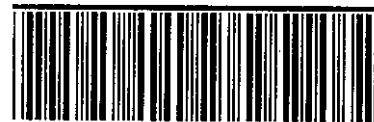


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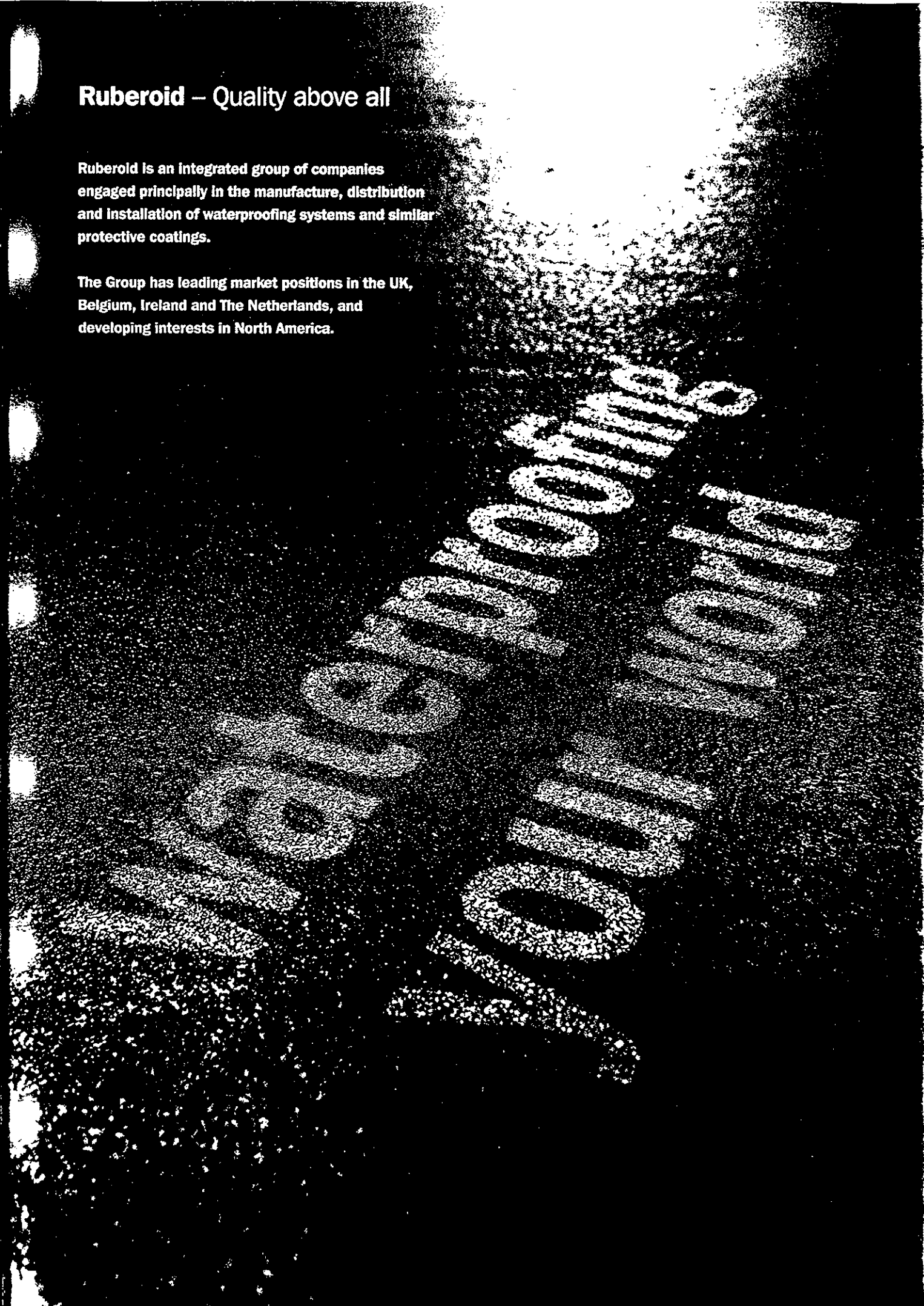
Annual Report 1996

Ruberoïd PLC
197 Knightsbridge
London SW7 1RB

Ruberoid – Quality above all

Ruberoid is an integrated group of companies engaged principally in the manufacture, distribution and installation of waterproofing systems and similar protective coatings.

The Group has leading market positions in the UK, Belgium, Ireland and The Netherlands, and developing interests in North America.



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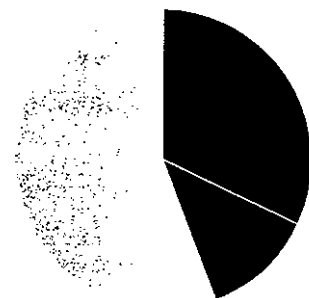
Chairman's Statement

Ruberoid is an integrated group of companies engaged principally in the manufacture, distribution and installation of waterproofing systems and similar protective coatings. The Group has leading market positions in the UK, Belgium, Ireland and The Netherlands, and developing interests in North America.

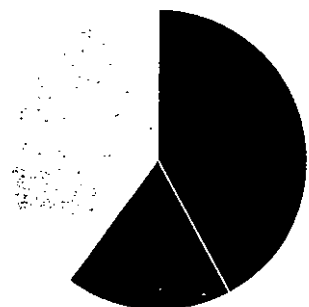
For management purposes, the Group is organised in three operating Divisions, whose progress during the year is covered by the Chief Executive's Review and the Financial Review which follow. The Board's overriding strategy has been to concentrate growth on manufacturing and distribution, and to restrict contracting activity to the level at which it provides optimum support to the manufacturing and distribution businesses.

Turnover split

1993



1997



- Manufacturing
- Distribution
- Contracting

Business mix

On flotation at the end of 1993, just under 60% of the Group's external turnover was in contracting and a little over 40% was in manufacturing and distribution. At that time, the Board set itself the task of reversing this ratio within three years. As a result of organic changes, disposals and the acquisitions from 1994 to 1996, the Group has entered 1997 with approximately 60% of its external turnover coming from manufacturing and distribution operations. It is our intention to continue to move the Group's risk profile with the aim of providing shareholders with greater stability of earnings. Opportunities to achieve this through further investment in manufacturing will be examined.

Disposals

My statement last year referred to three contracting activities which had let us down: Fire Protection, Albitum and the French operations. These businesses were all sold during 1996 in accordance with our previously declared strategy.

First, the Group disposed of its Fire Protection activities. Aaronite A/S, its small Norwegian fire protection company, was sold in March. The operation had lost money in 1995 and, as the Group's only business in Scandinavia, was peripheral to its main sphere of activity. The remaining activities were sold in April. Aaronite Ltd, Aaronite Overseas Ltd, the assets and undertaking of Palmers Corrosion Control Ltd and the marine division of Durastic Ltd were involved in passive fire protection, blasting and painting and marine deck covering systems respectively and were not considered to be long-term activities for the Group.

Ruberoid withdrew from contracting in France with the sale in December of the assets and undertaking of Tocover SA. The business had incurred losses for some years and an early return to profitability was thought unlikely. The assets and undertaking of another loss making contractor, Albitum NV, were also disposed of in December, completing the withdrawal from non-core contracting activity in Europe. Albitum operates mainly in the competitive new-build market in Belgium, using materials from several manufacturers. By contrast, the contracting departments of Atab and Asphaltco, which are being retained, concentrate on repair and maintenance work, are profitable and use a significant amount of Group products.

Acquisitions

For some years, Ruberoid Building Products has owned a 50% interest in a liquids joint venture. The opportunity arose in the summer to terminate this arrangement and acquire the remaining shares previously held by Coal Products Ltd, giving Ruberoid total control over the well-known Synthaprufe brand.

Rusa Holding BV acquired in December 1996 the 5% minority interest in the Dutch trading companies. This tidies up the Group's legal structure and will simplify tax and treasury planning.

Atab NV has taken a 51% shareholding in Asbo NV, a manufacturer of corrugated bituminous roofing profiles. The Asbo plant, which commenced production in March 1997, is located on the Atab site in Antwerp and offers a number of attractive commercial and cost-saving benefits.

Results

Although 1996 was a satisfactory year in strategic terms, trading performance was disappointing. This was due to a combination of the curtailment of expenditure by local authorities in the UK and generally flat economic conditions in our main European markets together with an unusually long and cold winter at the beginning of 1996.

The trading results of the disposals have been segregated in the Group Profit and Loss Account as discontinued operations. Their combined turnover was £20.8 million (1995: £38.8 million), resulting in an operating loss of £1.4 million (1995 loss: £0.8 million).

In the continuing businesses, external turnover for the year ended 31 December 1996 amounted to £190.7 million (1995: £201.0 million). This reduction includes an adverse exchange rate movement of £4.7 million. The operating profit of the continuing businesses fell to £6.8 million (1995: £10.5 million).

The exceptional loss on divestment of the non-core contracting businesses amounted to £2.5 million. This figure includes provisions for future claims and the adjustment for purchased goodwill.

For the Group as a whole, the remaining profit before taxation was £1.2 million (1995: £8.0 million). The loss after taxation was £161,000 (1995 profit: £5.1 million). Earnings per share from continuing operations, were 7.2 pence (1995: 12.1 pence). Loss per share after exceptional items was 0.3 pence (1995 earnings: 10.4 pence).

Dividends

An interim dividend of 1.9 pence per share (1995: 1.9 pence per share) was paid in November 1996. The Directors propose a final dividend of 4.2 pence per share, making a total for the year of 6.1 pence (1995: 6.1 pence). The final dividend, if approved, will be paid as a Foreign Income Dividend ("FID") on 2 June 1997 to shareholders on the register at the close of business on 25 April 1997. The Board has decided to pay the final dividend as a FID to avoid surplus ACT which may be irrecoverable in the immediate future. Any proposed interim dividend for 1997 will also be paid as a FID.

Board

We welcome Bryan Stock, who joined the Board on 1 January 1997 as Finance Director. He was previously Finance Director of Polypipe PLC and Bardon Group Plc and has extensive experience in both corporate development and the building materials sector.

David Watson resigned from the Board with effect from 31 December 1996 for family health reasons. We are grateful for all that he has done, especially seeing us successfully through the Stock Exchange flotation, and we wish him well in the future.

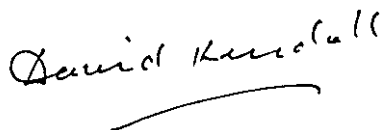
Chairman's Statement continued

Employees

The Group's employees have again worked very hard in frustrating circumstances. Their positive and conscientious attitudes are one of Ruberoid's great strengths, and I am pleased to take this opportunity to express to them the thanks of the Board.

Outlook

1997 has started much stronger primarily due to the fact that 1996 was affected by the severe weather conditions experienced by our continental operations. The reported increases in construction activity should begin to benefit the Group as the cycle progresses. In addition we are committed to further cost reductions and new product launches which will strengthen our market positions. 1997 will benefit from these actions.

A handwritten signature in dark ink, reading "David Kendall", with a horizontal line underneath.

David Kendall Chairman

Chief Executive's Review

Ruberoid specialises in waterproofing systems, protective coatings and building chemicals. Its products and services are supplied particularly to the repair, maintenance and refurbishment sector, also to retail and industrial customers and to the new-build sector of the construction industry. The principal markets are in Europe and North America, although products are exported to many other countries.

1996 was a difficult year for suppliers to the European construction industry, which lost a considerable amount of site work because of the climatic conditions in the first quarter. The economic background to Ruberoid's main European markets was not helpful due to low levels of investment and consumer confidence which made for minimal growth. Fortunately, the US economy was stronger and European prospects for 1997 look more encouraging.

Ruberoid Building Materials

In the UK, the Division manufactures bituminous membranes, mastic asphalt and various waterproofing and building products in liquid and paste form. It also distributes such products in Ireland and manufactures waterproofing membranes and protective linings in the USA.

	1996	1995
Turnover	£51.9m	£51.0m
Operating profit	£5.0m	£6.4m
Employees	462	503

Ruberoid Building Products. RBP is a major supplier of roofing felts, damp-proof courses and other waterproofing products including solutions and compounds. As a result of the very harsh winter conditions at the start of the year, membrane volumes in the first half of 1996 were 20% below those of 1995 although they recovered as the year progressed and as building activity picked up. Admixtures, sealants and adhesives have been added to the company's product range, enhancing the leadership profile of the Ruberoid brand in builders' merchants. Cost reduction programmes were completed successfully at Appley Bridge and Dundee; significant savings have started to flow from the development of the Centralised Distribution Centre at Appley Bridge and consequent closure of the satellite warehouses at Earlstown and Edinburgh.

Ruberoid Specialist Products. The integration of the Hilbre building chemical business was completed with its change of name to Ruberoid Specialist Products. The company was re-launched at the DIY and Home Improvement Show at Olympia, backed by its exciting new range of Houseplan products specially developed to provide the DIY market with

'solutions' for roofing, building, sealing and tiling applications. The management team has also been strengthened and new manufacturing equipment has been installed, raising capacity and reducing material cost.



Above: Captain Scott first used Ruberoid roofing materials in the Antarctic on his 1901 expedition. In 1996, the British Antarctic Survey carried out a project to conserve Port Lockroy as a Historic Site, again using a Ruberoid system particularly suited to low temperatures.

Chief Executive's Review continued

Permanite Asphalt. Permanite, which is the UK's largest producer of mastic asphalt, increased its profits despite a depressed repair and maintenance sector of the industry. During 1996, all mastic asphalt block production was transferred to Matlock, enabling overheads to be reduced at Wanstrow. The trend towards more widespread use of polymer-modified blocks continues and further promotional effort is planned in 1997.

Ireland. The Irish subsidiaries distribute and install waterproofing and related products. A more buoyant economy in the Republic supported relatively high material sales and a good contracting performance. In Northern Ireland, the sharp drop in Government spending during the cease-fire has contributed to a slowdown in the refurbishment market, but some sectors are seeing signs of a revival.

Hyload Inc. Hyload and its subsidiary Martin Rubber, specialise in high-specification elastomeric sheeting for the US market. This is used primarily for roofing purposes, but Hyload is also diversifying into the masonry sector with thru-wall flashings. Martin is developing new markets for its

secondary containment products and filling surplus capacity with custom calendering. Both companies have expanded their distributor networks in 1996, opening up further sales opportunities.

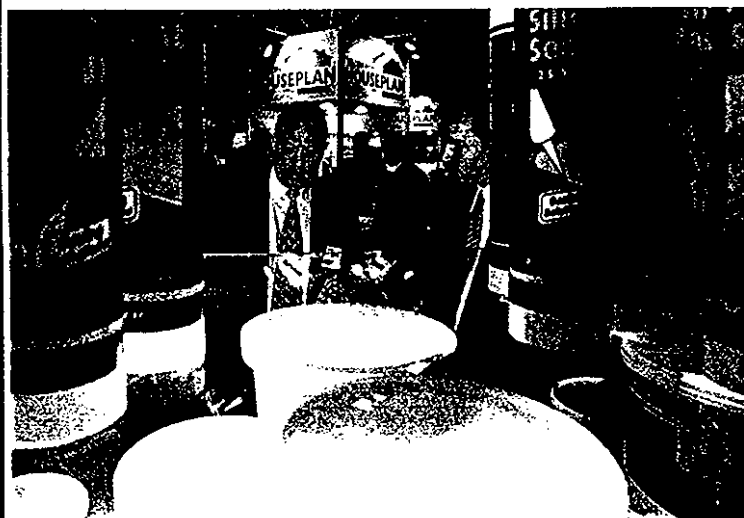
Blair Rubber. Blair is a niche business specialising in the manufacture of polymeric tank linings and belt-splice materials. Its protective coatings are used in the mining, chemical, utility, food processing and transportation industries. There has been a substantial growth in sales and profit in the first full year of Ruberoid ownership, arising from the Goodyear integration last year, increased exports, synergies and a changed management culture.

Ruberoid Building Services

Following the sale of its Fire Protection activities, the Division is now a specialist in roofing and cladding services for building owners and main contractors in the UK.

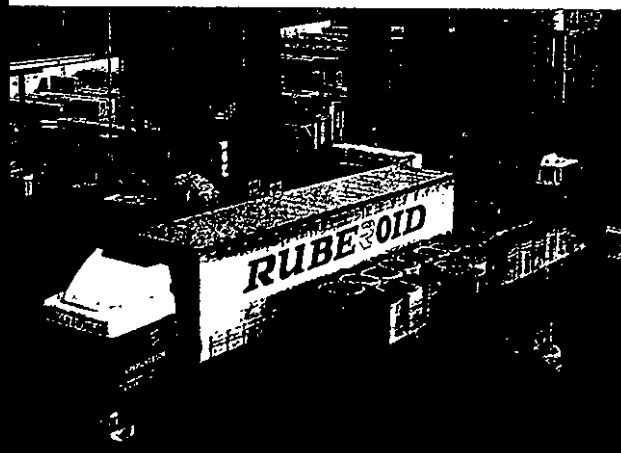
	1996		1995	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Turnover	£47.8m	£5.9m	£53.5m	£18.4m
Operating profit	£0.2m	£0m	£0.5m	£0.1m
Employees	715	123	781	389

Briggs Roofing & Cladding. Briggs is the largest roofing and cladding contractor in the UK. Market conditions were difficult, due to low spending in the repair and maintenance sector and the squeeze on public expenditure linked to the formation of new unitary authorities. The business was reorganised in 1996 into regional companies to save central overheads and to impart stronger local control over contracts. These cost reductions will benefit future years, whilst savings in the year under review were sufficient to cover the costs associated with the restructuring.



Above: Ruberoid Specialist Products has introduced a new range of attractively-packaged solutions and compounds for the DIY and Home Improvement markets.

Right: Investment in the Centralised Distribution Centre reduces costs for Ruberoid Building Products and enhances delivery performance for customers.



Broderick Structures. Broderick designs, fabricates and installs fully-supported metal roofing and cladding systems. The commercial and industrial new-build sectors were relatively active in 1996, although delayed contract starts affected a few key projects. The company developed a new range of rainscreen products and will continue to seek work which can provide a greater degree of in-house fabrication – thus raising the Group's added value. Whilst there is significant potential in this type of work, constant attention to margins is however required.

Aaronite/Durastic/Palmers. As reported last year, Aaronite's Norwegian operation was sold in March 1996. The rest of the Group's Fire Protection activities were divested in the following month. These operations broadly broke even in the periods to the date of sale.

Ruberoid European Waterproofing

The Division manufactures, distributes and installs bituminous roofing membranes and related building and waterproofing products in Belgium and The Netherlands, where it holds leading market positions.

	1996		1995	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Turnover	£91.0m	£14.9m	£96.4m	£20.4m
Operating profit/(loss)	£2.6m	£(1.4)m	£4.7m	£(0.9)m
Employees	665	163	688	194

Atab. Atab, which is based in Antwerp, makes bituminous roofing felts and liquid waterproofing products and is a specialist flat roofing contractor. The company turned in a very creditable performance, increasing turnover slightly thanks to increased exports and a strong contracting workload. 1996 saw the successful launch of Polygum Quadra, and there were also several productivity developments, including faster machine speeds, improved blend technology and manpower savings. Further overhead reductions will flow from the transfer of certain personnel to the Asbo project at the end of the first quarter of 1997.

Albintra. The company is a national distributor in Belgium of roofing products, including insulation, rooflights and translucent sheeting. Albintra maintained the previous year's volume of insulation sales in a competitive market. In translucent sheeting, there was a shift in sales away from wholesalers towards the retail DIY sector. The smaller rooflight activity performed ahead of expectations.



Above: Innovation in marketing is illustrated by the supply by Martin Rubber of anti-slip traction mats to Skeeter Boats, a leader in the US leisure boat industry.

Below: Toyota reverted to traditional bituminous roofing for its new 50,000 m² Assembly Building, using Ruberoid high-performance felts installed by Briggs Roofing and Cladding.



Chief Executive's Review continued

Asphaltco. Asphaltco produces and distributes building chemicals and bitumen products, including mastics, coatings and emulsions, and installs waterproofing systems. Reduced demand from building and DIY markets in the first half led to disappointing trading results, although margins remained satisfactory. The company has lowered its annual overheads by over BEF1.3 million and reorganised its sales department to generate additional product volume in the future.

Albitum. This contracting business incurred further losses in 1996. At the end of the year, agreement was reached on a sale of the operation to a consortium of local investors.

Tocover. Tocover is a small French roofing and cladding contractor, situated in Paris and Lille. The margins available in a poor market were inadequate to prevent further trading losses and the business was sold in December 1996. The Paris premises are being leased to the purchaser, and the property in Lille has been sold.

Nebiprofa. The main Dutch company, Nebiprofa, manufactures bituminous roofing felts and other waterproofing products and distributes insulation materials. It is also an important distributor for Atab products. There was severe price competition in the domestic market at the beginning of the year, although this eased slightly by the year end. Nevertheless, Nebiprofa maintained its overall margin and its market share and increased its sales of APP-modified roofing membranes.

Judon/Bitasco. Judon and Bitasco distribute roofing products from four branches in The Netherlands and carry out specialist roof contracting. The merchandising side of Judon and Bitasco expanded its product range further in 1996, thus improving customer service. The contracting departments had a difficult year and advantage is being taken of any natural wastage among the operatives to reduce the level of such business.

Touwen. External paints, wood preservatives and other protective coatings are manufactured by Touwen at Zaandam. The business performed well, extending its range of private-label paints and increasing its sales of merchandised roofing products. Touwen has successfully developed a tar substitute based on bitumen, which meets the stringent Dutch environmental requirements and goes on sale in 1997.



Ian McPherson Chief Executive



Above: Atab's new Polygum Quadra roofing system saves installation costs by combining in a single roll a reinforced waterproof membrane and a vapour diffusion layer.

Right: In The Netherlands, Touwen manufactures and distributes a comprehensive range of paints, varnishes, stains, wood preservatives and waterproof coatings.



Financial Review

The financial statements for the year ended 31 December 1996 have been prepared in accordance with the standards issued by the Accounting Standards Board. Those standards which came into effect during the year have not required any changes to be made in the Group's accounting policies.

This Financial Review for the year ended 31 December 1996 should be read in conjunction with the Chairman's Statement, the Chief Executive's Review and the segmental information contained on pages 27 and 28.

Financial summary

	1996 £m	1995 £m
Turnover		
Excluding discontinued operations	190.7	201.0
Including discontinued operations	211.5	239.8
Operating profit		
Excluding discontinued operations	6.8	10.5
Including discontinued operations	5.4	9.7
Profit before tax		
Excluding discontinued operations	5.4	9.2
Including discontinued operations	1.2	8.0
(Loss)/earnings per share	(0.3)p	10.4p
Earnings per share on continuing operations	7.2p	12.1p
Capital expenditure	4.0	3.9
Shareholders' funds	34.6	41.3
Net borrowings	14.4	16.0

Foreign currency transactions

Currency transactions unrelated to underlying commercial transactions, and the sale or writing of currency options are not permitted. Individual operating companies are responsible for matching or hedging material transaction exposures in foreign currencies. The Group will not normally enter into foreign exchange contracts solely to hedge translation exposure in the Balance Sheet or Profit and Loss Account but, whenever economical, it will arrange borrowings in the currency of the country concerned in order to provide a natural hedge.

The principal average and year end exchange rates used by the Group in translating foreign currency earnings and net assets were (rates to £1 sterling):

	1996		1995	
	Average	Year end	Average	Year end
Belgian Franc	48.73	54.36	46.61	45.69
Dutch Guilder	2.65	2.96	2.54	2.49
French Franc	8.04	8.90	7.91	7.59
US Dollar	1.57	1.71	1.57	1.55

If the 1996 results of the Group's foreign subsidiary undertakings had been translated using the same average exchange rates as were used in 1995, turnover would have been £4.7 million higher and operating profit £0.1 million higher.

The exchange adjustment to Shareholders' Funds was a loss of £3.0 million.

Results

Turnover on continuing operations fell by 5.4% during the year from £201.0 million to £190.7 million.

The operating profit on continuing operations was £6.8 million (1995: £10.5 million). The exceptional loss on disposal of subsidiary undertakings and businesses amounted to £2.5 million. This was primarily due to the cessation of all contracting operations based in France and the reduction in overall exposure to contracting.

Taxation and dividends

The tax charge of £1.4 million was high, principally due to unrelieved overseas losses. The effective tax rate on continuing businesses was 36%.

With a substantial proportion of the Group's activities being based overseas and the relative poor performance of our UK businesses in 1996, it is considered prudent to commence the payment of a Foreign Income Dividend ("FID"). Adopting FIDs throughout the calendar year 1997 could prevent the Group having irrecoverable ACT in the short term.

Financial Review continued

Balance sheet

Shareholders' Funds fell by £6.7 million to £34.6 million at 31 December 1996 reflecting primarily the loss for the year of £0.2 million, foreign exchange translation losses of £3.0 million and dividends of £2.9 million.

Cash flow

Operating cash flow was £9.6 million (1995: £9.6 million). Net capital assets expenditure excluding finance leases amounted to £3.1 million, which was mainly on the new Asbo factory in Antwerp and the upgrading of computer systems in the UK (1995: £3.6 million). The disposals of non-core contracting activities contributed £1.8 million, whereas acquisitions in 1995 cost £1.7 million. Year end net borrowings were £14.4 million compared to £16.0 million in 1995, and gearing was 41% (1995: 39%).

Adoption of the going concern basis

After making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 1996.

Principal activities and business review

Ruberoid PLC is the parent company of a group of companies engaged principally in the manufacture, distribution and installation of a wide range of waterproofing systems and similar protective coatings. A review of the Group's activities and its prospects is contained in the Chief Executive's Review on pages 5 to 8. A summary of the results of these activities is set out in the Segmental Analysis on pages 27 to 28.

Acquisitions and disposals

Aaronite A/S was sold on 4 March 1996. Aaronite Ltd and Aaronite Overseas Ltd, together with the undertaking of Aquaproof Ltd (formerly Palmers Corrosion Control Ltd) and the marine division of Durastic Roofing and Cladding Ltd (formerly Durastic Ltd) were sold on 30 April 1996. In December 1996 Ruberoid withdrew from non-core contracting in Europe, with the sale of the assets and undertaking of Tocover SA and Albitum NV.

Results and dividends

The loss for the financial year was £160,000 (1995 profit: £5,018,000). The Directors propose a final dividend of 4.2 pence per share (1995: 4.2 pence) amounting to £2,026,000 (1995: £2,026,000). This, together with the interim dividend of 1.9 pence per share (1995: 1.9 pence) paid on 22 November 1996 makes a total of 6.1 pence for the year (1995: 6.1 pence). The final dividend if approved, will be paid as a foreign income dividend, on 2 June 1997 to shareholders on the Register at the close of business on 25 April 1997.

Directors

The names and details of the Directors are set out on page 17. Mr D T Watson resigned as Finance Director on 31 December 1996 and Mr B Stock was appointed Finance Director with effect from 1 January 1997.

In accordance with Article 76 of the Company's Articles of Association, Mr B Stock, having been appointed by the Board, retires from office at the forthcoming Annual General Meeting. In accordance with Article 77, Mr D Kendall and

Mr W G K Wilford retire by rotation. All the retiring Directors, being eligible, offer themselves for re-election.

The unexpired periods of the appointments of the retiring Directors are 12 months in the case of Mr Stock, Mr Kendall's appointment expires at the date of the Annual General Meeting and subject to his re-election will be extended for 24 months. Mr Wilford's service agreement is with Atab NV and is an oral contract governed by Belgian law, further details of which are given in the Remuneration Committee Report on pages 15 and 16.

The interests of the Directors in the share capital of the Company are set out in note 25 on page 39.

Share capital

During the year options over 565,215 shares were granted under the Savings Related Share Option Scheme. No options were granted under the Executive Share Option Scheme. An analysis of the ownership of the issued share capital is given on page 44.

Authority was granted to the Directors at the 1995 Annual General Meeting in accordance with Section 80 of the Companies Act 1985 to allot unissued shares in the Company up to an aggregate nominal amount of £802,978. This authority is valid until 12 May 2000.

Approval will be sought at the forthcoming Annual General Meeting to renew the Directors' authority under Section 95 of the Companies Act 1985 to allot shares either by way of a rights issue or otherwise for cash, up to an aggregate nominal amount of £120,569. This figure represents 5% of the Company's issued share capital, in line with current institutional guidelines. This resolution is proposed annually and the Directors have no present intention of using the authority granted other than as may be required in connection with the Executive Share Option Scheme and the Savings Related Share Option Scheme. The Directors believe that they should have the proposed authority to facilitate the proper conduct of the Company's affairs and to take advantage of business opportunities should they arise.

Substantial interests

The interests which have been notified to the Company in accordance with Section 198 of the Companies Act 1985, as at 25 March 1997, are shown on page 44.

Directors' Report continued

Employees

It is the Group's policy to promote the health, safety and welfare of its employees; to provide equal opportunity in recruitment; and to maximise the opportunities for the employment, retention and development of disabled people consistent with their aptitudes and abilities.

The Group has continued to place a high priority on the training and development of its employees and considerable emphasis has been placed on continuing to review and improve health and safety procedures.

The Board recognises the need for effective communication with, and the involvement of, employees to ensure good relations and the improvement of the Group's performance. Briefings and presentations will continue to be held when required.

Research and development

The Group's policy is to enhance the performance of its products through continuous improvements and quality control in order to meet evolving building design criteria and international standards.

Environmental policy

The Board acknowledges the need to operate the businesses in a manner which is consistent with protecting the environment. The Group is committed to compliance with relevant legislation and local standards and will, whenever feasible, pursue continuing improvement in environmental performance.

Charitable and political donations

Charitable donations in the UK totalled £1,200 (1995: £2,600) during the year. No political contributions were made.

Payment policy

It is the Group's general policy to abide by the terms of payment agreed with its suppliers.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


Michael Kippen Secretary

25 March 1997

Corporate Governance

Compliance

The Board is supportive of the highest standards of corporate governance. During the financial year the Group has complied with those elements of the Code of Best Practice on Financial Aspects of Corporate Governance ("the Code") which are specified by the Listing Rules.

Board

The Board, which currently comprises four executive and three non-executive Directors, meets regularly throughout the year and has a formal schedule of matters reserved to it for consideration and decision. This includes the approval of strategy recommendations and budgets as well as significant operational and financial management matters. It has delegated authority to a number of sub-committees, including the Audit and Remuneration Committees, the latter also being responsible for nominations.

To reflect the requirement that there be a clearly accepted division of responsibility at the head of the Company, the Chairman of the Board is a non-executive Director. The appointment and re-appointment of non-executive Directors must be approved by shareholders in General Meeting. Their original appointment was for a period of three years which may be extended thereafter by mutual agreement. Any Director may, in furtherance of his duties, take independent professional advice where necessary, at the expense of the Company. All Directors have access to the Company Secretary whose appointment and removal is a matter for the Board as a whole and who is responsible to the Board for ensuring that agreed procedures and applicable rules and regulations are observed.

Internal financial control

The Board has overall responsibility for the systems of internal financial control within the Group. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the Directors with reasonable assurance that any material problems are identified on a timely basis and dealt with appropriately.

The key elements of the system, which has been established to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures and limits of authority with segregation of duties wherever practicable
- agreement of annual budgets and short-term objectives
- monthly review by the Board of financial statements and short-term objectives
- regular review of forecasts
- central control over treasury, taxation, legal, insurance and personnel issues
- allocations to specified Board members of overall responsibility for environmental, health and safety matters
- a clearly defined framework for investment appraisal

Local management is responsible for operating and monitoring each company's internal financial controls, and for giving formal confirmation of compliance with Group internal financial control guidelines. A programme of visits to trading subsidiaries has been carried out in 1996 by the Group's Finance Director and/or Financial Controller to review the effectiveness of the system of internal financial control. Reports issued following such visits are reviewed by the Board as a whole.

The Board has reviewed the effectiveness of the Group's internal financial control system for the year in accordance with guidelines established by the Committee on the Financial Aspects of Corporate Governance.

Audit Committee

The Audit Committee, chaired by Mr S G Moberley, is composed wholly of the non-executive Directors and meets at least twice a year. Its terms of reference include the review of the annual and interim financial statements, the accounting policies of the Company and its subsidiary undertakings, internal management and financial controls, statutory and other external compliance requirements, and the planning, scope and results of the external auditors' programme. It receives reports from the external auditors who, together with the Chief Executive and the Finance Director, attend meetings at the invitation of the Committee, as required.

Remuneration Committee

The Remuneration Committee is composed wholly of the non-executive Directors and is chaired by Mr D W Kendall. The remuneration of non-executive Directors is determined by the Board as a whole, within the limits set by the Company's Articles of Association. The non-executive Directors are not eligible for pension scheme membership and do not participate in the bonus or share option schemes. The report of the Remuneration Committee is included on pages 15 to 16.

Auditors

The auditors, KPMG Audit Plc, have confirmed that in their opinion: with respect to the Directors' statements on internal financial control on page 13, and going concern on page 10, the Directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement above appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the London Stock Exchange Listing Rules for their review. They have carried out their review in accordance with the relevant guidance issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

Remuneration Committee Report

Compliance

The Remuneration Committee considers that throughout the year under review the Company has complied with the best practice provisions relating to the formation, constitution and operation of Remuneration Committees in Section A annexed to the Listing Rules. The Committee also confirms that full consideration has been given to the best practice provisions relating to remuneration policy, service contracts and compensation set out in Section B of those provisions.

Details of each individual Director's remuneration are set out in note 5 on page 30. Information on each Director's beneficial holdings of shares in the Company and options over such shares is set out in note 25 on page 39.

Remuneration policy for executive Directors and senior executives

It is the aim of the Committee to provide competitive packages in order to attract, retain and motivate directors and executives of the appropriate calibre. The salaries and benefits of executive Directors are determined by the Committee after a review of the performance of the individual. For guidance, the Committee considers, by reference to published surveys and specific professional advice, remuneration paid to senior management of comparable listed companies, particularly in the building materials sector.

The Company operates an annual performance-related bonus scheme for Directors and senior executives which is not pensionable. Bonuses are payable on a sliding scale based on the Group's planned profit for the year subject to adjustment for acquisitions and disposals. Each individual's bonus potential is expressed as a percentage of salary and ranges from 0 to 40%. Mr W G K Wilford is entitled to a minimum bonus of two months' salary and a further bonus expressed as a percentage of salary ranging from 0 to 50% and payable on a sliding scale based on the planned profit for the year of the Ruberoid European Waterproofing division.

An Inland Revenue approved Profit Related Pay Scheme, under which a proportion of salary is linked to the profitability of the Group, is open to UK employees at all levels. Ninety nine per cent of eligible employees, including the executive Directors other than Mr W G K Wilford, currently participate in the scheme.

Executive Directors may take up one external non-executive post with prior permission of the Board. The remuneration from these positions is retained by the executive Directors.

Pensions

The executive Directors (with the exception of Mr W G K Wilford) are members of the Ruberoid PLC Executive Pension Scheme, which is Inland Revenue approved and is separate from the Ruberoid PLC staff schemes as set out in note 24 on page 39. The scheme entitles them to a pension from retirement based on final salary and years of completed service. Each member with less than 30 years' service contributes 5% of pensionable pay (basic salary) to the scheme. The normal retirement age for executive Directors is 60. The scheme also makes the usual provisions for life assurance, ill health and spouse's pension on death, and is subject to Inland Revenue limits. Where the Inland Revenue earnings cap would be exceeded, the Ruberoid PLC Funded Unapproved Retirement Benefit Scheme is used to increase pension benefits. Mr W G K Wilford participates in an insured defined benefits plan for Belgian employees. It is funded on the basis of past service and current salary.

Share options

The Group operates an Executive Share Option Scheme, divided into an Inland Revenue approved scheme and an unapproved scheme, in which executive Directors and certain senior executives are entitled to participate. The executive Directors are granted options over shares in the Company at market rates prevailing at the time of the grant. The Scheme requires that the Company's earnings per share growth is in excess of inflation (as determined by the Retail Price Index) plus 2% for three consecutive years before they can be exercised.

An Inland Revenue approved Savings Related Share Option Scheme is open to eligible employees including the executive Directors. Details of the scheme are set out in note 18 on page 35. Options over 14,375 shares were granted to Mr E B McCann during the year under the Savings Related Share Option Scheme, as set out in note 25 on page 39. No Directors' options were exercised during the year under either Scheme.

Remuneration Committee Report continued

Service contracts

With the exception of Mr B Stock, the Directors were appointed prior to the current requirements of the Listing Rules. It is the Committee's continuing policy to set notice or contract periods in line with market conditions and future appointments of executive Directors will be made in the light of prevailing conditions, but in any event not for periods in excess of two years. The contracts for executive Directors have notice periods of 24 months in the case of Mr I G S McPherson, 20 months in the case of Mr E B McCann and 12 months for Mr B Stock; the service agreement of Mr W G K Wilford is with Atab NV and is an oral contract governed by Belgian Law. There are no agreed periods of notice and, if necessary, the matter would be decided by the Belgian Courts. The unexpired terms of the contracts of the Directors proposed for re-election are set out in the Directors' Report on page 11.

David Kendall Chairman

Directors and Advisers

Directors

David W Kendall*† Aged 61. Joined the Board as Chairman in 1993. He is also Chairman of Blagden Industries plc, Wagon Industrial Holdings PLC, Whitecroft plc and Celtic Energy Ltd and a non-executive Director of Danka Business Systems plc and Gowrings PLC.

Ian G S McPherson Aged 57. Joined the business in 1955 and was appointed to the Board in 1993 as Chief Executive. He was a Director of Tarmac PLC from 1988 to 1995 and is a non-executive Director of The BSS Group PLC.

Michael C Bottjer*† Aged 56. Joined the Board as a non-executive Director in 1995. He is Chairman of Tilbury Douglas Plc.

E Bryan McCann Aged 52. Joined the business in 1992 and was appointed to the Board in 1993. He is Managing Director of the Ruberoid Building Materials and Ruberoid Building Services divisions, and was previously Managing Director of SGB plc.

Stuart G Moberley*† Aged 54. Joined the Board as a non-executive Director in 1995. He is Group Finance Director of McKechnie plc.

Bryan Stock Aged 46. Joined the Board as Finance Director on 1 January 1997. He is a chartered accountant and was previously Finance Director of Polypipe PLC and Bardon Group PLC.

William G K Wilford Aged 54. Joined the business in 1965 and was appointed to the Board in 1993. He is Managing Director of the Ruberoid European Waterproofing division, having been Managing Director of Atab NV since 1972.

* Audit Committee

† Remuneration Committee

Secretary and registered office

Michael L Kippen
Ruberoid PLC
197 Knightsbridge
London SW7 1RB
Telephone 0171 584 7667
Facsimile 0171 584 8040

Registered in England and Wales No. 2446447

Financial advisers

Robert Fleming & Co Limited
25 Copthall Avenue
London EC2R 7DR

Stockbrokers

Panmure Gordon & Co Limited
New Broad Street House
35 New Broad Street
London EC2M 1NH

Solicitors

Macfarlanes
10 Norwich Street
London EC4A 1BD

Auditors

KPMG Audit Plc
2 Cornwall Street
Birmingham B3 2DL

Principal Bankers

Barclays Bank PLC
99 Hatton Garden
London EC1N 8DN

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors' Report to the Members of Ruberoid PLC

We have audited the financial statements on pages 20 to 40.

Respective responsibilities of Directors and auditors

As described on page 18, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1996 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Birmingham

25 March 1997

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's and the Group's financial statements.

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The Group financial statements consolidate the financial statements of Ruberoid PLC and all its subsidiary undertakings.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent Company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the Group Profit and Loss Account from the date of acquisition or up to the date of disposal. Similarly, the cash flows of subsidiary undertakings acquired or disposed of in the year are included in the Group Cash Flow Statement from the date of acquisition or up to the date of disposal.

In accordance with Section 230(4) of the Companies Act 1985, Ruberoid PLC is exempt from the requirement to present its own profit and loss account. The result for the financial year dealt with in the financial statements of Ruberoid PLC is disclosed in note 7 on page 31.

Investments in subsidiary undertakings

In the Company's Balance Sheet, investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value. Where the consideration for the acquisition of subsidiary undertakings includes the allotment of shares and the provisions of Section 131 or 132 of the Companies Act 1985 apply, the cost of the investment represents the nominal value of the shares issued, the minimum premium required to be transferred to the share premium account under Section 132, the fair value of any other consideration given and the costs of acquisition.

Goodwill

Goodwill arising on consolidation and on the acquisition of unincorporated businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves on acquisition. On subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging/crediting the gross amount of any related goodwill/negative goodwill previously taken to reserves.

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services, including long term contracts, to external customers during the year.

Depreciation

With the exception of freehold land which is not depreciated, depreciation is provided to write off the cost of tangible assets, less their estimated residual values, by equal annual instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Long leasehold properties	50 years
Short leasehold properties	Period of lease
Plant, machinery and vehicles	3 to 15 years

Foreign currency

For consolidation purposes, the results and net assets of overseas subsidiary undertakings are translated at the average rates of exchange for the year and the rates of exchange ruling at the year end respectively. Gains or losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date. Exchange differences are reflected in the results for the year.

Leased Assets

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the Profit and Loss Account on a straight line basis over the life of the lease.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. The profit on each individual contract is the lower of profit earned to date and that forecast at completion. Payments received on account are deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

Deferred taxation

Deferred taxation, calculated using the liability method, is provided only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallize in the foreseeable future.

Pensions

The Group operates both money purchase and final salary pension schemes. The amount charged against profit in respect of the money purchase schemes represents the contributions payable to the schemes in respect of the accounting period. Contributions to the final salary schemes are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Group.

Group Profit and Loss Account

for the year ended 31 December 1996

	Note	Continuing operations £000	1996 Discontinued operations £000	Total £000	Continuing operations £000	1995 Discontinued operations £000	Total £000
Turnover		190,710	20,766	211,476	200,954	38,820	239,774
Cost of sales		(145,518)	(16,699)	(162,217)	(152,204)	(33,773)	(185,977)
Gross profit		45,192	4,067	49,259	48,750	5,047	53,797
Net operating expenses	1	(38,424)	(5,449)	(43,873)	(38,201)	(5,897)	(44,098)
Operating profit		6,768	(1,382)	5,386	10,549	(850)	9,699
Loss on disposal of subsidiary undertakings and businesses		-	(2,527)	(2,527)	-	-	-
Net interest payable	2	(1,392)	(262)	(1,654)	(1,362)	(334)	(1,696)
Profit on ordinary activities before taxation	3	5,376	(4,171)	1,205	9,187	(1,184)	8,003
Taxation on profit on ordinary activities	6	(1,918)	552	(1,366)	(3,337)	384	(2,953)
(Loss)/profit on ordinary activities after taxation		3,458	(3,619)	(161)	5,850	(800)	5,050
Equity minority interests				1			(32)
(Loss)/profit for the financial year	7			(160)			5,018
Dividends	8			(2,942)			(2,942)
Retained (loss)/profit for the financial year	19			(3,102)			2,076
(Loss)/earnings per ordinary share	9			(0.3)p			10.4p
Continuing operations earnings per ordinary share	9			7.2p			12.1p

There is no difference between the result as disclosed in the Group Profit and Loss Account and the result on an unmodified historical cost basis.

Movements in reserves are set out in note 19 on page 36.

Group Statement of Total Recognised Gains and Losses

for the year ended 31 December 1996

	1996 £000	1995 £000
(Loss)/profit for the financial year	(160)	5,018
Exchange adjustment	(2,997)	1,272
Total recognised gains and losses for the year	(3,157)	6,290

Group Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 1996

	1996 £000	1995 £000
Total recognised gains and losses for the year	(3,157)	6,290
Dividends	(2,942)	(2,942)
New share capital subscribed	-	1
Negative goodwill taken to profit and loss account on disposals	(551)	-
Goodwill written off on acquisitions	-	(6,834)
Movement in equity shareholders' funds	(6,650)	(3,485)
Equity shareholders' funds at beginning of year	41,279	44,764
Equity shareholders' funds at end of year	34,629	41,279

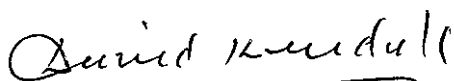
Group Balance Sheet

as at 31 December 1996

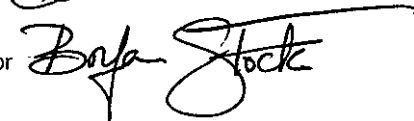
	Note	1996 £000	1996 £000	1995 £000	1995 £000
Fixed assets					
Tangible assets	10		28,828		31,240
Current assets					
Stocks	12	15,205		21,651	
Debtors	13	51,796		57,540	
Cash		8,514		8,496	
		<u>75,515</u>		<u>87,687</u>	
Creditors: amounts falling due within one year					
Borrowings	14	(15,791)		(15,065)	
Other creditors	14	(46,152)		(52,399)	
		<u>(61,943)</u>		<u>(67,464)</u>	
Net current assets			<u>13,572</u>		<u>20,223</u>
Total assets less current liabilities			<u>42,400</u>		<u>51,463</u>
Creditors: amounts falling due after more than one year					
Borrowings	15	(7,099)		(9,416)	
Other creditors	15	(348)		(380)	
			<u>(7,447)</u>		<u>(9,796)</u>
Provision for liabilities	16		<u>(195)</u>		<u>-</u>
Net assets			<u>34,758</u>		<u>41,667</u>
Capital and reserves					
Called up share capital	17		2,411		2,411
Share premium account	19	32,205		32,205	
Other reserves	19	(6,566)		(6,015)	
Profit and loss account	19	6,579		12,678	
			<u>32,218</u>		<u>38,868</u>
Equity shareholders' funds			<u>34,629</u>		<u>41,279</u>
Equity minority interests			<u>129</u>		<u>388</u>
			<u>34,758</u>		<u>41,667</u>

These financial statements were approved by the Board of Directors on 25 March 1997 and were signed on its behalf by:

David Kendall Chairman



Bryan Stock Finance Director



Company Balance Sheet

as at 31 December 1996

	Note	1996 £000	1996 £000	1995 £000	1995 £000
Fixed assets					
Tangible assets	10	143		184	
Investments	11	33,786		38,898	
			33,929		39,082
Current assets					
Debtors: amounts falling due within one year	13	4,292		6,939	
Debtors: amounts falling due after more than one year	13	15,160		13,077	
Cash		6,672		3,398	
		26,124		23,414	
Creditors: amounts falling due within one year					
Borrowings	14	(12,072)		(13,008)	
Other creditors	14	(5,203)		(4,645)	
		(17,275)		(17,653)	
Net current assets			8,849		5,761
Total assets less current liabilities			42,778		44,843
Creditors: amounts falling due after more than one year					
Borrowings	15	(2,262)		(3,999)	
Other creditors	15	(1,781)		(965)	
			(4,043)		(4,964)
Net assets			38,735		39,879
Capital and reserves					
Called up share capital	17		2,411		2,411
Share premium account	19	32,205		32,205	
Profit and loss account	19	4,119		5,263	
			36,324		37,468
Equity shareholders' funds			38,735		39,879

These financial statements were approved by the Board of Directors on 25 March 1997 and were signed on its behalf by:

David Kendall Chairman

David Kendall

Bryan Stock Finance Director

Bryan Stock

Group Cash Flow Statement

for the year ended 31 December 1996

	Note	1996 £000	1996 £000	1995 £000	1995 £000
Net cash inflow from operating activities	23a		9,567		9,638
Returns on investments and servicing of finance					
Interest received		234		398	
Interest paid		(1,700)		(1,610)	
Interest element of finance lease rental payments		(188)		(250)	
Dividends paid		(2,942)		(2,942)	
Net cash outflow from returns on investments and servicing of finance			(4,596)		(4,404)
Taxation					
UK corporation tax		(1,259)		(723)	
Overseas tax		(1,999)		(1,846)	
Tax paid			(3,258)		(2,569)
Investing activities					
Purchase of tangible fixed assets		(3,101)		(3,569)	
Disposal/(acquisition) of subsidiary undertakings and businesses (net of cash and cash equivalents)	23b	1,785		(1,732)	
Sale of tangible fixed assets		313		386	
Net cash outflow from investing activities			(1,003)		(4,915)
Net cash inflow/(outflow) before financing			710		(2,250)
Financing					
Loan repayments	23d	(1,256)		(1,883)	
Capital element of finance lease rental payments	23d	(893)		(576)	
Net share issue proceeds		-		1	
Net cash outflow from financing			(2,149)		(2,458)
Decrease in cash and cash equivalents	23c		(1,439)		(4,708)

Segmental Analysis

for the year ended 31 December 1996

Turnover by division

	Divisional turnover		Inter-divisional turnover		External turnover	
	1996 £000	1995 £000	1996 £000	1995 £000	1996 £000	1995 £000
Continuing operations						
Ruberoid Building Materials	57,050	56,789	(5,151)	(5,777)	51,899	51,012
Ruberoid Building Services	48,580	53,650	(760)	(108)	47,820	53,542
Ruberoid European Waterproofing	91,463	97,594	(472)	(1,194)	90,991	96,400
	<u>197,093</u>	<u>208,033</u>	<u>(6,383)</u>	<u>(7,079)</u>	<u>190,710</u>	<u>200,954</u>
Discontinued operations						
Ruberoid Building Services	5,913	18,378	-	-	5,913	18,378
Ruberoid European Waterproofing	14,853	20,442	-	-	14,853	20,442
	<u>20,766</u>	<u>38,820</u>	<u>-</u>	<u>-</u>	<u>20,766</u>	<u>38,820</u>
	<u>217,859</u>	<u>246,853</u>	<u>(6,383)</u>	<u>(7,079)</u>	<u>211,476</u>	<u>239,774</u>

Profit by division

	1996 Continuing operations £000	1996 Discontinued operations £000	1996 Total £000	1995 Continuing operations £000	1995 Discontinued operations £000	1995 Total £000
Ruberoid Building Materials	5,011	-	5,011	6,372	-	6,372
Ruberoid Building Services	236	7	243	527	69	596
Ruberoid European Waterproofing	2,567	(1,389)	1,178	4,718	(919)	3,799
Central costs	(1,046)	-	(1,046)	(1,068)	-	(1,068)
Operating profit	<u>6,768</u>	<u>(1,382)</u>	<u>5,386</u>	<u>10,549</u>	<u>(850)</u>	<u>9,699</u>

The loss on disposal of subsidiary undertakings and businesses in 1996 totalling £2,527,000 comprises £1,228,000 (including goodwill of £234,000) in Ruberoid Building Services and £1,299,000 (after deducting negative goodwill of £785,000) in Ruberoid European Waterproofing.

Segmental Analysis continued

for the year ended 31 December 1996

Net assets

By division	1996 £000	1995 £000
Continuing operations		
Ruberoïd Building Materials	10,862	10,629
Ruberoïd Building Services	18,927	15,837
Ruberoïd European Waterproofing	27,656	33,323
Central liabilities	(7,808)	(3,873)
	<u>49,637</u>	<u>55,916</u>
Discontinued operations		
Ruberoïd Building Services	-	3,692
Ruberoïd European Waterproofing	-	373
Net operating assets	<u>49,637</u>	<u>59,981</u>
Net debt	(14,376)	(15,985)
Taxation	1,523	(303)
Proposed dividend	(2,026)	(2,026)
Net assets	<u>34,758</u>	<u>41,667</u>

By origin	1996 £000	1995 £000
Continuing operations		
United Kingdom	19,760	18,706
Other Europe	28,265	35,269
USA	1,612	1,941
	<u>49,637</u>	<u>55,916</u>
Discontinued operations		
United Kingdom	-	3,692
Other Europe	-	373
Net operating assets	<u>49,637</u>	<u>59,981</u>
Net debt	(14,376)	(15,985)
Taxation	1,523	(303)
Proposed dividend	(2,026)	(2,026)
Net assets	<u>34,758</u>	<u>41,667</u>

Geographical analysis

	Turnover by origin		Operating profit by origin		Turnover by destination	
	1996 £000	1995 £000	1996 £000	1995 £000	1996 £000	1995 £000
Continuing operations						
United Kingdom	92,598	89,985	2,757	5,210	80,405	93,602
Other Europe	90,991	106,442	2,814	4,337	98,347	100,794
USA	7,121	4,527	1,197	1,002	6,111	4,355
Rest of World	-	-	-	-	5,847	2,203
	<u>190,710</u>	<u>200,954</u>	<u>6,768</u>	<u>10,549</u>	<u>190,710</u>	<u>200,954</u>
Discontinued operations						
United Kingdom	5,913	18,378	7	69	5,913	13,673
Other Europe	14,853	20,442	(1,389)	(919)	14,853	24,725
Rest of World	-	-	-	-	-	422
	<u>20,766</u>	<u>38,820</u>	<u>(1,382)</u>	<u>(850)</u>	<u>20,766</u>	<u>38,820</u>
	<u>211,476</u>	<u>239,774</u>	<u>5,386</u>	<u>9,699</u>	<u>211,476</u>	<u>239,774</u>

Notes to the Financial Statements

1 Net operating expenses

	Continuing operations 1996 £000	Discontinued operations 1996 £000	Group total 1996 £000	Continuing operations 1995 £000	Discontinued operations 1995 £000	Group total 1995 £000
Distribution costs	13,579	108	13,687	14,172	–	14,172
Administrative expenses	25,266	5,342	30,608	24,634	5,897	30,531
Other operating income	(421)	(1)	(422)	(605)	–	(605)
	<u>38,424</u>	<u>5,449</u>	<u>43,873</u>	<u>38,201</u>	<u>5,897</u>	<u>44,098</u>

2 Net interest payable

	Group 1996 £000	Group 1995 £000
Interest payable and similar charges		
On bank loans and overdrafts	1,429	1,652
On other loans	271	160
Finance lease charges	188	250
Sundry interest payable	–	32
	<u>1,888</u>	<u>2,094</u>
Interest receivable		
Bank interest receivable	191	283
Sundry interest receivable	43	115
	<u>234</u>	<u>398</u>
Net interest payable	<u>1,654</u>	<u>1,696</u>

Interest allocated to discontinued operations in both 1996 and 1995 is based on their net debt in the reporting periods.

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation has been arrived at after charging:

	Group 1996 £000	Group 1995 £000
Depreciation on tangible fixed assets	3,036	3,780
Operating leases:		
Hire of plant and machinery	1,080	1,599
Hire of other assets	591	725
Auditors' remuneration		
United Kingdom	175	194
Overseas	112	147

Fees paid to the auditor and its associate for UK non-audit services amounted to £113,000 (1995:£92,000) of which £nil (1995: £66,000) has been capitalised.

Notes to the Financial Statements continued

4 Employees

The average number of employees of the Group was as follows:

	Group 1996 Number	Group 1995 Number
Ruberoid Building Materials	462	503
Ruberoid Building Services	838	1,170
Ruberoid European Waterproofing	828	882
Head Office	17	13
	2,145	2,568

The aggregate employee costs were as follows:

	Group 1996 £000	Group 1995 £000
Wages and salaries	37,493	45,054
Social security costs	9,561	11,050
Other pension costs	1,633	1,792
	48,687	57,896

5 Directors' emoluments

In accordance with the recommendations of the Greenbury Committee, the following table summarises the total remuneration of all the Directors who have served during the year:

	Fees £000	Salary £000	Benefits and other £000	Total emoluments excluding pensions		Pension contributions	
				1996 £000	1995 £000	1996 £000	1995 £000
D W Kendall (Chairman)	45	-	-	45	45	-	-
I G S McPherson	-	175	8	183	179	50	49
E B McCann	-	98	6	104	98	28	24
P Race	-	-	-	-	107	-	10
D T Watson	-	85	38	123	92	24	24
W G K Wilford	-	203	3	206	211	34	31
M C Bottjer	15	-	-	15	15	-	-
S G Moberley	15	-	-	15	5	-	-
D S Winterbottom	-	-	-	-	10	-	-
	75	561	55	691	762	136	138

Directors' emoluments, including pension contributions but excluding compensation for loss of office, totalled £797,000 (1995: £831,000). Of this £75,000 (1995: £75,000) relates to fees paid to non executive Directors and £722,000 (1995: £756,000) relates to executive Directors' emoluments. Included in benefits and other is a payment of £30,000 to the Executive Scheme in connection with D T Watson ceasing to hold office as a Director. The 1995 emoluments of P Race included £69,000 in respect of compensation for loss of office. Excluding pension contributions, the emoluments of the Chairman were £45,000 (1995: £45,000) and those of the highest paid UK Director were £183,000 (1995: £179,000). No performance related bonuses were paid during the year, since the relevant criteria were not achieved.

Until detailed guidance is provided by the Stock Exchange, the figures shown above for pensions are the contributions paid by the Group. Details of Directors' share options are given in note 25 on page 39.

5 Directors' emoluments continued

The following table shows the number of Directors of the Company whose remuneration, excluding pension contributions and compensation for loss of office, was within the bands stated:

	1996 Number	1995 Number
£0 - £5,000	-	2
£5,001 - £10,000	-	1
£10,001 - £15,000	2	1
£15,001 - £20,000	-	1
£20,001 - £25,000	1	1
£25,001 - £30,000	1	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£50,001 - £55,000	-	-
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1

6 Taxation

Taxation based on the profit for the year comprises:

	Group 1996 £000	Group 1995 £000
UK corporation tax at 33%	(271)	133
Overseas taxation	1,146	1,712
Deferred taxation	491	1,108
	1,366	2,953

Taxation attributable to discontinued operations comprises a tax credit of £92,000 (1995: £384,000) on the operating results of the discontinued businesses to the date of disposal, together with a tax credit of £460,000 on the loss on disposal. The low tax credit on the operating results of the discontinued businesses in 1996 is due to unrelieved trading losses.

7 (Loss)/profit for the financial year

	Group 1996 £000	Group 1995 £000
Dealt with in the financial statements of:		
Ruberoid PLC	1,798	5,564
Subsidiary undertakings	(1,958)	(546)
	(160)	5,018

8 Dividends

	Group 1996 £000	Group 1995 £000
Interim dividend of 1.9p (1995: 1.9p) per ordinary share paid	916	916
Final dividend of 4.2p (1995: 4.2p) per ordinary share proposed	2,026	2,026
	2,942	2,942

Notes to the Financial Statements continued

9 (Loss)/earnings per ordinary share

The (loss)/earnings per ordinary share has been calculated by reference to the weighted average of 48,227,802 (1995: 48,227,050) ordinary shares in issue during the year and the Group loss after taxation and minority interests for the financial year of £160,000 (1995 profit: £5,018,000). The earnings per ordinary share for the continuing operations, which highlights the effect on the Group's earnings of the activities that are now discontinued, has been calculated on the same weighted average number of shares, and on the profit after taxation and minority interests for the financial year of £3,459,000 (1995: £5,818,000). This calculation has excluded the discontinued operations' loss on ordinary activities after taxation totalling £3,619,000, 7.5 pence per share (1995: £800,000, 1.7 pence per share).

10 Tangible fixed assets

Group	Land and building £000	Plant machinery and vehicles £000	Total £000
Cost			
At beginning of year	24,339	39,578	63,917
Exchange adjustment	(1,427)	(2,852)	(4,279)
Additions	549	3,471	4,020
Subsidiary undertakings disposed of	(1,217)	(2,216)	(3,433)
Disposals	(49)	(1,988)	(2,037)
At end of year	22,195	35,993	58,188
Gross depreciable assets	20,516	35,993	56,509
Depreciation			
At beginning of year	4,787	27,890	32,677
Exchange adjustment	(477)	(2,030)	(2,507)
Charge for year	483	2,553	3,036
Subsidiary undertakings disposed of	(277)	(1,866)	(2,143)
Disposals	(29)	(1,674)	(1,703)
At end of year	4,487	24,873	29,360
Net book value at 31 December 1996	17,708	11,120	28,828
Net book value at 31 December 1995	19,552	11,688	31,240

The net book value of assets acquired under finance leases included in plant, machinery and vehicles amounted to £2,474,000 (1995: £2,416,000). Depreciation charged on these assets during the year amounted to £703,000 (1995: £609,000).

Company	Plant machinery and vehicles £000
Cost	
At beginning of year	241
Additions	26
At end of year	267
Gross depreciable assets	267
Depreciation	
At beginning of year	57
Charge for year	67
At end of year	124
Net book value at 31 December 1996	143
Net book value at 31 December 1995	184

10 Tangible fixed assets continued

The net book value of assets acquired under finance leases included in plant, machinery and vehicles amounted to £42,000 (1995: £81,000). Depreciation charged on these assets during the year amounted to £39,000 (1995: £17,000).

The net book value of land and buildings comprises:

	Group 1996 £000	Group 1995 £000
Freehold	9,814	11,532
Long leasehold	7,129	7,262
Short leasehold	765	758
	17,708	19,552

11 Investments

Company	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
Cost			
At beginning of year	10,607	28,291	38,898
Loan repayments	-	(5,112)	(5,112)
Other movements	205	(205)	-
At end of year	10,812	22,974	33,786

The principal operating companies, which are shown on pages 41 and 42, are wholly owned, either directly or indirectly, by Ruberoid PLC except where indicated, and all holdings are of ordinary shares. They are incorporated in Great Britain and operate in the UK, unless their address is overseas in which case the country stated is the country of incorporation and operation.

12 Stocks

	Group 1996 £000	Group 1995 £000
Raw materials	4,621	6,160
Work in progress	1,189	3,815
Finished goods and goods for resale	9,395	11,676
	15,205	21,651

13 Debtors

	Group 1996 £000	Group 1995 £000	Company 1996 £000	Company 1995 £000
Amounts falling due within one year:				
Trade debtors	40,482	52,391	-	-
Amounts recoverable on contracts	2,594	71	-	-
Amounts owed by subsidiary undertakings	-	-	3,475	6,363
Taxation recoverable	693	78	351	519
Other debtors	3,503	2,491	381	-
Prepayments and accrued income	1,391	1,811	85	57
	48,663	56,842	4,292	6,939
Amounts falling due after more than one year:				
Trade debtors	1,297	-	-	-
Amounts owed by subsidiary undertakings	-	-	13,324	11,805
Deferred taxation	-	192	-	-
Advance corporation tax recoverable	1,836	506	1,836	1,272
	3,133	698	15,160	13,077
	51,796	57,540	19,452	20,016

Notes to the Financial Statements continued

14 Creditors: amounts falling due within one year

	Group 1996 £000	Group 1995 £000	Company 1996 £000	Company 1995 £000
Borrowings				
Bank loans	8,384	9,848	8,025	8,983
Bank overdrafts	2,235	480	-	-
Loans other than from banks	4,000	4,000	4,000	4,000
Finance leases	1,172	737	47	25
	<u>15,791</u>	<u>15,065</u>	<u>12,072</u>	<u>13,008</u>
Other creditors				
Payments received on account	114	292	-	-
Trade creditors	24,527	27,692	226	112
Amounts owed to subsidiary undertakings	-	-	758	833
Corporation tax	57	590	-	-
Other taxes and social security	6,567	8,564	974	1,030
Other creditors	1,674	2,310	339	191
Accruals	11,187	10,925	880	453
Proposed dividend	2,026	2,026	2,026	2,026
	<u>46,152</u>	<u>52,399</u>	<u>5,203</u>	<u>4,645</u>
	<u>61,943</u>	<u>67,464</u>	<u>17,275</u>	<u>17,653</u>

15 Creditors: amounts falling due after more than one year

	Group 1996 £000	Group 1995 £000	Company 1996 £000	Company 1995 £000
Borrowings				
Bank loans	5,788	7,696	2,257	3,933
Finance leases	1,311	1,720	5	66
	<u>7,099</u>	<u>9,416</u>	<u>2,262</u>	<u>3,999</u>
Amounts owed to subsidiary undertakings	-	-	1,781	965
Other creditors	348	380	-	-
	<u>348</u>	<u>380</u>	<u>1,781</u>	<u>965</u>
	<u>7,447</u>	<u>9,796</u>	<u>4,043</u>	<u>4,964</u>

Group

The Group's borrowings are repayable as follows:

	Bank loans and overdrafts		Other borrowings	
	1996 £000	1995 £000	1996 £000	1995 £000
Within one year	10,619	10,328	5,172	4,737
Between one and two years	4,236	2,191	988	832
Between two and five years	1,552	5,505	323	829
Over five years	-	-	-	59
	<u>16,407</u>	<u>18,024</u>	<u>6,483</u>	<u>6,457</u>

Company

The Company's borrowings are repayable as follows:

	Bank loans and overdrafts		Other borrowings	
	1996 £000	1995 £000	1996 £000	1995 £000
Within one year	8,025	8,983	4,047	4,025
Between one and two years	1,505	1,325	5	30
Between two and five years	752	2,608	-	36
	<u>10,282</u>	<u>12,916</u>	<u>4,052</u>	<u>4,091</u>

16 Provision for liabilities

Group	Deferred taxation £000
At beginning of year	(192)
Exchange adjustment	(99)
Profit and loss account	491
Subsidiary undertakings disposed of	(5)
At end of year	195

The amounts provided for deferred taxation are as follows:

	1996 £000	1995 £000
Accelerated capital allowances	2,219	2,567
Other timing differences	(2,024)	(2,759)
	195	(192)

There are no unprovided deferred tax liabilities. No provision has been made in respect of additional taxation which may become payable in the event that retained profits of overseas subsidiary undertakings are distributed to the parent company. The amount of such liability at 31 December 1996 would not be material.

Company

The amounts provided for deferred taxation are as follows:

	1996 £000	1995 £000
Accelerated capital allowances	-	14
Recoverable advance corporation tax	-	(14)
	-	-

There are no unprovided deferred tax liabilities.

17 Share capital

Authorised	Number	£
At 31 December 1995 and 1996		
Ordinary shares of 5p each	65,000,000	3,250,000
Allotted, called up and fully paid		
At 31 December 1995 and 1996		
Ordinary shares of 5p each	48,227,802	2,411,390

18 Share options

At 31 December 1996, outstanding options to subscribe for ordinary shares of 5p each in the Company were as follows:

	Date of grant	Number of shares 1996	Number of shares 1995	Option price (pence)
Savings Related Share Option Scheme	28 June 1994	788,794	927,828	133
	12 June 1996	515,708	-	120
Executive Share Option Scheme	25 November 1993	889,183	889,183	150

Options under the Savings Related Share Option Scheme are normally exercisable five years after the date of grant. Options under the Executive Share Option Scheme are exercisable between November 1996 and November 2003, subject to performance targets set by the Remuneration Committee.

Notes to the Financial Statements continued

19 Reserves

Group	Share premium account £000	Other reserves £000	Profit and loss account £000	Total £000
At beginning of year	32,205	(6,015)	12,678	38,868
Exchange adjustment	-	-	(2,997)	(2,997)
Retained loss for the financial year	-	-	(3,102)	(3,102)
Negative goodwill taken to profit and loss account on disposals	-	(551)	-	(551)
At end of year	32,205	(6,566)	6,579	32,218

The exchange adjustment includes a gain of £1,267,000 (1995: loss £420,000) in respect of the translation of foreign currency borrowings which have been used to provide a hedge against net investments in overseas subsidiary undertakings. Cumulative goodwill of £43,751,000 (1995: £43,200,000) has been written off against reserves, of which £14,923,000 (1995: £15,739,000) relates to the acquisition of subsidiary undertakings.

Company	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	32,205	5,263	37,468
Retained loss for the financial year	-	(1,144)	(1,144)
At end of year	32,205	4,119	36,324

20 Financial and capital commitments

(a) Commitments for capital expenditure are as follows:

	Group 1996 £000	Group 1995 £000	Company 1996 £000	Company 1995 £000
Contracts placed	607	90	-	-

(b) Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other		Total	
	1996 £000	1995 £000	1996 £000	1995 £000	1996 £000	1995 £000
Annual commitments under operating leases which expire:						
within one year	126	24	255	306	381	330
in second to fifth year	189	190	499	764	688	954
after five years	298	367	-	2	298	369
	613	581	754	1,072	1,367	1,653

Company	Land and buildings	
	1996 £000	1995 £000
Annual commitments under operating leases which expire:		
in second to fifth year	42	42

21 Contingent liabilities

Group

Performance bonds have been entered into in the normal course of business.

Company

The Company has guaranteed bank overdrafts in respect of subsidiary undertakings. At 31 December 1996 these guarantees amounted to £7,192,000 (1995: £4,778,000). In addition the Company has guaranteed performance bonds entered into by subsidiary undertakings in the normal course of business.

22 Disposal of subsidiary undertakings and businesses

	£000
Net assets disposed of:	
Fixed assets	1,290
Stocks	3,085
Debtors	1,580
Creditors	(1,942)
Deferred taxation	(5)
Bank overdrafts	(203)
Net goodwill previously written back to reserves	(551)
	<hr/> 3,254
Loss on disposal	(2,527)
	<hr/> 727 <hr/>
Satisfied by:	
Cash	1,582
Deferred consideration payable	(855)
	<hr/> 727 <hr/>

Notes to the Financial Statements continued

23 Notes to the Group Cash Flow Statement

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

	1996 £000	1995 £000
Operating profit	5,386	9,699
Depreciation on tangible fixed assets	3,036	3,780
Loss/(profit) on sale of fixed assets	21	(200)
Decrease/(increase) in stocks	1,676	(1,145)
Decrease in debtors	3,332	7,247
Decrease in creditors	(3,884)	(9,743)
Net cash inflow from operating activities	9,567	9,638

b) Disposal/(acquisition) of subsidiary undertakings and businesses

Proceeds/(costs) of subsidiary undertakings and businesses disposed/(acquired)	1,582	(8,986)
Loan notes issued	-	4,000
Tarmac indemnity settlement	-	2,622
Cash and cash equivalents of disposed/(acquired) subsidiary undertakings and businesses:		
Cash	-	632
Bank overdrafts	203	-
Net cash inflow/(outflow) on disposal/(acquisition) of subsidiary undertakings and businesses	1,785	(1,732)

c) Analysis of changes in cash and cash equivalents

At beginning of year	431	5,151
Decrease in cash and cash equivalents	(1,439)	(4,708)
Exchange adjustment	390	(12)
At end of year	(618)	431
Represented by:		
Cash	8,514	8,496
Bank overdrafts	(2,235)	(480)
Loans	(6,897)	(7,585)
	(618)	431

d) Changes in financing during the year

	1996 Bank and other loans £000	1996 Finance leases £000	1995 Bank and other loans £000	1995 Finance leases £000
At beginning of year	13,959	2,457	11,169	2,682
Loan notes issued for non-cash consideration	-	-	4,000	-
Loan repayments during the year	(1,256)	-	(1,883)	-
Inception of finance leases	-	919	-	351
Capital element of finance lease repayments	-	(893)	-	(576)
Exchange adjustment	(1,428)	-	673	-
At end of year	11,275	2,483	13,959	2,457

24 Pensions

The Group operates a number of pension arrangements in the United Kingdom and overseas. The total pension cost for the Group was £1,633,000 (1995: £1,792,000) of which £521,000 (1995: £486,000) relates to overseas schemes. At 31 December 1996, outstanding pension contributions payable to the UK schemes totalled £Nil (1995: £123,000).

The UK schemes for staff are of the defined benefit type. The pension cost relating to these schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The values of the transfers from Tarmac PLC schemes were agreed in 1995, and over 90% of the total value has been transferred from those schemes to separate funds administered by trustees and held outside the Ruberoid Group. The Trustees of the Ruberoid Scheme still await the transfer of the funds from one Tarmac PLC pension scheme. Pending transfer into the Ruberoid PLC Staff Pension Scheme, that balance is also held in a separate fund administered by trustees. During 1996, actuarial valuations were carried out on the Ruberoid PLC Staff Pension Scheme and the Ruberoid PLC Executive Pension Scheme. For this purpose, it was assumed that absolute investment returns would be 9% per annum compound and that these would exceed earnings increases by 2% per annum. As at 6 April 1996, the market values of the Schemes' assets were £21,438,000 and £3,568,000 respectively. The actuarial value of the assets of the Ruberoid PLC Staff Pension Scheme was 113% of the value of the benefits after allowing for potential future increases in earnings and pensions in payment and the employer's contribution for 1997 is being adjusted accordingly. On a similar basis, the assets of the Ruberoid PLC Executive Pension Scheme represented 117% of the value of the members' benefits and, on the advice of the actuary, the surplus will be reduced from 1997 onwards by suspending the employer's contributions to the Scheme. There is also a defined contribution scheme for eligible operatives based in the UK, all of whose assets are held in separate trustee-administered funds.

Most of the Group's subsidiary undertakings in Belgium, Ireland, The Netherlands and the USA operate pension arrangements for staff. These are usually administered by insurance companies and include both defined benefit and defined contribution plans. Some of these subsidiary undertakings also participate in a number of industry-wide arrangements. The relevant employers' contributions are charged against profits as incurred.

25 Directors' interests

The Directors' interests in the ordinary share capital of the company are as follows:

	Holding at 31 December 1996		Holding at 31 December 1995		Share option movements in year	
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised
M C Bottjer	-	-	-	-	-	-
D W Kendall	30,000	-	20,000	-	-	-
I G S McPherson	32,800	312,969	32,800	312,969	-	-
E B McCann	10,200	124,375	10,200	110,000	14,375	-
S G Moberley	2,000	-	2,000	-	-	-
D T Watson	12,500	119,635	12,500	119,635	-	-
W G K Wilford	868,883	185,185	868,883	185,185	-	-

Options over 14,375 ordinary shares of 5p each were granted to Mr E B McCann on 12 June 1996 pursuant to the Savings Related Share Option Scheme and are normally exercisable after 12 June 2001 at 120 pence per share.

Options over 12,969 ordinary shares of 5p each were granted to Mr I G S McPherson and Mr D T Watson on 28 June 1994 pursuant to the Savings Related Share Option Scheme, and are normally exercisable after 28 June 1999 at 133 pence per share.

The remaining share options were granted on 25 November 1993 pursuant to the Executive Share Option Scheme and are exercisable between November 1996 and November 2003 at the issue price of 150 pence per share, subject to performance targets set by the Remuneration Committee. The options may only be exercised if the growth in the Company's earnings per share over a period of three consecutive years is at least equal to the rate of inflation (as determined by the Retail Price Index) plus 2%. No options were granted pursuant to the Executive Share Option Scheme during the year, and no Directors' options lapsed during the year under either Scheme.

Notes to the Financial Statements continued

25 Directors' interests continued

During the period from 1 January 1997 to 25 March 1997 there were no changes in the interests of the serving Directors.

No Director was beneficially interested in the share capital of any subsidiary undertaking and no Director was or is materially interested in any contract subsisting during or at the end of the financial year which was significant in relation to the Group's business.

26 Related party transactions

During 1996, Ruberoid European Waterproofing received services to a value of £66,000 from Helimo NV, a Belgian company controlled by Mr W G K Wilford, of which £3,000 was unpaid at 31 December 1996.

Mr D T Watson has entered into a consultancy contract with the Group for a period of 12 months with effect from 1 April 1997. The total value of this contract will be £10,000.

Operating Companies

Ruberoid Building Materials

Ruberoid Building Products Ltd*

10-14 Howard Court, Tewin Road
Welwyn Garden City, Herts AL7 1BP
Tel 01707 822222 Fax 01707 375060

Manufacture of waterproofing products
Also at Appley Bridge, Chesterfield and Dundee

Permanite Asphalt Ltd*

Cawdor Quarry, Matlock, Derbys DE4 2JH
Tel 01629 580363 Fax 01629 57099

Manufacture of waterproofing products
Also at Agecroft, Droitwich and Wanstrow

Irish Roofing Felts Ltd

Unit 3, Carriglea Industrial Estate, Naas Road
Dublin 12, Ireland
Tel 01 456 4288 Fax 01 456 4291

Distribution of waterproofing products
Also at Ballyclare, Cork, Letterkenny and Limerick

Ruberoid Specialist Products Ltd*

Hilglaze Polycarbonate Ltd

Lords Fold, Ormskirk Road, Rainford
St Helens, Merseyside WA11 8HP
Tel 01744 88 5011 Fax 01744 88 5668

Manufacture and distribution of building chemicals
and roofing products

Hyload Inc

Martin Rubber Company of Ohio, Inc

9976 Rittman Road, Wadsworth, Ohio 44281, USA
Tel 0330 336 5022 Fax 0330 336 5512

Manufacture of waterproofing products
and protective tank linings

Blair Rubber Company, Inc

1252 Mina Avenue, Akron, Ohio 44321, USA
Tel 0330 666 3600 Fax 0330 666 9334

Manufacture of protective tank linings
and belt-splicing materials

Ruberoid Building Services

Briggs Roofing and Cladding Ltd*

Ruberoid Contracts Ltd*

Durastic Roofing and Cladding Ltd*

Forsyth Road, Sheerwater, Woking, Surrey GU21 5RR
Tel 01483 756055 Fax 01483 756077

Roofing and cladding services

Briggs Roofing and Cladding (North) Ltd

Halfords Lane, Smethwick, Warley, West Midlands B66 1BJ
Tel 0121 555 6464 Fax 0121 555 5862

Roofing and cladding services
Also at Birmingham, Blackpool, Hull, Leeds, Liverpool,
Manchester and Newcastle

Briggs Roofing and Cladding (South) Ltd

11-15 Gibbins Road, Stratford, London E15 2HU
Tel 0181 534 9900 Fax 0181 534 0474

Roofing and cladding services
Also at Bridgend, Bristol, Norwich, Southampton and Southend

Briggs Roofing and Cladding (Scotland) Ltd

St. Mungo Street, Bishopbriggs, Glasgow G64 1JF
Tel 0141 762 2606 Fax 0141 762 2215

Roofing and cladding services
Also at Aberdeen and Edinburgh

Briggs Roofing and Cladding Ltd

Marble Hill, Ballintemple, Cork, Ireland
Tel 021 294522 Fax 021 294886

Roofing and cladding services
Also at Belfast

Broderick Structures Ltd

Forsyth Road, Sheerwater, Woking, Surrey GU21 5RR
Tel 01483 750207 Fax 01483 750209

Metal roofing and cladding systems
Also at Edinburgh, Glasgow, Manchester and Newcastle

Hyflex Roofing Ltd*

Halfords Lane, Smethwick, Warley, West Midlands B66 1BJ
Tel 0121 555 6464 Fax 0121 555 5862

Roofing maintenance services
Also at Bridgend, Cheltenham, Edinburgh, Leeds, London
and Newcastle

Operating Companies

Ruberoid European Waterproofing

Antwerps Teer & Asphaltbedrijf NV ("Atab")
d'Herbouvillekaai 80, 2020 Antwerp, Belgium
Tel 03 248 3000 Fax 03 248 3777

Manufacture and installation of waterproofing products
Also at Beveren, Brussels, Gistel and Turnhout

Asphaltco SA (99.5%)
Vilvoordelaan 92, 1830 Machelen, Belgium
Tel 02 251 8400 Fax 02 252 4800

Manufacture of building chemicals
Distribution and installation of waterproofing products

Albintra NV
Bistweg 80, 2520 Ranst-Broechem, Belgium
Tel 03 470 1212 Fax 03 470 1200

Distribution of roofing products and insulation

Nebiprofa BV
Krommeweg 10, 3340 AA Hendrik-Ido-Ambacht
The Netherlands
Tel 078 625 06 00 Fax 078 612 40 81

Manufacture and distribution of roofing products
Also at Bergschenhoek

Judon BV
Breevaartstraat 51, 3004 EC Rotterdam, The Netherlands
Tel 010 415 38 10 Fax 010 415 70 23

Distribution and installation of roofing products

Bitasco BV
Kalshoven 21, 4825 CE Breda, The Netherlands
Tel 076 571 55 40 Fax 076 571 19 16

Distribution and installation of roofing products
Also at 's-Hertogenbosch and Vlissingen

Touwen & Co BV
Oostzijde 300, 1500 EE Zaandam, The Netherlands
Tel 075 635 00 11 Fax 075 631 16 72

Manufacture of paints and wood preservatives

Shares of those companies which are directly owned by Ruberoid PLC are marked with an asterisk.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Ruberoid PLC will be held at 30 Fumival Street, London EC4A 1JE on 29 May 1997 at 10 am for the following purposes:

Ordinary business

- 1 To receive and adopt the report of the Directors and the audited financial statements for the year ended 31 December 1996.
- 2 To approve the payment of a final dividend of 4.2 pence per ordinary share.
- 3 To re-elect the following Directors who retire in accordance with the Company's Articles of Association:
(a) Mr D W Kendall (a member of the Audit and Remuneration Committees)
(b) Mr B Stock
(c) Mr W G K Wilford
- 4 To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to determine their remuneration.

Special business

As special business to consider and, if thought fit, pass the following Resolution as a Special Resolution. An explanatory note is included in the Directors' Report.

5 That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by Resolution no. 5 passed as an Ordinary Resolution at the Company's Annual General Meeting on 12 May 1995 as if sub-section (1) of Section 89 of the Act did not apply to any such allotment provided that this authority shall be limited to:

(a) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders and other persons entitled to participate therein are proportionate (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the number of ordinary shares which such other persons are for these purposes deemed to hold) but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems arising in any territory or the requirements of any recognised regulatory body or stock exchange; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution) of equity securities up to the aggregate nominal amount of £120,569;

and shall expire at the earlier of the conclusion of the Annual General Meeting held in 1998 and the date 15 months from the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

By order of the Board
Michael Kippen Secretary
25 April 1997

Registered office
197 Knightsbridge
London SW7 1RB

Notes

- 1 Members entitled to attend and vote may appoint one or more proxies to attend and, on a poll, to vote on their behalf. A proxy need not also be a member of the Company. To be effective, proxy forms must be lodged with the Registrars not later than 48 hours before the time fixed for the Meeting.
- 2 Copies of the Directors' service agreements and the register of Directors' interests will be available for inspection at the Company's registered office during business hours on Monday to Friday until the day of the Annual General Meeting, and at the place of the Meeting from 15 minutes before the Meeting.

Shareholder Information

Analysis of ordinary shareholdings

at 25 March 1997

	Number of holders	%	Number of shares	%
Held by:				
Individuals	5,793	93.7	4,727,141	9.8
Institutional and other investors	392	6.3	43,500,661	90.2
	<u>6,185</u>	<u>100.0</u>	<u>48,227,802</u>	<u>100.0</u>

The middle market price of Ruberoid PLC ordinary shares at 31 December 1996 was 98 pence and the range during 1996 was 95 pence to 152 pence.

Size of holdings

Up to 1,000	5,152	83.3	2,767,466	5.7
1,001 to 10,000	872	14.1	2,030,335	4.2
10,001 to 50,000	54	0.9	1,420,910	3.0
50,001 to 100,000	32	0.5	2,471,408	5.1
Over 100,000	75	1.2	39,537,683	82.0
	<u>6,185</u>	<u>100.0</u>	<u>48,227,802</u>	<u>100.0</u>

Substantial shareholdings

As at 25 March 1997 the Company had been advised of the following substantial interests in the ordinary share capital:

	Number of shares	% of issued share capital
P.D.F.M. Limited (various funds)	12,525,954	25.97
Scottish Amicable Nominees Limited	2,969,336	6.15

Financial calendar

Year end	31 December
Preliminary results announcement	26 March 1997
Annual General Meeting	29 May 1997
Final dividend payable	2 June 1997
Half-year results announcement	September 1997
Interim dividend payable	November 1997

Registrars and transfer office

Independent Registrars Group Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone 0181 650 4866

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