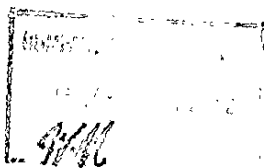


3848/407

DIRECTORS' REPORT AND ACCOUNTS

LINDUSTRIES LIMITED

27 SEPTEMBER 1980



LINDUSTRIES LIMITED

DIRECTORS' REPORT

Directors: A R Cotton (Chairman)
A G L Alexander
J J S Marshall
M G Taylor
N F Wilkinson

Secretary: N F Wilkinson

Registered Office: 31 St. Andrew Square, Edinburgh EH2 2AB, Scotland

The directors present their report for the 18 months ended 27 September 1980

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the 18 months ended 27 September 1980. The profit for the period available to shareholders amounts to £1,090,572 and, subject to approval of the proposed final dividend, is dealt with as shown in the profit and loss account.

The directors propose a final dividend of £5,175,000 on the ordinary shares, which together with the interim dividend of £2,000, paid previously, makes a total of £5,177,000 for the period. A final dividend of £69,300 on the preferred ordinary stock is also recommended.

PRINCIPAL ACTIVITIES

During the period the company became a wholly owned subsidiary of Hanson Trust Limited. It acts as a holding company of its subsidiaries which trade in the engineering, textiles and rubber and plastics industries.

DIRECTORS

The directors of the company during the period were those listed above, with the exception of Mr N F Wilkinson who was appointed on 1 October 1980, together with the following :

Mr W E Luke	Resigned 31 July 1979
Mr D A Hunter Johnston	Resigned 20 September 1979
Col B M Knox	Resigned 20 September 1979
Sir Ian Morrow	Resigned 20 September 1979
Sir Alec Ogilvie	Resigned 20 September 1979
Mr E L S Weiss	Resigned 29 February 1980
Mr P A Rippon	Resigned 29 February 1980
Mr A E Luke	Resigned 14 March 1980
Mr J A Harper	Resigned 31 March 1980
Mr P J Harper	Resigned 23 May 1980
Mr R J Lupini	Resigned 27 June 1980
Mr P J W Shuttleworth	Resigned 30 June 1980
Mr R B Cowell	Resigned 30 November 1980

Mr R B Cowell and Mr P J Harper who have resigned from the board, were appointed on the 20 September 1979 and 22 November 1979 respectively. Mr A G L Alexander, Mr J J S Marshall, Mr M G Taylor and Mr A R Cotton were appointed to the board on 20 September 1979, 1 December 1979, 27 February 1980 and 27 May 1980 respectively.

LINDUSTRIES LIMITED

DIRECTORS' REPORT (contd)

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1967, none of the directors at 27 September 1980 had any interest in the share capital of the company or its subsidiaries at either the beginning or end of the period.

Mr A G L Alexander and Mr M G Taylor are directors of the ultimate holding company, Hanson Trust Limited, in whose accounts their interests in that company are disclosed.

The other directors' interests in the share capital and loan stock of Hanson Trust Limited are as follows :

	27 September 1980	1 April 1979 or date of appointment if later
	Ordinary	Ordinary
Mr A R Cotton	3,756	11,256
Mr J J S Marshall	6,477	16,477
Mr R D Cowell	1,650	11,000

SHARE OPTIONS

The company issued 385,250 ordinary shares to senior executives in the period who exercised their options in accordance with the rules of the Lindustries Share Option Scheme (1973). No further options are held.

AUDITORS

Coopers and Lybrand resigned as auditors during the period and Ernst and Whinney were appointed in their place.

Ernst and Whinney have indicated their willingness to continue in office as auditors of the company and in accordance with Section 14 of the Companies Act 1976 a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board



M F Wilkinson

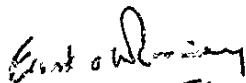
Secretary

3 December 1980

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Lindustries Limited set out on pages 4 to 14. These have been prepared under the historical cost convention as explained in note 1(a). Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 27 September 1980 and of the profit and source and application of funds for the 18 months then ended and comply with the Companies Acts 1948 and 1967.



Ernst and Whinney

Hull

8 December 1980

LIN INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 18 MONTHS ENDED 27 SEPTEMBER 1980

	Note	18 months ended 27 September 1980	Year ended 31 March 1979
TURNOVER	2	102,000	68,000
OPERATING PROFIT	3	6,584,052	10,250,970
INTEREST PAYABLE	5	677,987	252,264
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		5,906,065	9,998,706
TAXATION	6	406,691	(3,153)
		5,499,374	10,001,859
EXTRAORDINARY ITEMS	7	4,408,802	1,032,487
PROFIT ATTRIBUTABLE TO MEMBERS		1,090,572	8,969,372
DIVIDENDS	8	5,304,050	1,929,775
RETAINED PROFIT/(LOSS) FOR THE PERIOD		(4,213,478)	7,039,597
STATEMENT OF RETAINED PROFITS:			
Balance at 31 March 1979		18,366,594	11,328,117
Exchange rate adjustment		132,290	(1,120)
Retained Profit/(loss) for the period		(4,213,478)	7,039,597
Balance at 27 September 1980		14,285,406	18,366,594

LINDUSTRIES LIMITED

BALANCE SHEET AT 27 SEPTEMBER 1980

		27 September 1980 £	31 March 1979 £
ASSETS EMPLOYED			
	Note		
Fixed Assets	9	1,548,148	966,817
Interest in subsidiaries	10	33,729,049	33,001,438
Investments	11	181,425	181,525
Recoverable advance corporation tax		559,543	939,746
		<u>36,018,165</u>	<u>35,089,526</u>
CURRENT ASSETS:			
Debtors		4,159,544	98,534
Short term deposits		-	1,100,000
Cash at bank		25,688	-
		<u>4,185,232</u>	<u>1,198,534</u>
CURRENT LIABILITIES:			
Creditors and accrued liabilities		129,392	84,081
Bank overdraft and short term loans		84,449	467,122
Taxation		265,331	1,027,143
Amount due to ultimate holding company		6,175,785	-
Dividends		5,302,050	1,907,975
		<u>11,957,007</u>	<u>3,486,321</u>
NET CURRENT LIABILITIES:		<u>(7,771,775)</u>	<u>(2,287,787)</u>
		<u>28,246,390</u>	<u>32,801,739</u>
FINANCED BY:			
Issued capital	12	6,951,758	6,855,445
Share premium	13	4,673,640	4,585,477
Non-distributable reserves		112,748	112,748
Retained profit		14,285,406	18,366,594
		<u>26,023,552</u>	<u>29,920,264</u>
Debentures and term loans	14	2,156,838	2,881,475
Deferred taxation	15	66,000	-
		<u>28,246,390</u>	<u>32,801,739</u>

A.R. Cotton

J. J. S. Marshall

J J S Marshall

Directors

L INDUSTRIES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE 18 MONTHS ENDED 27 SEPTEMBER 1980

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
SOURCE OF FUNDS		
FROM OPERATIONS:		
Profit before taxation and extraordinary items	5,906,065	9,998,706
Extraordinary items involving movement of funds	(255,935)	-
Depreciation	31,046	20,699
	<u>5,681,176</u>	<u>10,019,405</u>
OTHER SOURCES		
Disposal of fixed assets	4,017,968	-
Disposal of investment in subsidiary	1,300,000	30,637
Sale of investment	100	-
Amounts received from ultimate holding company	6,175,785	-
Share options	184,475	37,899
	<u>17,359,505</u>	<u>10,087,941</u>
FUNDS APPLIED		
Purchase of fixed assets	4,630,345	-
Purchase of shares in subsidiaries	514,577	-
Repayment of term loans	724,637	1,464,951
Taxation paid	722,300	279,083
Dividend paid	1,909,975	1,175,772
Loan to associated company	-	146,001
	<u>8,501,834</u>	<u>3,065,777</u>
INCREASE IN WORKING CAPITAL		
Arising from movements in:		
Debtors	4,061,010	67,448
Creditors	(45,311)	66,837
Group indebtedness	5,533,611	5,982,388
Net liquid funds	(691,639)	909,491
	<u>8,857,671</u>	<u>7,022,164</u>
	<u>17,359,505</u>	<u>10,087,941</u>

LINDSEY LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980

1 ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention modified by translation of foreign currencies.

(b) Depreciation

The cost of fixed assets is written off by equal instalments over their expected useful lives, as follows :

Long leasehold buildings	50 years
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(c) Deferred taxation

Provision is made for deferred taxation, using the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future.

(d) Consolidated accounts

Consolidated accounts, including accounting for associated companies in accordance with Statement of Standard Accounting Practice 1, have not been prepared because in the opinion of the directors the additional information would be of no real value to members of the company.

The company is a wholly owned subsidiary of a body incorporated in Great Britain and in the opinion of the directors the value of the company's investments in its subsidiaries and associated companies is not less than the amounts stated in the balance sheet. The profits of companies in which the company holds shares as trade investments and associated companies are included only to the extent of dividends received.

(e) Foreign currencies

Foreign currencies are translated at rates ruling at the balance sheet date. Differences on translation arising from changes in the Sterling value of overseas net assets at the beginning of the period due to subsequent variations in exchange rates are shown as a movement on the statement of retained profits.

2 TURNOVER

Turnover comprises gross rents receivable from the letting of properties to third parties.

LINDSTRONG LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

3 OPERATING PROFIT is arrived at after charging/(crediting):

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
Depreciation	31,046	20,698
Auditors' remuneration	40,877	14,179
Dividends from subsidiaries	(6,320,000)	(10,017,310)
Dividend from associate	(135,000)	(60,000)
Interest received from subsidiaries	(104,782)	-
Interest received from associate and from short term deposits	(76,174)	(244,210)
Directors' emoluments (see note 4)	14,999	8,719

Directors' emoluments paid by subsidiaries (see note 4)	376,487	147,530
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4 EMOLUMENTS OF DIRECTORS

	18 months ended 27 September 1980	Year ended 31 March 1979
Fees	5,377	9,384
Remuneration including pension contributions	176,960	142,151
	182,339	151,535
Pensions to former executive directors	7,200	4,714
Compensation for loss of office	184,947	-
Superannuation gratuity to former Chairman on retirement	17,000	-
	391,486	156,249

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
Chairmen:		
W E Luke to 31 July 1979	3,819	
P A Rippon 1 August 1979 to 29 February 1980	18,081	
P J Harper 13 March 1980 to 23 May 1980	-	
A R Cotton from 27 May 1980	-	
	21,900	8,701
Highest paid director	27,244	25,838

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

4 EMOLUMENTS OF DIRECTORS (contd)

Directors' emoluments in scale:	No. of directors	
Not more than £5,000	10	4
£5,001 - £10,000	-	2
£10,001 - £15,000	-	1
£15,001 - £20,000	1	-
£20,001 - £25,000	4	3
£25,001 - £30,000	2	1

5 INTEREST PAYABLE

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
Bank interest	475,784	117,462
Debentures - repayable after 5 years	202,203	134,802
	<u>677,987</u>	<u>252,264</u>

6 TAXATION

The charge on the profit for the period comprises :

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
UK Corporation tax	-	(71,210)
Deferred taxation	66,000	-
Adjustments relating to prior years	340,691	68,057
	<u>406,691</u>	<u>(3,153)</u>

UK Corporation tax has been provided at 52% (1979 - 52%). The transfer to deferred taxation is in respect of a potential liability arising from the purchase of a property from a subsidiary at a valuation in excess of cost to that subsidiary.

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

7 EXTRAORDINARY ITEMS

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
Expenses on disposal of property	138,681	-
Loss on disposal of subsidiary	117,254	-
Provision to reduce investments in subsidiaries to net asset value	4,152,867	1,032,487
	<u>4,408,802</u>	<u>1,032,487</u>

8 DIVIDENDS

	18 months ended 27 September 1980 £	Year ended 31 March 1979 £
Preference stock	57,750	38,500
Preferred ordinary stock	69,300	46,200
Ordinary shares - interim paid	2,000	613,487
- proposed final	5,175,000	1,229,038
Adjustment to 1978 final dividend for shares issued after 1 April 1978	-	2,550
	<u>5,304,050</u>	<u>1,929,775</u>

9 FIXED ASSETS

	Freehold property £	Land Leasehold Property £	Total £
Cost at 31 March 1979	-	1,034,882	1,034,882
Inter group transfers	22,888	4,784,522	4,807,410
Cost of disposals	(22,888)	(4,168,462)	(4,191,350)
At 27 September 1980	<u>-</u>	<u>1,650,942</u>	<u>1,650,942</u>
Depreciation		68,065	68,065
At 31 March 1979	-	172,145	177,065
Inter group transfers	4,920	31,046	31,046
Charge for period	-	(168,452)	(173,382)
Relating to disposals	(4,920)		
At 27 September 1980	<u>-</u>	<u>102,794</u>	<u>102,794</u>
Net book amount			
At 27 September 1980	<u>-</u>	<u>1,548,148</u>	<u>1,548,148</u>
Net book amount			
At 31 March 1979	<u>-</u>	<u>966,817</u>	<u>966,817</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

10 INTEREST IN SUBSIDIARIES

	27 September 1980 £	31 March 1979 £
Shares at cost less provisions	8,887,473	11,187,151
Amounts due from subsidiaries, including dividends receivable, less provisions	26,281,357	24,992,573
	35,168,830	36,179,724
Amounts due to subsidiaries	1,439,781	3,378,286
	33,729,049	33,001,438

The principal subsidiaries at 27 September 1980 were :-

Company	Country of incorporation and operation
Engineering Division:	
Delaney Gallay Limited	U K
Heating Elements Limited	U K
Ratby Engineering Co. Limited	U K
C S Milne & Co. Limited	U K
Joseph Rhodes & Sons Limited	U K
Coil Machinery (Comac) Limited	U K
Rubber and Plastics Division:	
H A Coombs Limited	U K
The St. Albans Rubber Co. Limited	U K
Waddington & Duval (Holdings) Limited	U K
William Warne & Co. Limited	U K
Textiles Division:	
Lindustries Textiles Limited	U K
* Barbourgaren Nederland BV	Holland
* Barbour Threads Pty Limited	Australia
* Barbour Threads (Pty) Limited	South Africa
* N V Barbour Threads - Belgium S A	Belgium
* Frank and Bryce (NZ) Limited	New Zealand
* The Irish Thread Manufacturing Co. Limited	Eire
Dunbar McMaster & Co. Limited	U K
* Fils a Courdre Barbour S A	France
* Industria Filati di Lino e Canapa SpA	Italy
Levi Jackson & Sons Limited	U K
The Longford Textile Co. Limited	Eire
Longford Manufacturing Limited	Eire

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

10 INTEREST IN SUBSIDIARIES (contd)

The principal subsidiaries (contd)

Company

Country of
incorporation
and operation

Overseas Division:

- * Industrias Alta Mar SA
- * Industrial del Fresno S A
- * John Leckie Limited

Mexico
Mexico
Canada

Non Divisional Companies:

- Crawford Industrial Properties Limited
- Lindustries Investments Limited
- Lindustries Management Services Limited
- Lindustries Exports Limited

U K
U K
U K
U K

All the above companies are wholly owned with the exception of Industrias Alta Mar and Industrial del Fresno which are 59.7% owned. Shares in each of the above are held by Lindustries Limited except those marked * which are held by a subsidiary.

11 INVESTMENTS

27 September 1980
£31 March 1979
£

Unlisted:

Shares at cost
Directors' valuation £1,000
(31 March 1979 - £1,100)

1,0001,100

Associated company - Unlisted :

Shares at cost
Directors' valuation £20,425
(31 March 1979 - £20,425)
Loans

20,425

20,425

160,000160,000180,425180,425181,425181,525

Total investments

The investment in the associated company comprises the following holding:

Company	Total issued capital	Proportion held
Heaton Codan Rubber Limited	£25,000	400

The company is registered in England

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

	Authorised		Issued and fully paid	
	27 September 1980	31 March 1979	27 September 1980	31 March 1979
	£	£	£	£
12 SHARE CAPITAL				
3.5% cumulative preference stock	1,100,000	1,100,000	1,100,000	1,100,000
4.2% preferred ordinary stock	1,100,000	1,100,000	1,100,000	1,100,000
Ordinary shares of 25p each.	10,300,000	10,300,000	4,751,758	4,655,400
	<u>12,500,000</u>	<u>12,500,000</u>	<u>6,951,758</u>	<u>6,855,400</u>
13 SHARE PREMIUM		£		
At 31 March 1979		4,585,477		
Premium on share options exercised		<u>88,163</u>		
At 27 September 1980		<u>4,673,640</u>		
14 DEBENTURES AND TERM LOANS				
		27 September 1980	31 March 1979	
		£	£	
6 1/4% Debenture Stock 1984/89 secured		2,156,838	2,156,838	
Unsecured loan repayable within 5 years		-	724,637	
		<u>2,156,838</u>	<u>2,881,475</u>	

INDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1980 (contd)

15 DEFERRED TAXATION	27 September 1980 £	31 March 1979 £
Chargeable gain on property revaluations	88,000	-
Short term timing differences	(22,000)	-
	<u>66,000</u>	<u>-</u>

There is no further potential liability for deferred taxation.

16 CONTINGENT LIABILITIES	27 September 1980 £	31 March 1979 £
Guarantees for bank and other loans	2,540,013	1,849,693
Uncalled share capital	15,825	15,825
	<u>2,555,838</u>	<u>1,865,518</u>

The company has guaranteed annual payments of subsidiaries up to £32,549 (31 March 1979 - £105,537).

17 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hanson Trust Limited which is incorporated in England.