result of a five year technical consultancy agreement that commences in January 1991.

The purchase of Frimeda has brought into the Group not only a strong German marketing base, previously part used to take advantage of the expected demand for building products in Eastern Europe, but also a company with a well established export sales structure and established distributors. The immediate products to be exported, and so far, centres in Western Europe that are equipped to handle both Frimeda and Unstrut products. The distribution of Unstrut products in Western Europe has been a subject for discussion and debate, but a decision has been made to concentrate on the Frimeda products.

The distribution of Unstrut products has developed in a similar way to which we plan to build new products in the future and it is decided to concentrate on the Frimeda products.



Frimeda natural stone cladding fixing system



A new panel fitted with a Frimeda pre cast support

Managing Director's Report – continued

On 30th April 1990, we are due to complete the acquisition of the assets of the building products division of the French company, Adriss S.A. Cie Adriss has for many years been the distributor in France for both Frimeda and Unistrut products. Sales in 1989 exceeded 20M FF. The new company, Frimeda Unistrut S.A., based in the existing premises at St. Ouen L'Aumône, some 15 miles north west of Paris, will be managed by Georges Loheac. Mr Loheac, previously the sales manager at Adriss, took a year's sabbatical to study for his MBA at Stanford University in California and will return to France in June 1990 to take up his new responsibilities with the company.

Export

The export of Unistrut products outside Western Europe is influenced by the terms of the Trademark Licence from the Unistrut Corporation. Frimeda products however, are available for worldwide distribution. The synergy between the Unistrut and Frimeda

products has attracted the interest of associated Unistrut companies in Australia and the USA. Both these companies intend to concentrate on the distribution of the Frimeda channel concrete insert system which has proved to be a most successful product worldwide since its introduction six years ago.

Acquisitions

The full integration of the Frimeda company remains a priority for the Group's senior executives. The active search for further suitable acquisitions is however being resumed so that the Group can continue developing an even stronger business base in Europe prior to 1993.

David J Shingler
Managing Director

Bericht des Geschäftsführers

Geschäfte in Großbritannien

1989 begann mit einem bemerkenswerten Anstieg der Aufträge unserer 5 englischen Zweiggesellschaften, der Zuwachs hielt das ganze Jahr über an. Während die starke Nachfrage nach den Firmenprodukten vom blühenden nicht-heimischen Baumarkt die treibende Kraft dazu war, waren unsere Zweiggesellschaften insbesondere erfolgreich in der Entwicklung neuer Anwendungen und im Verkauf von Einbau-Verträgen. Bemerkenswert unter vielen solchen Verträgen war der Erfolg der Unistrut Midlands, welche einen Auftrag über 1,2 Mio. Pfund erhielt für Planung, Lieferung und Montage von Metallrahmen-Systemen für die Dekorassade des neuen Merryhill Shopping Centers in Dudley.

Ohne Ausnahme erbrachten alle englischen Niederlassungen Rekordleistungen. Harter Arbeit und der Einsatz des Personals verdienen höchsten Lob.

1990 hat in ähnlich robuster Weise begonnen und, trotz einiger Sorge um die weitere gute Gesundheit der englischen Wirtschaft, besitzen wir eine Anzahl langzeitiger Verträge aus 1989, die den Vertrag über die elektrische Verkabelung für das Sizewell Kernkraftwerk beinhaltet. Die Lieferungen begannen 1990 und werden Ende 1990/Anfang 1991 ihren Höhepunkt erreichen. Das "Latching Fall arrest System", welches 1988 eingeführt wurde, ergab während des Jahres einen beachtenswerten Erfolg und der Einführung von spezialisierten Vertretern. Die

erfolgreiche Formel, einen umfassenden Verteilerservice durch unsere Niederlassungen zu kombinieren mit spezialisierter Vertretung soll die neu erworbene Frimeda-Produktpalette in England einführen.

Die Englischen Produktionskapazitäten waren schon im Späthjahr 1988 ausgelastet worden. Die dramatische Zunahme der Nachfrage 1989 prüfte die Belastungsgrenzen von Mann und Maschine. In dieser Zeit wurde auch viel Zeit für den Erwerb von Frimeda gebraucht, und neue Kontrollsysteme für die Produktion wurden eingeführt. Die Produktion hat großen Verdienst daran, daß die Nachfrage unserer Niederlassungen das Jahr über befriedigt werden konnte.

Im Verlauf des Jahres wurden zwei Hauptinvestitionen getätigt. Eine CNC-gesteuerte Presse mit Vorrichtungen zum schnellen Werkzeugwechsel und eine Doppel-Rohr-Schweißmaschine, die ursprünglich konstruiert wurde zur Herstellung der Rahmengerüste für das Sizewell Kernkraftwerk, jedoch durch die eingebaute Flexibilität die Möglichkeit hat, den Roboter anders zu programmieren um andere Schweißarbeiten durchzuführen. Der dringende Bedarf an zusätzlichem Produktionsraum wird 1990 gelöst durch eine Erweiterung einer unserer zwei Fabriken in Bedford um 15.000 qm.

In der Abschlußphase des Erwerbs von Frimeda wurden zwei Stellen in Bedford geschaffen. Herr Allan Brewes kam als Produktionsleiter zu uns, verantwortlich für alle Fragen der Produktion und der Technik.

Bericht des Geschäftsführers – verfolgt

und Herr Brian Davis wurde Finanzchef. Diese Einstellungen erlaubten es mir und meinem Kollegen Peter White, dem Finanzdirektor, mehr Zeit der vollen Integration von Frimeda zu widmen und uns auf das strategische Management der Gruppe zu konzentrieren.

Geschäfte in Europa

Der Einfluß der im Juli 1989 erworbenen Frimeda war sofort spürbar und für die Gruppe sehr nutzbringend. Wird sind den Vorbesitzern Siegfried Fricker und seiner Frau Ingrid zu großem Dank verpflichtet für ihr fortgesetztes Mühen und Engagement für das Geschäft. Frau Fricker verließ die Firma im Februar, nachdem Josef Sievering als neuer Finanzchef für Frimeda eingesetzt wurde. Im April kam Uwe Kunzner als designierter Geschäftsführer hinzu, und er wird seine ganzen Pflichten übernehmen, wenn Herr Fricker seinen Anstellungsvertrag zum Ende Juni 1990 beendet, wie es zum Zeitpunkt des Erwerbs der Firma vereinbart wurde. Die Gruppe wird weiterhin von den beträchtlichen technischen und verkaufertischen Fähigkeiten von Herrn Fricker profitieren durch einen Fünfjahresvertrag für technische Beratung, der im Januar 1991 beginnt.

Der Kauf von Frimeda hat der Gruppe nicht nur eine gute Marktposition in Deutschland verschafft, welche eine perfekte Ausgangsbasis für die erwartete Nachfrage nach Baumaterialien in Osteuropa darstellt, sondern auch eine gute Grundlage für Exportverkäufe durch gut eingeführte Händler. Allererste Priorität hat die Einrichtung von regionalen Servicecentern, die sowohl Frimeda als auch Unistrut Produkte anbieten können. Der Vertrieb von Unistrut Produkten in Westdeutschland unterliegt gegenwärtig einer selbständigen Vertriebsvereinbarung, welche im Oktober 1990 ausläuft.

Das Fabrikgelände in Wiernshausen kann durch neues Bauland erweitert werden, worauf wir neue Produktionsanlagen und Büros erstellen wollen, um der wachsenden Nachfrage nach Frimeda Produkten gerecht zu werden.

Am 30. April 1990 werden wir den Erwerb der Baumaterialien-Abteilung der französischen Firma Adriss S.A. abgeschlossen haben. Adriss war viele Jahre lang der Händler für Frankreich für Frimeda- und Unistrut-Produkte. Die Verkäufe 1989 überschritten 20 Mio. FF. Die neue Firma, Frimeda Unistrut S.A., mit Sitz in den bestehenden Lokalitäten in St. Ouen L'Aumône, ca. 15 Meilen nordwestlich von Paris, soll von Georges Loheac geleitet werden. Herr Loheac, früherer Verkaufsleiter von Adriss, hatte sich für ein Jahr beurlauben lassen, um an der Universität von Stanford in Kalifornien sein Studium der Wirtschaftswissenschaften abzuschließen. Er wird im Juni 1990 nach Frankreich zurückkommen, um seine neue Verantwortung für die Firma zu übernehmen.

Export

Die Exporte von Unistrut-Produkten außerhalb Westeuropas sind beeinflusst von den Bedingungen der Warenzeichen der Unistrut Corporation. Frimeda Produkte jedoch können weltweit vertrieben werden. Das Zusammengehen der Frimeda- und Unistrut Produkte hat das Interesse von Firmen in Australien und den USA geweckt, welche mit Unistrut zusammenarbeiten. Diese beiden Firmen möchten sich konzentrieren auf den Vertrieb des Frimeda Ankerschienen-Systems, welches sich seit seiner Einführung vor 6 Jahren weltweit als äußerst erfolgreiches Produkt erwiesen hat.

Anschaffungen

Die völlige Integration der Frimeda bleibt vorrangige Aufgabe für Geschäftsführung. Die aktive Suche nach weiteren passenden Ankäufen wird jedoch fortgesetzt, so daß die Gruppe vor 1993 eine noch stärkere Geschäftsbasis in Europa aufbauen kann.

David J. Shugler
Direktor

The Group

Unistrut

The Unistrut metal framing system is manufactured by UNISTRUT (UK) LIMITED at Bedford and distributed through its five UK service centres:

UNISTRUT SOUTHERN	-	Hayes, Middlesex
UNISTRUT MIDLANDS	-	Birmingham
UNISTRUT NORTHERN	-	Kearsley, near Bolton
UNISTRUT SCOTLAND	-	Edinburgh
UNISTRUT WESTERN	-	Cardiff

Distribution in Europe is through two group companies - UNISTRUT (BENELUX) BV, based at Schiedam, Holland and UNISTRUT (DEUTSCHLAND) GmbH, based at Monchengladbach, West Germany - and through a network of independent distributors. Sales are also made to the Middle East and Hong Kong.

Products

Metal Framing • Raised Access Floors • Fall Arrest Safety Systems • Spacetraves

Frameda

The Frameda range of building fixing systems is manufactured by FRIMEDA UNISTRUT GmbH at Wiernsheim, near Stuttgart, West Germany. It sells directly to the German market and is distributed throughout Europe principally by a wide range of independent distributors. Its other markets include the Middle East, the Far East and the USA. Group companies are in Austria - FRIMEDA VERANKERUNGSTECHNIK HANDELS Ges mbH, and America - FRIMEDA USA INC. There is a joint venture in Holland - FRIMEDA NEDERLAND BV.

Products

Transport Anchor Systems • Concrete Cladding Panel Fixing Systems
Marble Cladding Panel Fixing Systems • Brick Support Systems • Concrete Inserts

Die Gruppe

Unistrut

Das Unistrut "Metal Framing System" wird bei der UNISTRUT (UK) LIMITED in Bedford hergestellt und über ihre fünf UK Niederlassungen vertrieben:

UNISTRUT SOUTHERN	Hayes, Middlesex
UNISTRUT MIDLANDS	Birmingham
UNISTRUT NORTHERN	Kearsley, nahe Bolton
UNISTRUT SCOTLAND	Edinburgh
UNISTRUT WESTERN	Cardiff

Der Vertrieb in Europa erfolgt durch zwei Gruppenfirmen - UNISTRUT (BENELUX) BV mit Sitz in Schiedam, Holland und UNISTRUT (DEUTSCHLAND) GmbH mit Sitz in Monchengladbach, Bundesrepublik Deutschland - darüber hinaus durch einen Vertrieb unabhängiger Händler. Es werden ebenfalls mit dem Mittleren Osten und Hong Kong Unistrut geliefert.

Produkte

Metal Framing • Raised Access Floors • Fall Arrest Safety Systems • Spacetraves

Frameda

Die Frameda Produktpalette an Gebäude Verankerungssystemen wird von der FRIMEDA UNISTRUT GmbH in Wiernsheim nahe Stuttgart in Deutschland hergestellt. Verkauft erfolgen direkt in den deutschen Markt - außerdem erfolgt der Vertrieb europaweit hauptsächlich über eine große Anzahl unabhängiger Händler. Zu den weiteren Märkten zählen die Mittlere Osten, Japan und die USA. Gruppenfirmen existieren in Österreich - FRIMEDA VERANKERUNGSTECHNIK HANDELS Ges mbH und Nordamerika - FRIMEDA USA INC. Außerdem besteht eine Kooperation in Holland - FRIMEDA NEDERLAND BV.

Produkte

Transportankersysteme • Beton Fassadenplattenbefestigungen
Naturstein Fassadenplattenbefestigungen • Verankerungen für Verbindungsbauwerk
Ankerbohren

Report of the directors for the year ended 31 December 1989

- 1 The directors present herewith the audited accounts for the year ended 31 December 1989.
- Principal activities and review of business** 2 The principal activities of the group are the manufacture and distribution of metal framing and fixing systems. The results for the year are set out on page 10. The directors expect the general level of activity to continue to improve.
- Acquisition** 3 On 28th July 1989, the company acquired, for a total consideration of DM42.5 million, the partnership shares of Frimeda GbR, a German partnership owned by Mr and Mrs Fricker, the share capital of Frimeda GmbH, a company owned by Mr and Mrs Fricker and associated patents held by Frimeda GbR and held personally by Mr Fricker, pursuant to a resolution approved at the Extraordinary General Meeting held in July 1989.
- 4 The results of the Frimeda group of companies have been consolidated in the group profit and loss account on an acquisition basis.
- Share capital** 5 During the year 4,800,000 additional preference shares were issued following a placing of the company's shares to partly finance for the acquisition of the Frimeda group.
- Share Premium Account** 6 At the extraordinary general meeting of the Company held on 30th November 1989, a special resolution was passed to permit the cancellation of the share premium account. The special reserve thereby created has been utilized to write off the goodwill arising in connection with the acquisition of Frimeda.
- Dividends** 7 Dividends totaling 7p per share have been paid on the preference shares in accordance with the terms of the original placing in 1988. An interim dividend of 1.75p per share was paid in October in respect of the ordinary shares and the directors recommend payment of a final dividend of 2.5p per ordinary share.
- Directors** 8 The directors of the company at 31 December 1989, all of whom have acted throughout the year, were:
P H Ryan - Chairman
D J Shingler - Managing director
E C Cady (USA)
T R M Kinsey
C J Mallese (USA)
P Stefanovits (Austria)
B Thomas
A J Verhoeff (Holland)
J D Wellesley Wesley
P White
- 9 In accordance with the Articles of Association Mr J D Wellesley Wesley, Mr B Thomas and Mr A J Verhoeff retire by rotation, and being eligible, offer themselves for re-election.
- Directors' interests in shares** 10 The interests of the directors of the company at 31 December 1989 in shares of the company according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Preference shares	
	At 31 December 1989	At 1 January 1989
P H Ryan	15,000	10,000
D J Shingler	55,000	45,000
E C Cady	20,000	10,000
T R M Kinsey	4,000	
C J Mallese	20,000	30,000
P Stefanovits		
B Thomas	34,000	30,000
A J Verhoeff	30,000	30,000
J D Wellesley Wesley		
P White	30,000	35,000

The preference shares are convertible into ordinary shares as described in note 21 to the accounts.

- 11 In addition, the following directors held options to acquire ordinary shares of the company as shown below, at the market value at the date of grant as determined under the rules of the London European E.P.T. share option scheme:

	At 31 December 1989	At 1 January 1989
D J Shingler	100,000	32,000
B Thomas	15,000	30,000
A J Verhoeff	15,000	30,000
P White	60,000	24,000

- 12 The options are exercisable between 1990 and 1999. With the exception of 60,000 options held by Mr Shingler and 34,000 held by Mr White, which are exercisable at £1.25 per share, the options are exercisable at a price of 4p per share.

- 13 There has been no change in the holdings of the directors between 31 December 1989 and 12 April 1990.

Report of the directors for the year ended 31 December 1989 – continued

- Directors' interests in contracts** 14 Mr J D Wellesley Wesley is a director of Granville & Co Limited ("Granville"), the group's merchant bankers. During the year Granville received fees totalling £182,500 in respect of the acquisition of the Primeda Group and the placing of the company's shares.
- Substantial shareholdings** 15 In 1988 Enco Nominees Limited, a wholly owned subsidiary of Granville, was granted a warrant which will enable the holder to subscribe, at any time after 1 March 1991 and prior to 31 March 1998 for 153,093 ordinary shares at an exercise price of £1.20 per share.
- Directors' Powers to Allot Shares** 16 The existing authority of the Directors to allot relevant securities (as defined in Section 80(2) of the Companies Act 1985) up to a maximum nominal amount of £101,996,008 was given by shareholders on 30th November 1989 and will expire on 29th November 1994. It is, however, necessary for the Directors to seek renewal annually of the authority to allot entirely for a cash consideration equity securities (as defined in Section 94(2) of the Companies Act 1985). Accordingly, the business of this year's Annual General Meeting will include a special resolution to renew this authority until the conclusion of the next Annual General Meeting. The maximum nominal amount of shares which the Directors seek authority to allot for cash otherwise than in connection with a rights issue is £16,800 which is equivalent to 5 per cent of the Company's issued ordinary and preference voting share capital. If equity securities are allotted in connection with a rights issue in favour of shareholders this limit will not apply and such equity securities will be allotted to shareholders as nearly as possible in proportion to the respective numbers of shares held by them.
- A special resolution authorising the Directors to allot equity securities will be proposed as special business at the forthcoming Annual General Meeting.
- 17 Unistrut International Corporation, a company registered in the United States of America, holds 99.8% of the issued ordinary share capital of the company and 19.3% of the preference shares. This represents 47.8% of the company's total issued voting share capital.
- 18 In addition the directors have been notified that the following shareholdings, each of which exceeded 5% of the issued preference capital, were held at 12 April 1990.

	Number of Preference Shares	% of total issued
Bank of Scotland (Stanlife) London Nominees Limited	1,791,400	16.5
Omni Cap Ltd	1,521,000	14.0
Thrapston Street Nominees Limited	1,500,720	13.8
The Royal Trust Company of Canada (CI) Limited	815,742	7.5
Siegfried Fricker	550,782	5.1

- Fixed assets** 19 The movements in fixed assets during the year are set out in notes 13 and 14 to the accounts. Arising from the Primeda acquisition the group acquired patents and certain intellectual property rights for which the consideration was DM6.9 million. In addition assets of Primeda GmbH at the date of acquisition included DM2.8 million representing royalties paid in advance on certain patents. These assets are all included in the group balance sheet under intangible fixed assets.
- Close company provisions** 20 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do apply to the company.
- Auditors** 21 Our auditors, Coopers & Lybrand, are in the process of merging their practice with Deloitte Haskins & Sells and in the meantime have adopted Coopers & Lybrand Deloitte as their business name. They have signed the auditors' report in their new name.
- 22 A resolution to re-appoint the auditors, Coopers & Lybrand Deloitte, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

P WHITE
Secretary, 24 April 1990

Report of the auditors to the members of UNISTRUT EUROPE PLC

We have audited the accounts on pages 10 to 24 in accordance with Auditing Standards. In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1989 and of the profit and loss and application of funds of the group for the year then ended and comply with the Companies Act 1985.

COOPERS & LYBRAND DELOITTE

(Chartered Accountants)
NORTHAMPTON 24 April 1990

Consolidated profit and loss account for the year ended 31 December 1989

	Notes	1989 £	1988 £
TURNOVER	2	25,190,349	12,298,888
Cost of sales		<u>(15,321,420)</u>	<u>(7,878,900)</u>
GROSS PROFIT		9,868,929	4,419,988
Net operating expenses	3	<u>(6,225,875)</u>	<u>(3,210,445)</u>
OPERATING PROFIT		3,643,054	1,209,543
Share of profit of related company		(6,160)	—
Interest payable and similar charges	4	<u>(565,312)</u>	<u>(71,575)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	3,093,902	1,137,968
Tax on profit on ordinary activities	8	<u>(1,272,207)</u>	<u>(378,168)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,821,695	759,800
EXTRAORDINARY ITEMS	9	<u>2,090,887</u>	<u>(2,290,000)</u>
PROFIT (1988 LOSS) ATTRIBUTABLE TO THE SHAREHOLDERS	10	3,912,582	(1,530,200)
DIVIDENDS	11	<u>(802,860)</u>	<u>(284,820)</u>
RETAINED PROFIT (1988 LOSS) FOR THE YEAR		<u>£3,109,722</u>	<u>£(1,815,020)</u>

STATEMENT OF CONSOLIDATED RETAINED PROFITS

Retained profits, 1 January 1989		701,204	211,720
Retained profit (1988 loss) for the year		<u>3,109,722</u>	<u>(1,815,020)</u>
Transfer from share premium account		(448,466)	14,504
Exchange rate fluctuations		<u>£3,362,460</u>	<u>£701,204</u>
RETAINED PROFITS 31 DECEMBER 1989	25		

EARNINGS PER ORDINARY SHARE	Basic	12	24.84p	10.41p
	Fully diluted	12	15.26p	8.82p

The notes on pages 16 to 24 form part of this statement.
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Consolidated balance sheet - 31 December 1989

	Notes	1989	1988
		£	£
FIXED ASSETS			
Intangible assets	13	3,349,790	9,366
Tangible assets	14	7,023,403	927,850
Investments: shares in related company	15	<u>56,732</u>	<u>—</u>
		10,429,925	937,216
CURRENT ASSETS			
Stocks	16	6,334,282	2,218,527
Debtors	17	10,025,124	2,990,804
Cash at bank and in hand		<u>1,108,525</u>	<u>61,289</u>
		17,467,931	5,273,620
CREDITORS: amounts falling due within one year	18	<u>(12,154,327)</u>	<u>(3,296,203)</u>
NET CURRENT ASSETS		<u>5,313,604</u>	<u>1,977,417</u>
Total assets less current liabilities		15,743,529	2,914,633
Less: Non-current liabilities			
CREDITORS: amounts falling due after more than one year	19	(9,605,866)	—
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	20	<u>(632,534)</u>	<u>(182,094)</u>
		<u>£5,500,129</u>	<u>£2,732,539</u>
CAPITAL AND RESERVES			
Called up share capital	21	336,240	240,000
Share premium account	22	4,460	1,551,576
Revaluation reserve	23	68,152	—
Other reserves	24	1,728,817	239,759
Profit and loss account	25	<u>3,362,460</u>	<u>701,204</u>
		<u>£5,500,129</u>	<u>£2,732,539</u>

These accounts were approved by the board on 24 April 1990

D J SHINGLER

Directors

P WHITE

The notes on pages 18 to 24 form part of these accounts

Auditors' report page 9

Balance sheet – 31 December 1989

	Notes	1989		1988	
		£	£	£	£
FIXED ASSETS					
Intangible assets	13		2,392,943		9,366
Investments: subsidiaries	26		<u>16,723,237</u>		<u>3,821,469</u>
			19,116,180		3,830,835
CURRENT ASSETS					
Debtors	17	946,421		277,633	
Cash at bank and in hand		<u>43,823</u>		<u>—</u>	
		990,244		277,633	
CREDITORS: amounts falling due within one year	18	<u>(994,562)</u>		<u>(269,801)</u>	
NET CURRENT (LIABILITIES)/ ASSETS			<u>(4,318)</u>		<u>7,832</u>
Total assets less current liabilities			19,111,862		3,838,667
Less: Non-current liabilities					
CREDITORS: amounts falling due after more than one year	19		(9,859,164)		(385,862)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	20		<u>(421,125)</u>		<u>—</u>
			<u>£8,831,573</u>		<u>£3,452,805</u>
CAPITAL AND RESERVES					
Called up share capital	21		336,240		240,000
Share premium account	22		4,460		1,551,576
Other reserves	24		8,471,620		1,621,200
Profit and loss account	25		<u>19,253</u>		<u>40,029</u>
			<u>£8,832,573</u>		<u>£3,452,805</u>

These accounts were approved by the board on 24 April 1990

D J SHINGLER

Director

P WHITE

The notes on pages 15 to 24 form part of these accounts

Accounts report page 9

Consolidated statement of source and application of funds for the year ended 31 December 1989

	1989		1988	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities after taxation		1,821,695		759,800
Extraordinary item		2,090,887		(2,290,000)
		<u>3,912,582</u>		<u>(1,530,200)</u>
Adjustment for items not involving the movement of funds:				
Amortisation of intangible fixed assets	236,787		634	
Depreciation of tangible fixed assets	381,271		197,248	
Increase/(decrease) in provision for liabilities and charges	43,763		(27,214)	
Exchange fluctuations	(1,209,169)		14,504	
Cancellation of finance leases			<u>307,990</u>	
		<u>(547,348)</u>		<u>493,162</u>
Total from operations		<u>3,365,234</u>		<u>(1,037,038)</u>
Funds from other sources				
Disposal of tangible fixed assets	13,713		4,356	
Issue of share capital, less expenses	5,660,969		5,628,776	
Bank loans	9,605,866			
Cancellation of finance leases			<u>(209,186)</u>	
		<u>15,280,548</u>		<u>5,423,946</u>
Total source of funds		<u>18,645,782</u>		<u>4,386,908</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	5,701,922		231,596	
Purchase of intellectual property rights	3,125,294		10,000	
Purchase of goodwill (see below)	5,361,362		1,381,441	
Costs of acquisition	261,425			
Investment in related company	86,782			
Repayments of bank loan			780,000	
Dividends paid	678,860		284,820	
Total application of funds		<u>(15,185,595)</u>		<u>(2,687,857)</u>
		<u>£3,460,187</u>		<u>£1,699,051</u>

Consolidated statement of source and application of funds for the year ended 31 December 1989 – continued

	1989		1988	
	£	£	£	£
INCREASE IN WORKING CAPITAL				
Increase in stocks	4,115,755		869,277	
Increase in debtors	7,034,320		1,121,872	
(Increase) in creditors falling due within one year, excluding bank loans, overdrafts and dividends	<u>(4,476,980)</u>		<u>(808,168)</u>	
		6,673,095		1,182,981
Movement in net liquid funds:				
Cash at bank and in hand	1,044,236		61,458	
Bank overdrafts	<u>(4,257,144)</u>		<u>454,612</u>	
		<u>(3,212,908)</u>		<u>516,070</u>
		<u>£3,460,187</u>		<u>£1,699,051</u>

Summary of the effects of the acquisition of Trimedia Group

Net assets acquired:

Intangible fixed assets	3,125,294
Tangible fixed assets	4,852,730
Related company	46,048
Net current assets	<u>415,400</u>
	8,439,472
Goodwill arising	<u>5,361,362</u>
Cost of acquisition	<u>£13,800,834</u>

The notes on pages 15 to 24 form part of these accounts

Auditors' report page 9

Notes to the accounts – 31 December 1989

Principal accounting policies

- The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets. A summary of the more important accounting policies is set out below.

(a) Basis of consolidation

The consolidated accounts include the company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

When subsidiary companies are acquired, any excess of the consideration over the net tangible assets at the date of acquisition is written off against reserves.

(b) Related Companies

The group's share of profits less losses of related companies is included in the consolidated profit and loss account, and the group's share of post acquisition retained profits and reserves is added to the cost of the investments in the consolidated balance sheet.

(c) Turnover

Turnover comprises the value of sales stated net of all credits, allowances, discounts, value added tax and carriage.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value on an item-by-item basis. Cost includes all direct costs incurred in bringing stocks to their present state and location, including an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate.

(e) Contracts

Contracts undertaken by the group are all of a short term nature and profit is only taken when the contracts are substantially complete.

(f) Foreign currency transactions

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year, and the results of foreign subsidiaries are translated at the monthly rates of exchange for the whole year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies and related loans, and from the translation of the results of those companies at average rates, are taken to reserves.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets. The following useful lives are used:

Freehold property	40 years
Leasehold improvements	based upon the unexpired portion of the lease at the time the improvement was made
Plant and machinery	3 to 10 years
Motor vehicles	4 years
Office fixtures and fittings	5 years
Computer hardware	4 years
Computer software	3 years

(h) Intangible fixed assets

Intangible fixed assets are stated at cost or valuation less accumulated amortisation. Amortisation is provided on a straight line basis over the estimated lives of the assets. The following amortisation periods are used:

Patents	6 or 7 years
Proprietary rights	5 to 10 years being the period to which the improvement relates

(i) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items, and for timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. The tax effect of value timing differences is treated as a deferred tax liability. Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that in which they are recognised in the accounts.

(j) Reserves

- There are no assets held under financial leases.
- Outstanding lease payments are written off in the year as incurred.

(k) Provisions for contingencies

Provision is made in respect of contingencies undertaken by the company in providing pensions to employees on retirement. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company.

Notes to the accounts - 31 December 1989 - continued

Segment Information 2. The geographical analysis of group turnover is set out below:

	1989 £	1988 £
UK	14,453,861	8,025,754
Holland	1,236,625	752,199
West Germany	4,132,047	687,627
Rest of Europe	4,787,902	1,242,546
Rest of the world	579,914	991,162
	<u>£25,190,349</u>	<u>£12,298,888</u>

Net operating expenses	3.	1989 £	1988 £
Technical and manufacturing costs		1,375,913	704,932
Selling and distribution costs		1,778,992	692,194
Administration expenses		<u>3,193,320</u>	<u>1,934,623</u>
		6,258,225	3,331,749
Other operating income		<u>(32,350)</u>	<u>(121,304)</u>
		<u>£6,225,875</u>	<u>£3,210,445</u>

Interest payable and similar charges	4.	1989 £	1988 £
On bank overdrafts and loans repayable within 5 years by instalments		271,087	81,317
On other loans		<u>296,483</u>	<u>---</u>
		567,570	81,317
Less interest receivable		<u>(2,253)</u>	<u>(9,742)</u>
		<u>£565,317</u>	<u>£71,575</u>

Profit on ordinary activities before taxation	5.	1989 £	1988 £
Profit on ordinary activities before taxation is stated after charging			
(a) Depreciation of tangible fixed assets		381,271	197,248
(b) Amortisation of intangible fixed assets		236,787	634
(c) Operating lease rentals			
- plant and motor vehicles		265,576	195,250
- land and buildings		331,388	236,757
(d) Auditors' remuneration		55,000	31,675
(e) Directors' emoluments including pension contributions (note 6)		283,936	245,940

Directors' emoluments	6.	1989 £	1988 £
Emoluments of the directors of Unistret Europe PLC, including pension contributions, were			
As directors		46,000	20,500
For management services:			
Current year		237,936	225,000
Ex-gratia payment in respect of prior years		<u>---</u>	<u>24,000</u>
		<u>£283,936</u>	<u>£269,500</u>

The ex-gratia payment in respect of prior years was paid by Unistret International Corporation the company's former holding company.

Directors' emoluments disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contributions, are as follows:

	1989	1988
Emoluments of the chairman	£18,000	£12,500
Emoluments of the highest paid director	£80,811	£72,819

The chairman's emoluments in 1988 covered the period from 19 March 1988 to 31 December 1988.

Included in the figure of £72,819 for the highest paid director in 1988 is £9,502 in respect of his service as chairman during the period 1 January 1988 to 18 March 1988.

Notes to the accounts – 31 December 1989 – continued

Directors' emoluments – continued

Number of directors, other than those disclosed above, whose emoluments were within the ranges:

	1989	1988
£Nil to £5,000	1	5
£ 5,001 to £10,000	4	-
£30,001 to £35,000	-	1
£40,001 to £45,000	-	1
£45,001 to £50,000	1	-
£50,001 to £55,000	2	1

Employee information

7(a) Particulars of employee costs (including executive directors) are shown below:

	1989 £	1988 £
Wages and salaries	4,481,166	2,363,712
Social security costs	547,870	203,086
Other pension costs	156,558	112,481
	<u>£5,185,594</u>	<u>£2,679,279</u>

(b) The average weekly number of persons employed by the group during the year (including executive directors) was as follows:

	1989 Number	1988 Number
Technical and manufacturing	181	99
Sales and distribution	70	46
Administration	84	67
	<u>335</u>	<u>212</u>

(c) *Pension scheme arrangements*

In the United Kingdom, the group operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the scheme, all of which are paid by the company, are invested in Managed Fund Units with an insurance company. The funding contributions and the pension costs are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 6 April 1987. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment return would be 8.5% per annum and that salary increases would average 7% per annum. Assets were considered by valuing the discounted income.

The valuation at 6 April 1987 showed that the market value of the scheme's assets was £1,573,000. The actuarial value of those assets represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The future funding rate has been set at a level which will eliminate this deficiency over the expected service lives of the employees.

There are no staff pension schemes in the overseas subsidiary companies.

Tax on profit on ordinary activities

	1989 £	1988 £
United Kingdom corporation tax on the profit for the year at 35% (1988 – 35%)	724,632	381,587
Overseas tax	479,163	63,712
Transfer to/from deferred taxation	85,222	(19,946)
	<u>1,289,017</u>	<u>425,353</u>
Prior year adjustments		
Corporation tax	(22,140)	(39,917)
Deferred tax	(1,260)	(7,268)
	<u>1,266,731</u>	<u>378,168</u>
Share of related company's tax charges	5476	-
	<u>£1,272,207</u>	<u>£378,168</u>

No provision has been made for taxation which would arise on the distribution of profits retained by overseas subsidiary companies.

Notes to the accounts – 31 December 1989 – continued

Extraordinary items	9	1989 £	1988 £
Tax refund receivable by German subsidiary relating to pre-acquisition period Intellectual property rights written off		2,090,887 <u>£2,090,887</u>	(2,290,000) <u>£(2,290,000)</u>
Results of Unistrut Europe PLC	10 As permitted by Section 228(7) of the Companies Act 1985, Unistrut Europe PLC, the holding company, does not publish a separate profit and loss account. The consolidated profit attributable to shareholders includes a profit of £690,056 (1988 loss of £2,036,689) which is dealt with in the accounts of the holding company.		
Dividends	11	1989 £	1988 £
Ordinary shares			
Interim paid of 1.75p per share		86,660	—
Proposed final of 2.5p per share		<u>124,000</u>	<u>—</u>
		210,660	—
Preference shares			
Dividends paid of 7p per share (1988 4.7p per share)		592,200 <u>£802,860</u>	284,820 <u>£284,820</u>
Earnings per ordinary share	12 Basic earnings per ordinary share of 24.19p (1988 10.41p) each are calculated on the group profit after taxation and before extraordinary item, of £1,821,695 (1988 £759,800) less preference dividends of £592,200 (1988 £284,820), and on 4,950,000 (1988 4,561,000) ordinary shares being the weighted average number of ordinary shares in issue during the year. The fully diluted earnings per share take into account (i) the conversion of 10,860,000 (1988 6,060,000) preference shares of 2p each to 8,688,000 (1988 5,050,000) ordinary shares (ii) the 200,000 (1988 210,000) ordinary share options at a price of 47p per share (iii) the 104,000 (1988 19,000) ordinary share options at a price of £1.25p per share and (iv) the warrant for 153,093 ordinary shares of £1.20p per share.		
Intangible assets	13 The intangible assets represent intellectual property rights comprising patents, copyrights, and technical data		
Group		Cost (see below) £	Accumulated amortisation £
At 1 January 1989		10,000	634
Additions		2,223,305	236,787
Company acquired		901,989	—
Exchange gain		<u>468,541</u>	<u>16,624</u>
At 31 December 1989		<u>£3,603,835</u>	<u>£254,045</u>
Group		Cost (see below) £	Accumulated amortisation £
At 1 January 1989		10,000	634
Additions		2,223,305	168,947
Exchange gain		<u>341,056</u>	<u>11,837</u>
At 31 December 1989		<u>£2,574,361</u>	<u>£181,418</u>
Cost includes £10,000 representing the net value of intellectual property rights acquired in 1988 after amounts written off at date of acquisition			

Notes to the accounts – 31 December 1989 – continued

Tangible fixed assets 14 The movement in the year was as follows:

	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Revaluation</i>					
At 1 January 1989		296,762	1,613,576	394,128	2,304,466
Revaluation (see below)			(8,819)		(8,819)
Additions	61,640	66,313	575,337	165,340	868,630
Disposals		(775)	(35,179)	(13,567)	(49,521)
Company acquired	3,374,796		1,438,534	39,400	4,852,730
Exchange fluctuations	476,988		213,071	16,240	706,299
At 31 December 1989	<u>3,913,424</u>	<u>362,300</u>	<u>3,796,520</u>	<u>601,541</u>	<u>8,673,785</u>
<i>Depreciation</i>					
At 1 January 1989		96,807	1,033,559	246,280	1,376,646
Revaluation (see below)			(113,669)		(113,669)
Charge for year	22,113	11,949	261,987	85,172	381,221
Disposals		(285)	(23,140)	(12,383)	(35,808)
Company acquired	182		9,906	9,350	19,438
Exchange fluctuations	1,587		13,421	7,520	22,528
At 31 December 1989	<u>23,882</u>	<u>108,521</u>	<u>1,182,064</u>	<u>335,915</u>	<u>1,650,382</u>
Net book value at 31 December 1989	<u>£3,889,542</u>	<u>£253,779</u>	<u>£2,614,456</u>	<u>£265,626</u>	<u>£7,023,403</u>
Net book value at 31 December 1988	<u>£Nil</u>	<u>£199,955</u>	<u>£580,017</u>	<u>£147,878</u>	<u>£927,850</u>

All tangible fixed assets are held by subsidiary companies.

During the year the directors carried out a revaluation of certain major items of plant which were still in use although fully depreciated. This value will be depreciated over the revised estimated lives of the various items of plant.

Shares in related company	15	£
At 1 January 1989		
Value acquired		46,048
Share of retained profits		10,684
At 31 December 1989		<u>£56,732</u>

As a result of the acquisition of the Enmedia group of companies the group now holds 50% of the issued share capital of Enmedia Nederland BV, an unlisted company incorporated in Holland. The shares are held by a wholly owned subsidiary of Envestra Europe PLC.

Stocks	16 The analysis of stocks is as follows:	1989 £	1988 £
Raw materials		659,456	365,247
Finished goods		5,674,826	1,853,280
		<u>£6,334,282</u>	<u>£2,218,527</u>

All stocks are held by subsidiary companies. If stocks had been determined by reference to their replacement cost rather than by reference to their historical cost there would be no significant difference in the value at either 31 December 1989 or 31 December 1988.

Notes to the accounts – 31 December 1989 – continued

Debtors

17

	Group		Company	
	1989 £	1988 £	1989 £	1989 £
Trade debtors	6,849,195	2,785,043	—	—
Prepayments and accrued income	388,079	169,037	—	—
Other debtors	2,535,670	36,724	102,686	95,833
Amount due from related company	252,180	—	—	—
Amounts due from subsidiaries	—	—	843,735	181,800
	<u>£10,025,124</u>	<u>£2,990,804</u>	<u>£946,421</u>	<u>£277,633</u>

Creditors — amounts falling due within one year

18 The following amounts are included in creditors falling due within one year:

	Group		Company	
	1989 £	1988 £	1989 £	1989 £
Bank overdrafts (see below)	5,237,460	980,316	520,344	181,784
Trade creditors	2,817,248	1,847,256	—	—
Other creditors and accruals	2,217,182	—	151,987	27,417
UK corporation tax payable	587,377	133,324	1,323	60,600
Advance corporation tax	196,908	—	196,908	—
Overseas tax	753,415	45,304	—	—
VAT	60,896	12,294	—	—
Social security and PAYE	159,841	77,727	—	—
Proposed dividend	124,000	—	124,000	—
	<u>£12,154,327</u>	<u>£3,296,203</u>	<u>£994,562</u>	<u>£269,801</u>

The bank overdrafts are secured by fixed and floating charges over the assets of subsidiary companies.

Creditors — amounts falling due after one year

19 The following amounts are included in creditors falling due after one year:

	Group		Company	
	1989 £	1988 £	1989 £	1989 £
Bank loans	9,605,866	—	9,605,866	—
Amount due to subsidiary	—	—	253,298	385,862
	<u>£9,605,866</u>	<u>£Nil</u>	<u>£9,859,164</u>	<u>£385,862</u>

The bank loans which at 31 December 1989 totalled DM26,200,000, bear interest at rates varying between 7.75% and 8.1% and are repayable in currency as follows:

	DM
Between 2 and 5 years	19,200,000
After 5 years	7,000,000
	<u>26,200,000</u>

They are secured by charges over the German registered patents of the company and over the assets of the German subsidiary companies.

The amount due to a subsidiary is unsecured, interest free and repayable on demand. However repayment is not anticipated within 12 months of the balance sheet date.

Notes to the accounts - 31 December 1989 - continued

Deferred Taxation 20 Analysis of provision and potential liability

	1989		1988	
	Full potential liability £	Provision made £	Full potential liability £	Provision made £
<i>The Group</i>				
Accelerated capital allowances	363,268	363,268	182,094	182,094
Other timing differences	466,180	315,599		
	829,448	678,867	182,094	182,094
Less ACT recoverable	(41,333)	(41,333)		
	<u>£788,115</u>	<u>£637,534</u>	<u>£182,094</u>	<u>£182,094</u>
<i>The company</i>				
Accelerated capital allowances	146,859	146,859		
Other timing differences	415,466	315,599		
	562,325	462,458		
Less ACT recoverable	(41,333)	(41,333)		
	<u>£520,992</u>	<u>£421,125</u>	<u>£Nil</u>	<u>£Nil</u>

The movement on the provision for deferred taxation is as follows:

	Group £	Company £
At 1 January 1989	182,094	
Charge for year (note 8)	85,196	87,470
Amount debited to retained profits (note 25)	374,979	374,979
Transfer from revaluation reserve (note 23)	36,698	
At 31 December 1989	<u>£678,867</u>	<u>£462,458</u>

Called up share capital

	Ordinary shares of 2.4p each £	Cumulative convertible redeemable preference shares of 2p each £	Total £
<i>Authorised</i>			
At 1 January 1989	198,800	121,200	320,000
Increase (see (a) below)	31,996	96,000	127,996
At 31 December 1989	<u>£230,796</u>	<u>£217,200</u>	<u>£447,996</u>
Number of shares - at 31 December 1989	9,616,500	10,860,000	
- at 1 January 1989	8,283,333	6,060,000	
<i>Allotted, called up and fully paid</i>			
At 1 January 1989	118,800	121,200	240,000
Issued during year (see (b) and (c) below)	240	96,000	96,240
At 31 December 1989	<u>£119,040</u>	<u>£217,200</u>	<u>£336,240</u>
Number of shares - at 31 December 1989	4,960,000	10,860,000	
- at 1 January 1989	4,950,000	6,060,000	

(a) In accordance with the resolution passed at the extraordinary general meeting held on 28 July 1989 the authorised capital was increased by the creation of 4,500,000 cumulative convertible redeemable preference shares of 2p each and 1,331,167 ordinary shares of 2.4p each

(b) 500,000 preference shares were issued following a placing of the company's shares at a price of 11.25p

(c) 10,000 ordinary shares were issued in November 1989 at the option price of 47p to an employee who exercised his share option on retirement

Notes to the accounts 31 December 1989 – continued

The holders of the preference shares are entitled to a cumulative preferential dividend per share at the following rates per annum.

Year ending 31 December 1990	8p
Thereafter	9p

On 30 June in any of the years 1990 to 1996 inclusive a holder of preference shares is entitled to convert all or any part of his holding into fully paid ordinary shares at the rate of five ordinary shares for every six preference shares held. The company will redeem the whole of the preference shares remaining in issue at 30 June 1996.

At 31 December 1989 options had been granted to certain directors and employees in respect of 304,000 (1988 210,000) ordinary shares of 2.4p each in Unistrut Europe PLC

	Date exercisable	Number of options	
		1989	1988
At 47p per share	1991 to 1998	200,000	210,000
At £1.25p per share	1992 to 1999	<u>104,000</u>	<u>—</u>
		<u>304,000</u>	<u>210,000</u>

In addition a warrant for 153,093 ordinary shares has been granted to Granville at an exercise price of £1.20p per share. This warrant is exercisable at any time between 1 March 1991 and 31 March 1998

Share premium account	22	£
At 1 January 1989		1,551,576
Premium less expenses on shares issued during the year		5,564,729
Less: amount cancelled and transferred to other non distributable reserve (note 24)		<u>(7,111,845)</u>
At 31 December 1989		<u>£4,460</u>

During the year the company applied to the High Court for confirmation of a special resolution passed by the shareholders to cancel the balance on the share premium account at that time. This confirmation was obtained

Revaluation reserve	23	Group £
At 1 January 1989		—
Revaluation during the year		104,850
Transfer to deferred taxation (note 20)		<u>(36,698)</u>
At 31 December 1989		<u>£68,152</u>

The reserve arises as a result of the revaluation of certain plant referred to in note 14

Other non-distributable reserves	24	Group £	Company £
At 1 January 1989		239,750	1,621,200
Transfer from share premium account (note 22)		<u>7,111,845</u>	<u>7,111,845</u>
		7,351,604	8,733,045
Less goodwill on consolidation written off		<u>(5,361,362)</u>	<u>—</u>
Less acquisition costs written off		<u>(261,425)</u>	<u>(261,425)</u>
At 31 December 1989		<u>£1,728,817</u>	<u>£8,471,620</u>

The goodwill on consolidation amounting to £5,361,362 arose following the acquisition of the partnership of Enmeda GbR and the share capital of Enmeda GmbH referred to in the directors' report

Notes to the accounts – 31 December 1989 – continued

Profit and loss account

25 The movement on consolidated retained profits is analysed below:

	Unistrut Europe PLC £	Subsidiary companies £	Related company £	Total £
At 1 January 1989	40,029	661,175	---	701,204
Profit/(loss) for the year	(112,804)	3,211,842	10,684	3,109,722
Exchange rate fluctuations	92,028	(540,494)	---	(448,466)
At 31 December 1989	<u>£19,253</u>	<u>£3,332,523</u>	<u>£10,684</u>	<u>£3,362,460</u>

The exchange gain of £92,028 in Unistrut Europe PLC is after providing £374,979 for the applicable deferred taxation.

The negative exchange rate fluctuation of £540,494, shown as relating to subsidiary companies, reflects the shortfall of German assets against the investment in the Frimeda group, after the write off of goodwill included in the purchase price and written off on acquisition as a consolidation adjustment (note 24).

Fixed asset investments

26 The investments comprise shares in and loans to subsidiary companies as follows:

	Cost of shares £	Loans £	Total £
At 1 January 1989	3,821,469	---	3,821,469
Additions	1,337,332	10,132,348	11,469,680
Exchange fluctuation	---	1,432,088	1,432,088
At 31 December 1989	<u>£5,158,801</u>	<u>£11,564,436</u>	<u>£16,723,237</u>

During the year the company increased its investment in Unistrut (UK) Limited by subscribing for an additional 1,319,000 shares of £1 each at par. It also acquired the whole of the issued share capital of Unistrut Verwaltungs GmbH, a company incorporated in Germany as part of the reorganisation of the Frimeda group of companies.

The loan made during the year represents a loan of DM31,542,000 made to Unistrut GmbH & Co. KG a company incorporated in Germany as part of the reconstruction of the Frimeda group. These funds were effectively used to acquire the trade and net assets of Frimeda GmbH.

Subsidiary companies 27 At 31 December 1989 the company held, either directly or indirectly, the proportions set out below of the issued capital of the following companies:

Name of company	Country of incorporation	% of shares held
* Unistrut (UK) Limited	England	100
* Unistrut (Benelux) BV	Holland	100
Unistrut GmbH & Co. KG	Germany	100
Unistrut Holdings GmbH	Germany	100
Frimeda Unistrut GmbH	Germany	100
* Unistrut Verwaltungs GmbH	Germany	100
Unistrut (Deutschland) GmbH	Germany	100
Frimeda Verankerungstechnik Handels Ges mbH	Austria	(A)
Frimeda USA Inc.	United States of America	100

The companies marked with * are owned directly by Unistrut Europe PLC

All the above companies operate principally in their country of incorporation

The principal activities of Unistrut (UK) Limited, Unistrut (Benelux) BV and Unistrut (Deutschland) GmbH are the manufacture and sale of metal framing systems. Unistrut GmbH & Co. KG, Unistrut Holdings GmbH and Unistrut Verwaltungs GmbH are holding companies and the remaining companies are engaged principally in the manufacture and sale of building fixing systems.

Notes to the accounts - 31 December 1989 - continued

Guarantees and other financial commitments

28(a) Capital commitments

At the end of the year, capital commitments, all of which related to subsidiary companies, were:

	1989 £	1988 £
Contracted for	200,607	47,082
Authorised but not contracted for	<u> </u>	<u>11,743</u>
	<u>£200,607</u>	<u>£58,825</u>

(b) Operating lease commitments

The company leases certain property, cars, lorries and office equipment on short and long term operating leases. The rents payable under the leases are subject to renegotiation at various intervals specified in the leases.

The minimum annual rentals prevailing at the balance sheet date are as follows:

Date of expiry	Motor vehicles and office equipment		Property	
	1989 £	1988 £	1989 £	1988 £
Within one year	87,279	41,257	-	9,570
Within two to five years	301,915	212,703	-	16,833
After five years	<u>12,102</u>	<u>303</u>	<u>392,501</u>	<u>235,457</u>
	<u>£401,296</u>	<u>£254,263</u>	<u>£392,501</u>	<u>£261,860</u>

(c) Guarantees

Unistrut Europe PLC has guaranteed the net liabilities of an overseas subsidiary company up to DM1750,000. It has also guaranteed the overdraft of another subsidiary.

(d) Performance bonds and forward foreign exchange contracts

	1989 £	1988 £
Performance bonds	33,428	-
Forward foreign exchange contracts	<u>109,668</u>	<u>107,859</u>
	<u>£143,096</u>	<u>£107,859</u>

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that THE FOURTH ANNUAL GENERAL MEETING OF UNISTRUT EUROPE PLC will be held at The Merchant Taylor's Hall, 30 Threadneedle Street, London EC2R 8AY on Thursday 24th May, 1990 at 12.00 noon for the purpose of considering and if thought fit, passing the following resolutions.

1. That the report of the Directors and Statement of Accounts for the year ended 31st December 1989 be approved and adopted and that a final dividend of 2.5p per ordinary share recommended therein be declared payable on 1st June 1990 to holders of ordinary shares registered at the close of business on 15th May 1990.
2. That Mr J D Wellesley Wesley who retires by rotation be re-appointed a director.
3. That Mr B Thomas who retires by rotation be re-appointed a director.
4. That Mr A J Verhoef who retires by rotation be re-appointed a director.
5. That the Auditors, Coopers & Lybrand Deloitte be re-appointed and that the directors be authorised to fix their remuneration for the period until the next Annual General Meeting.
6. As special business, to consider and, if thought fit, pass the following resolution as a special resolution to authorise the Directors to allot equity securities:-
That:-
 - (i) The power given to the Board of Directors of the Company under Article 10 of the Articles of Association of the Company to allot equity securities (as defined in Article 2 of the Articles of Association of the Company) as if Section 89(1) of the Companies Act 1985 did not apply to the allotment (which power is subject to the restrictions contained in the said Article be and it is hereby renewed for a period of fifteen months from the date of the passing of the resolution or until the conclusion of the next Annual General Meeting whichever shall be earlier; and
 - (ii) That Article 10 of the Articles of Association of the Company be amended by the substitution in subparagraph (c) (i) of the figure £99,200 for the figure £16,800.

By Order of the Board
P White
Secretary
Unistrut Europe PLC
Edison Road
Elms Industrial Estate
Bedford MK41 0HL

24th April 1990.

Notes

The register of Directors' interests in shares will, together with Directors' service agreements, be available for inspection during usual business hours on any weekday (Saturday and public holidays excluded) at the registered office from this date until the date of the Annual General Meeting and at the place of the meeting for fifteen minutes prior to and until the termination of the meeting.

A holder of Ordinary Shares or Convertible Redeemable Preference Shares is entitled to attend and vote in accordance with the Articles of Association at the meeting and may appoint one or more proxies to attend and, on a poll, to vote instead of him. The proxy need not be a shareholder of the Company and the appointment of such proxy does not preclude the appointer from subsequently attending and voting in person. A form of proxy for the use of shareholders is enclosed, and, to be effective, must be completed, signed and lodged with the Registrars, not less than 48 hours before the time appointed for the meeting.