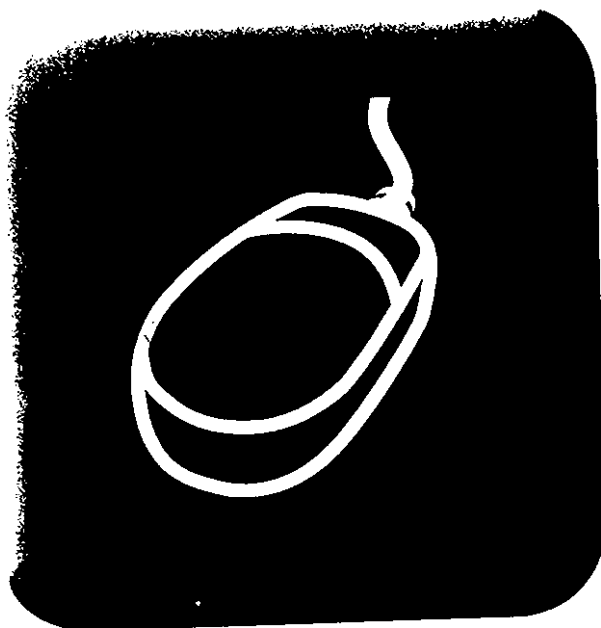
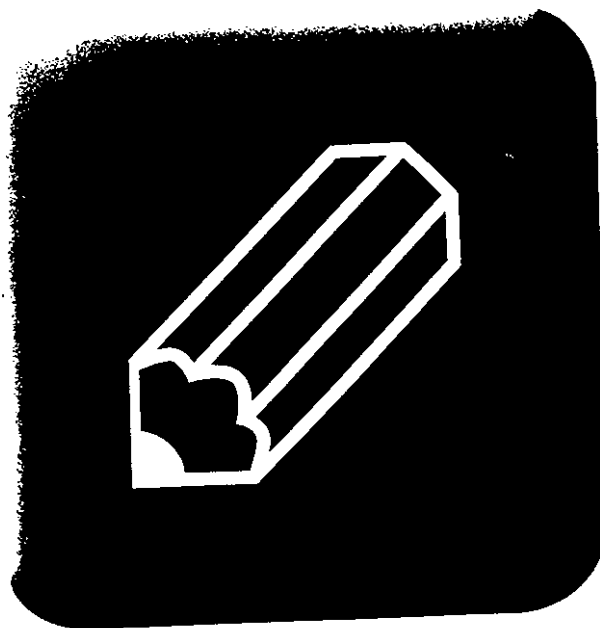


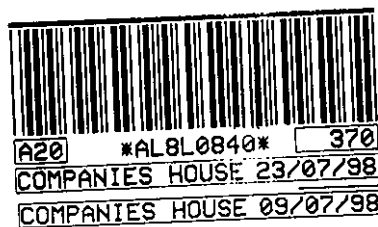
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Software
and Design



SOLVERA



Chairman's statement

This year has been one of considerable corporate activity as we have sold, acquired and reorganised companies. The result is a much changed and more focused Group.

Sales from our ongoing operations increased by 15 per cent to £35 million (1997: £31 million), whilst total sales were £42 million (1997: £43 million), which includes discontinued and discontinuing businesses.

The pre-tax loss for the year ended March 1998, after reorganisation and non-recurring expenditure of £2.6 million, goodwill of £5.3 million and profit on the sale of Optronics £2.4 million, was £6.6 million (1997: £1 million profit).

The Board is pleased to recommend a final dividend of 0.14p per share, making 0.28p for the financial year, a considerable increase on last year's dividend of 0.1p. This will be payable on 31 July to all shareholders on the register at 19 June.

The Year's Trading

Our actions this year have been driven by cash considerations which will produce long-term as well as short-term benefits. Accordingly net debt this year has again been reduced by £1 million and now stands at £3.4 million, some 47 per cent of shareholder funds. We are aiming to create businesses at the leading edge of technology, with the critical mass necessary to produce satisfactory levels of profitability and capable of operating on a global basis. Our first strategic move in September 1997 was to sell the Optronics Division for £8.0 million which provided the cash to reorganise the Group and acquire strategically important companies.

The Group reorganisation has centred on Logistics Documentation and Castlet where significant management action was taken to address the issues faced in these companies and includes integration costs arising from our recent acquisitions.

Peters & Zabransky (now renamed P+Z Engineering) and Forward have again produced record profits in the year, some 58 per cent and 55 per cent up on the last financial year. Similarly, Logistics Software increased sales by 30 per cent and profitability by 194 per cent.

The total year-on-year increase in profitability from these three companies was £1 million. However, this was insufficient to offset the underperformance at Logistics Documentation and Castlet Electronics whose results were some £2.0 million worse than last year (before reorganisation and non-recurring costs).

Overall our trading performance for the year was not as good as expected, with ongoing operating profit being £0.3 million compared to £1.3 million last year.

Design and Documentation

In Logistics Documentation contracts for Jetstream manuals for British Aerospace and MoD codification were not renewed, resulting in revenue falling 40 per cent to £5.0 million, an inadequate level of income to produce acceptable returns. We therefore reorganised by closing depots involved in low margin, low technology products.

P+Z Engineering and Forward have again produced record profits

Net debt this year has again been reduced

Chairman's statement continued

We took the opportunity to introduce new management to focus on higher margins and new technology and we then acquired the technical information division of Hunterskil Howard for £1.5 million, which has added new customers in new markets. Subsequent to the year end we have acquired the business of Ferrari Offshore Ltd for £0.2 million which has a growing presence in the marine and Aberdeen oil industries. We expect these acquisitions to significantly improve revenue in the coming year.

Logistics Software had a very successful year selling Omega PS software throughout Europe. In December we acquired a controlling stake in Omega Logistics International Inc with offices in California and Ottawa for £0.3 million to gain the global distribution rights to Omega PS.

We have now created Solvera Information Services by putting our Logistics Software and the remaining Documentation businesses together with the new acquisitions. This business operates internationally under common management in the UK, USA, Canada and Europe and is now the largest independent provider of technical documentation in the UK.

The opportunities for future outsourcing and corporate deals in the UK, USA and Canada are numerous. The UK market alone for documentation is potentially worth £4 billion, of which only 1.5 per cent has been outsourced to date. The coming year will see this business produce a substantially better performance.

P+Z Engineering successfully increased its car design revenue by 17 per cent and our placement business took full advantage of the demand for design engineers originating from the European Fighter Aircraft project, to increase revenue by some 200 per cent. The company has now more than doubled its revenue and profitability in the last three years.

Environmental

We have closed the general electronics assembly operation in Lincoln. This decision was driven by decreasing margins and difficult operational conditions which saw trading losses rise to £0.5 million in the year. This is included within discontinuing operations.

We have expanded our market presence in the emission control arena by acquiring three companies in the USA to supplement Castlet. Redkoh Inc was acquired in January 1997 at a cost of £1 million, while this year we acquired Forry Inc for £2.3 million and the transformer rectifier line of ABB-USA for £0.5 million.

The combined UK and USA operations of these four companies now form Solvera Particulate Controls - the world's largest supplier of particulate controls to the power generation industry. 1998 will see considerable time spent on the development and integration of these businesses into one coherent operation. Factory relocation and new management recruitment are now underway.

We expect an increasing contribution from this new business as the year progresses as it sells its unique package of power station control systems. Its long-term prospects are good, world demand for new fossil-fuelled power stations is considerable and is unlikely to be diminished by recent Asian economic events, which are currently causing order intake to be erratic. Environmental legislation will force the world's existing power stations to comply with new international emission standards, and this will provide demand for new systems in the coming years.

Design & Documentation
now comprises Solvera
Information Services
and P+Z Engineering

Environmental
now comprises
Solvera Particulate
Controls and
Forward Industries

Forward Industries has consolidated its position in engineering design for the nuclear industry and continues to develop its nuclear engineering and hydraulics sales, building upon the success of its £5.3 million order from BNFL for remote handling arms.

Events Since the Year End

We have sold Omitec Instrumentation Limited for £0.8 million to a management buy-out team led by John Watkins, formerly a director of Solvera plc. This transaction is recommended by the directors and will be subject to shareholder approval at the forthcoming EGM. The results of Omitec Instrumentation have accordingly been shown as discontinuing.

On 22 April 1998 we purchased the net assets of Ferrari Offshore Limited for £0.2 million and have since integrated it into Solvera Information Services.

Board Changes

Derek Ablett, currently an independent non-executive director, became Deputy Chairman on 4 June 1998, a move that enhances the non-executive representation on the Board. John Watkins resigned on 12 March 1998.

Summary

My appointment in 1995 followed a £10 million rights issue, the purchase of Castlet for £7 million and two profit warnings. The Group was an amalgam of disparate companies with little strategic focus and was very close to receivership.

Our first decision was to eliminate peripheral businesses, but not to sell companies for which we believed we could obtain better value if we returned them to profitability. Secondly, we introduced strict cash controls. The first year saw debt levels reduced and new bankers appointed. The second year to March 1997 saw debt further reduced and most companies returned to profitability. This enabled the sale of the Optronics division in 1997 at a price double that which would have been achieved in 1995.

This sale delivered shareholder value and in the year just completed we have used the cash proceeds to reorganise those companies which we could not have afforded to turnaround otherwise. We have also acquired companies which are complementary to our existing subsidiaries. The Group is much more focused as a result of these actions, being streamlined from three divisions comprising twenty businesses in 1995 to two divisions made up of four solid businesses.

Outlook

The year just completed has seen considerable management effort put into reorganising the Group. The coming year will be one of strengthening the two divisions we have created, generating cash and profits. Historically the company has made most of its profits in the second half of the year and this coming year will be no exception.

The strength I have long spoken about in our companies is already apparent in P+Z Engineering and Forward. Solvera Information Services will be the next company to produce consistent profitability, in what is a largely untapped marketplace with huge potential. Solvera Particulate Controls will begin to contribute significantly to results later this year, and here too the prospects for the future are good.

On behalf of the Board and the shareholders I would like to thank all employees for their dedication and hard work in what has been a very challenging year.

Considerable management effort has been put into reorganising the Group

The Group is much more focused



Richard Duggan
Executive Chairman

Solvera – Software and Design

Solvera plc

Design and Documentation

Design, analysis, software and documentation services for the automotive, aerospace and defence industries. The company also provides specialist services in the automotive engineering and aerospace industries.

Environmental

Designs and manufactures control systems and equipment for atmospheric pollution control, mainly for the power industry, and offers bespoke engineering solutions for customers in the hydraulics and nuclear industries.

Turnover £21 million

Solvera Information Services



Operating from the UK, USA, France and Canada.

The company's main activities are the provision of documentation, software and training. Products include technical on-line manuals, computer based training, multimedia and database software for military and non-military use.

P+Z Engineering GmbH



Based in Munich, Germany.

Provides design and predictive engineering services to the German automotive industry and placement engineers for the European aircraft industry. Predictive engineering predicts the behaviour of a product before it is made, and is used to analyse a range of situations from crashes and material fatigue to climatic and acoustic factors.

Solvera Particulate Controls



Operating from the UK and USA.

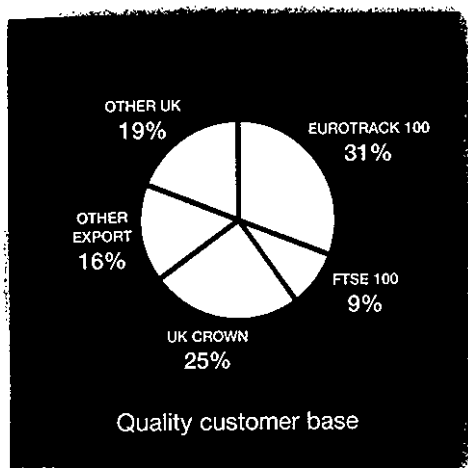
It is the world's largest independent supplier of auxiliary controls for the power generation industry. Fossil-fuelled power stations emit dust. Our products provide cost-effective solutions to comply with increasingly rigid pollution control standards around the world.

Forward Industries

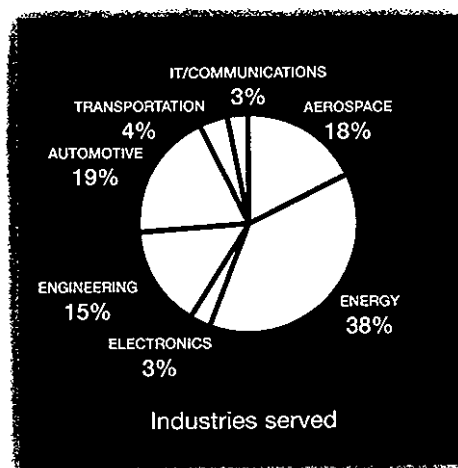
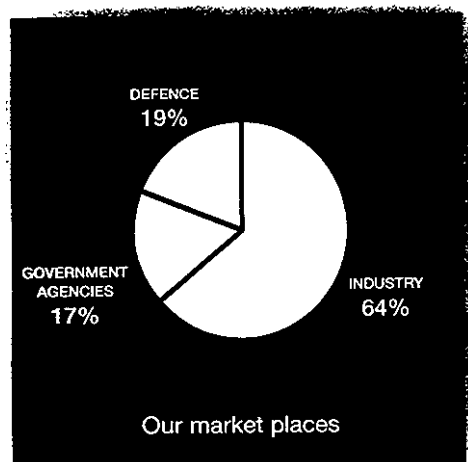


Based in Swindon, UK.

Forward provides engineering design and manufacture for the hydraulic, and nuclear industries, the latter demanding absolute quality without compromise. Forward Industries has been supplying the nuclear industry since 1957.



20% of the world's top 100 companies are clients



Our customers include:

ABB	BP	Opel	Southern Power
American Electric	Dasa	Mercedes-Benz	Sumitomo
Audi	Eurocopter	Mitsubishi	Thompsons
British Aerospace	Exxon	P&O	UK Ministry of Defence
Boeing	Ford	Phillips Petroleum	Vickers
BNFL	General Motors	Porsche	
BT	GEC	Racal	
B*W	Hitachi	Rolls-Royce & Associates	
B*W/Rolls-Royce	Nissan	Siemens	

Key events						
	Financial events	£9.7m rights issue	Two profit warnings issued Dividend payments suspended			
	Board changes		R Duggan appointed Chairman	Old Board replaced Appointment of A R Diment D N Ablett G J Eades		
	Re-organisation		Loss making operations closed in Germany, Holland and UK	Loss making operations closed Changes to senior subsidiary finance staff	Group divisionalised Changes to senior subsidiary finance staff New auditors Deloitte & Touche appointed	Logistics Software becomes a separate operation New bankers appointed
	Disposals & acquisitions	Castlet acquired		Print & reprographics sold Two small loss making operations closed		
		Dec '94 Qtr Ending	Mar '95	Jun '95	Sept '95	Dec '95
						Mar '96

An interview with the Executive Chairman

Q Did you underestimate how long it would take to turn the Group around?

A In 1995 OMI was in serious financial trouble and, although optimistic about the future, I did not believe that the Group's problems could be rectified in the space of a year. Turnarounds of this nature typically take between three and five years and I stated in the 1995 Annual Report *"much remains to be done to return the Group to an acceptable level of profitability."*

The belief that turnarounds are instantaneous stems from past UK accounting practice when it was normal to provide large sums in advance as a provision for future reorganisation. Today the UK operates with more accounting transparency where costs can only be charged against profit in the year in which they are actually incurred. This reveals, quite correctly, that the process of turning companies around is, and always has been, protracted.

Taking this into account we have been very encouraged by the performance of several businesses, notably P+Z Engineering GmbH and Forward Industries Limited, which have returned to profitability much faster than we expected. Logistics Documentation and Castlet are taking longer to turn around and both businesses have this year been affected by unforeseen setbacks.

Q What is your strategy?

A To create software and design companies at the leading edge of technology which can operate on a global basis. We focus on the ability to deliver solutions which will give our customers a competitive edge. For example, Solvera Information Services has developed and now sells Omega PS which is a world leading software package for product support, while Forward Industries is a renowned provider of design solutions to the nuclear reprocessing industry.

Q What is the Group trying to achieve?

A A more focused approach. In 1995 we took over the management of the Group, which was then an amalgam of disparate companies with little strategic focus and very close to receivership. Our first decision was to eliminate peripheral businesses, but not to sell companies for which we believed we could obtain better value if we first returned them to profitability. Secondly, we introduced strict cash controls.

	Share premium account reduced to enable dividends to be paid		Dividend payments resumed		Trading statement issued	
J Watkins joins board					J Watkins resigns	D Ablett becomes Deputy Chairman
		Reorganisation of OMI Logistics including closures in UK			Closure of electronic assembly in Lincoln Reorganisation of OMI Logistics including closures New pension scheme installed	Solvera Information Services formed Solvera Particulate Controls formed
	Redkoh Inc acquired		Optronics Division sold	Forry Inc acquired TR production acquired from ABB OLI Inc acquired	TI Division of Hunterskil Howard acquired	Omitec Instrumentation sold Ferrari Offshore acquired
Jun '96	Mar '97	Jun '97	Sept '97	Dec '97	Mar '98	Jun '98

By 1996 new bankers had been appointed and debt levels reduced. 1996/97 saw the Group return most companies to profitability. In 1997/98 we made our first strategic moves to narrow the focus of the Group and to strengthen the remaining businesses.

We have streamlined the Group from three divisions, comprising twenty businesses to two divisions made up of four solid businesses.

1998/99 will see the consolidation and growth of these two divisions.

Q Can you grow the Group significantly, as all the recent acquisitions have been relatively small?

A Recent acquisitions have been small for two reasons. Firstly, both Logistics Documentation and Castlet operate in markets which are fragmented. By acquiring Hunterskil Howard's Technical Information Division, Ferrari Offshore, Omega Logistics International Inc, Forry Inc and ABB Power Transformer Division, we have considerably strengthened both businesses and created Solvera Information Services and Solvera Particulate Controls. They are now the largest independent players in their sectors.

Secondly, given that the Group is in a recovery phase, we believe that making a large acquisition last year would have diluted shareholders' interests or raised gearing to an unacceptable level.

However, looking forward, as we generate cash and profits, larger deals will be contemplated.

Q Will the role of Chairman and Chief Executive be split and will the Board be strengthened?

A The question is reviewed periodically by the Board and its advisers. The Group has two executive directors and two independent directors who are non-executive.

We have recently appointed Derek Ablett to the position of Deputy Chairman and will look to strengthen the Board further as the Group grows in size.

Design and Documentation – The Markets

Solvera Information Services

100, High Street, London, EC1A 3BB, UK

020 7463 1000, Fax 020 7463 1001, Email: info@solvera.co.uk

Website: www.solvera.co.uk

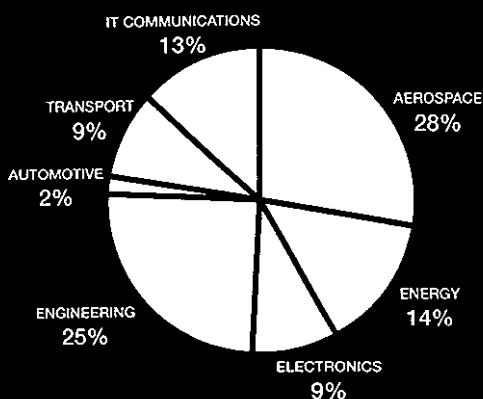
© 1996 Solvera Information Services

There is a potentially huge market for electronic product support information – in the UK alone this is estimated to be some £4 billion, less than two per cent of which is outsourced. It is one thing to understand information, another to manage and communicate it effectively. Large organisations are increasingly outsourcing this task to specialist companies such as Solvera. This allows them to exploit the latest technologies at a fixed price. Solvera is able to deliver a highly effective service on which it makes good returns.

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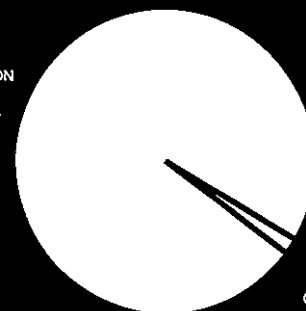
The recent name change will enhance recognition of Solvera Information Services around the world, especially since most of the company's customers are multinational organisations who are particularly receptive to the benefits of being supported by global suppliers.

Revenue by Industrial Sector



UK Market for Documentation Services

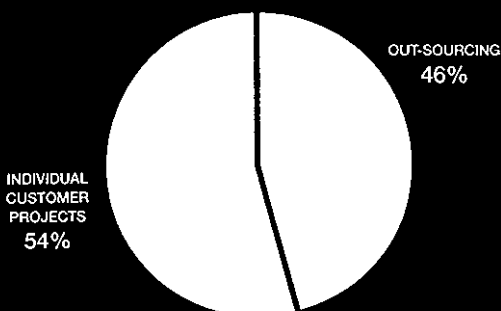
98.5% OF THE UK DOCUMENTATION NEEDS ARE PROVIDED BY IN-HOUSE FUNCTIONS



ONLY 1.5% OF TOTAL MARKET IS OUT-SOURCED

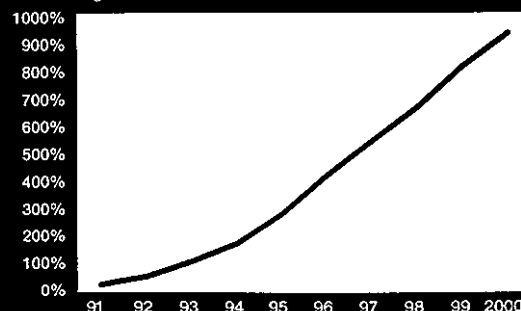
Total market size of £4bn

Revenue



UK Growth in Out-sourcing of IT Activities

Cumulative growth since 1991



Source: 1996 Richard Holway Ltd

Design and Documentation – The Markets

P+Z Engineering Ltd

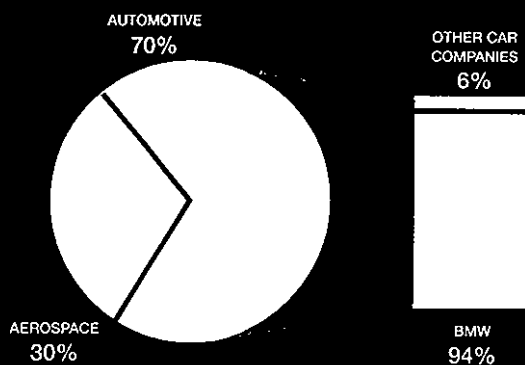
P+Z Engineering Ltd is a leading provider of automotive design services, particularly in the field of Finite Element Method (FEM) design. The company has a long-standing relationship with BMW, which is the bulk of P+Z's business. P+Z also provides design services to other car manufacturers and general engineering companies. The company has a strong reputation for its design services and is expanding its market significantly.

Notwithstanding the fact that they are manufactured worldwide, German cars are still designed in Germany. The demand for design services from BMW alone is growing at 20 per cent a year, and there is increasing demand for FEM from other car manufacturers, as well as a wider acceptance of FEM applications by other industries, which presents P+Z with additional opportunities to grow the business.

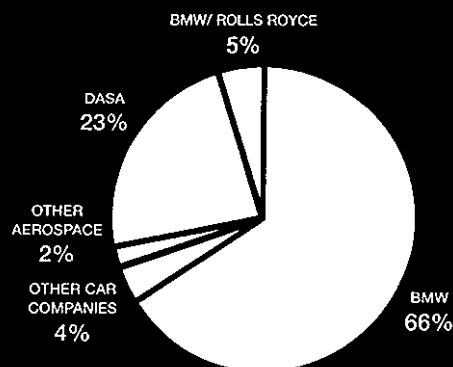
The market for P+Z's placement operations has been driven by the recovery of the European aerospace industry, principally due to the development of the European Fighter Aircraft and Airbus. Requirements for experienced personnel in this industry remains strong, and the full potential of this business is mainly constrained by the shortage of skilled engineers.

Outsourcing remains attractive in the German labour market and P+Z remains confident that ongoing competition between automotive manufacturers in particular will ensure business opportunities continue to arise in the future.

Revenue by Industrial Sector

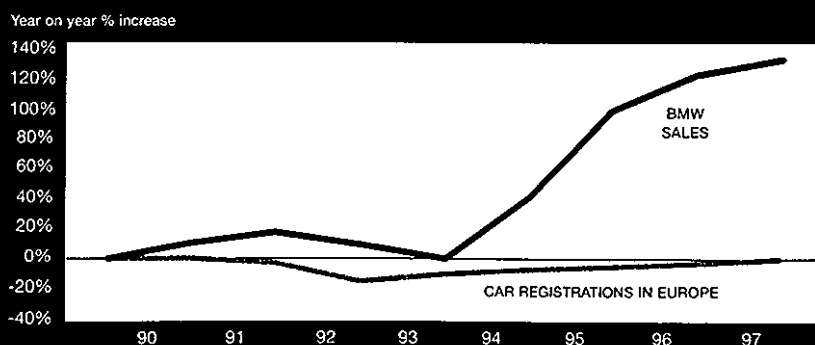


Customers



BMW Group Revenue

Compared to European car registrations



Design and Documentation – Review of Operations

Solvera Information Services



Solvera Information Services has been created by putting the software and documentation operations of the former OMI Logistics business together with two new acquisitions. It is now the UK's largest independent supplier of electronic information to industry for product support. Headquartered in Southampton in the UK, Solvera Information Services operates from six sites in the UK and offices in the USA, France and Canada.

Whatever the industry or activity, first class technical documentation covering installation, operating and maintenance procedures is essential. It should be comprehensive, easy to access and understand and easy to keep up to date. Solvera Information Services takes clients' product support documentation and information requirements, and provides optimum solutions in electronic format, which can be easily downloaded or converted to hard copy.

The company's main activities are the provision of documentation, software and training – the latter principally for the armed services. Products include technical on-line manuals, computer-based training, multimedia and database software for military and non-military use. Using state-of-the-art technology, the company is at the leading edge of this business, setting industry standards for information exchange and integration with customers' own systems.

In December 1997, Solvera acquired a majority stake in Omega Logistics International Inc, an American software company for £0.3 million, which now allows the global distribution of the unique Omega PS product – an innovative database software package developed jointly by Solvera and Omega Logistics. Sales of this product grew strongly in Europe during the year, but this deal has now opened up the USA and the Pacific Rim as potential markets.

In March 1998 the company purchased the UK technical information division of Hunterskil Howard Projects Ltd for £1.5 million. This division is a leading supplier of technical documentation to the petrochemical, transport and communications industries in the UK. This acquisition complements the company's existing operations in the aerospace, transport and military areas, by extending its reach into new areas and further broadening the customer base.

Both these deals significantly enhance the markets for Solvera Information Services' products worldwide. Future cash flows will allow the purchase of additional complementary businesses as and when opportunities arise, to grow the operation still further.

The company's performance this year was disappointing due to a slowdown in orders from the Ministry of Defence after the UK General Election in May, the cessation of orders from British Aerospace commuter jets and a MoD codification contract not being renewed. However, management has been strengthened, costs have been reduced through the closure of two branches, and improvements in performance are expected to result in the year ahead.

Customers include

ABB

BAe

Boeing

BP

BT

GEC

Nissan

P&O

Phillips

Racal

Siemens

VSEL



**Ian Denholm
Managing Director**



P+Z is a focused design solutions provider for the German automotive and other industries. The past three years have seen the business focus on its core skills of design, Finite Element Methods (FEM) and placement.

In January 1998, the company moved to new premises in Munich. This location has the potential to cater for P+Z's planned expansion in capacity, and is strategically located close to its principal customer – BMW. Formerly known as Peters and Zabransky, the company has adopted a new corporate name and identity as P+Z Engineering GmbH.

The predictive engineering division of the business involves the use of FEM to produce computer simulations to test a range of vehicle and component performance characteristics. Such simulations can predict the behaviour of a product before it is made, and are used to analyse a range of situations from crashes and materials fatigue to climatic and acoustic factors. Use of FEM reduces the need for automotive manufacturers to build sequences of prototype vehicles, since it allows much of the early testing to be conducted 'on screen'.

Principally serving BMW, the automotive design division specialises in the design of components for the engine, chassis, body, electrical and air conditioning systems. It also designs specific components for authority and security vehicles as well as supporting BMW's motorsport and R&D efforts.

Despite a large proportion of P+Z's business being placed with one customer, it should be noted that BMW is a large matrix-type organisation, producing a wide range of models and components. It also has motorsport and R&D activities. P+Z has a broad spread of business across this matrix network, and is thus well protected against any possible project cancellation or postponements.

The placement operation is a small division devoted to the sourcing of skilled engineering personnel for the German aerospace industry.

Customers include

Audi

BMW

BMW/Rolls Royce

Dasa

Edscha

Eurocopter

Karmann

Krans Maffei

Maurer

Mercedes-Benz

Opel

Porsche

Rover Group

Sohne

Webasto



Andy Williams
Managing Director

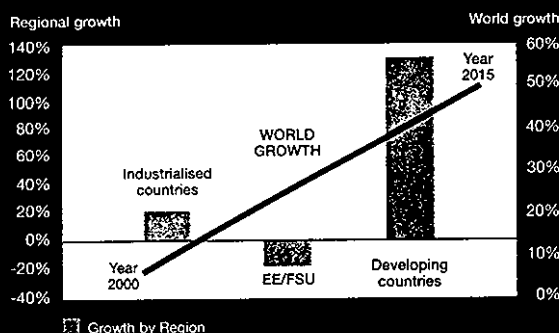
Environmental - The Markets

Solvera Particulate Controls

Solvera particulate controls regulate a range of particulate emissions, particularly from fossil-fuelled power stations. The technology also has applications in other industrial processes that are harmful to the environment, such as cement manufacture, glass, filling and

Coal-fired power stations are still being built, and construction is forecast to continue to grow for the foreseeable future, particularly in the Far East and in developing countries such as China. Despite the recent turmoil of many Asian economies, demand for new power stations continues. In the industrialised countries, new business derives from a steady stream of retrospective upgrades to existing facilities which are having to comply with ever-tighter environmental legislation. The market for Solvera Particulate Control's leading edge products is both global and sizeable. The potential for growth in this business is therefore substantial, with attractive returns.

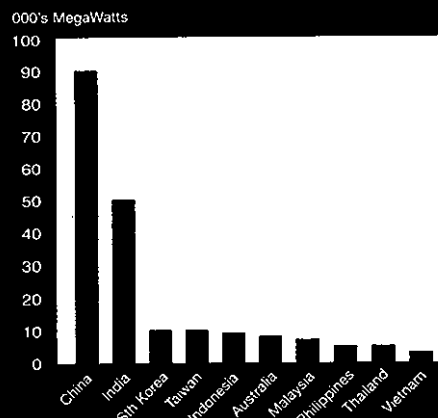
Consumption of Electricity Generated by Coal



A 50% increase in world consumption by the year 2015

Power Generation Growth

Developing countries capacity additions by 2002



Emission Standards for Coal Fired Power Stations



The new European standard is not currently met by any country

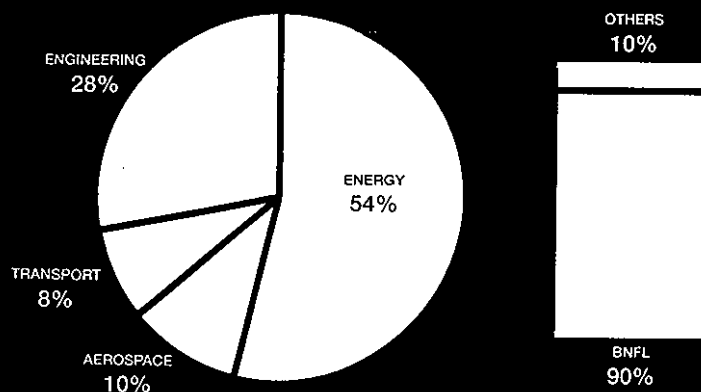
Environmental - The Markets

Forward Industries

Forward Industries' products include remote handling equipment, test equipment and components for the hydraulic and nuclear industries.

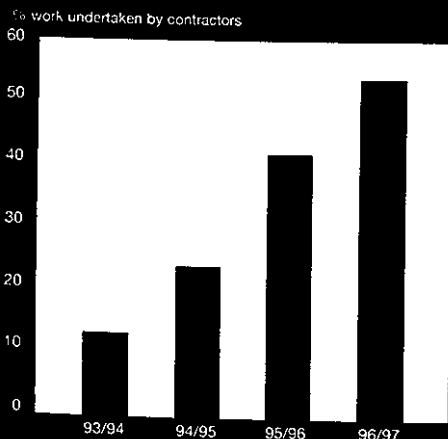
The nuclear industry gives rise to long term environmental issues – and there are numerous business opportunities continually arising. The nature of many of Forward's customer operations means that they demand absolute quality without compromise, and credibility is key in supplying this market. Forward Industries has been supplying the nuclear industry since 1957. Its considerable experience of working with customers in this field and proven track record of reliability and outstanding quality mean it is particularly well placed to win additional business in the future. Growth from the sale of replacement parts for remote handling equipment is set to continue. Refurbishment and repair constitute a substantial proportion of the company's work and such orders will be ongoing.

Revenue by Industrial Sector



Nuclear Power

Proportion of decommissioning work allocated to contractors in the UK



Environmental – Review of Operations

Solvera Particulate Controls



Solvera Particulate Controls now comprises three business operations: Castlet, Forry and Redkoh. Together they make Solvera the world leader in the provision of computerised particulate controls to fossil-fuelled power stations. The company is located in Lincoln, UK and Cleveland USA, and is backed by global marketing support.

Fossil-fuelled power stations emit dust as a by-product of burning coal. To reduce the amount of dust entering the atmosphere, exhaust gases pass through a precipitator, which traps the particles by means of an electrical charge, controlled by a sophisticated software system. Solvera's products provide cost-effective solutions to the management of this process in large installations, which have to operate within increasingly rigid pollution control standards around the world. Solvera systems are configured to fully integrate with a generating facility's own control systems.

During the year Solvera acquired Forry Inc of Cleveland, a leading provider of particulate controls to American power facilities for £2.3 million. As with the purchase of Redkoh last year, the acquisition of Forry gives Solvera access to new geographies and products for its existing business, as well as broadening its base in this increasingly important market.

In December 1997 the company purchased the transformer rectifier production line from ABB Power T&D Company Inc, USA for £0.5 million. Transformer rectifiers provide the energy source for power station precipitators. Along with their software control systems, these are also designed and manufactured by Solvera's Castlet business in Lincoln. Control systems are also produced by the company's Redkoh and Forry operations. This complementary acquisition has given Solvera Particulate Controls a strong presence in the important American power station market.

It is estimated that Solvera's share of the world precipitator controls market now stands at 40 per cent. It also has some 25 per cent of the world market for other auxiliary controls, selling both to original equipment manufacturers and existing users.

Customers include

ABB

American Electric Power

FLS

Hitachi

Mitsubishi

Research Cottrell

Southern Power

Sumitomo



Richard Duggan
Managing Director



Forward Industries provides specialist engineering design and manufacture to the hydraulic and nuclear industries. Its products include bespoke design and manufacture of a range of products including remote handling arms and hydraulic systems. Based in Swindon in the UK, the company is security cleared to the highest industrial level and is a fully approved supplier to Rolls-Royce and Associates.

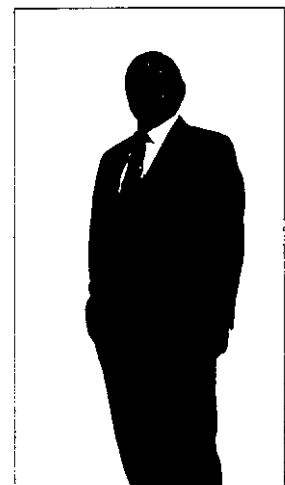
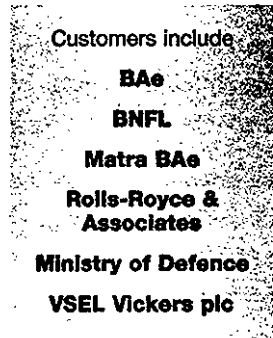
Through establishing and nurturing long term relationships with clients such as BNFL and Rolls-Royce, Forward's aim is to retain their confidence by continually surpassing their expectations of its design and engineering capability.

The company's design expertise has been applied to numerous prestige projects, including the Thames Barrier, Canary Wharf bascule bridges and Royal Navy frigates.

Forward's specialist hydraulics expertise is employed in the civil engineering sector where projects for the control of lifting and swing bridges, lock gates and coal handling equipment are common. Military applications include suspension units for the Rapier 2000 missiles and ring mains for the maintenance and servicing of RAF aircraft. During the year the company undertook a high level of pump repair work for Royal Navy frigates and destroyers, and won a £250,000 contract for fatigue testing work on the Nimrod 2000 project.

Manipulators for handling hazardous materials are used in all nuclear applications, including reprocessing of nuclear waste and the assembly and dismantling of fuel elements in power stations. Throughout the nuclear industry, the Company is renowned for its Remote Handling products, from the early Model 9 to the latest VNE 80 and 90 range with some 1500 installed around the world. The company's main customer is British Nuclear Fuels which currently has 300 of the latest type installed at its Sellafield site.

During the year the company delivered some £5 million worth of remote handling arms and replacement components to its customers on schedule. Breaking new ground with a power generating customer, Forward also won an order for the refurbishment of the fuel pond handling equipment at the Magnox power station at Oldbury in the UK, and has undertaken a considerable amount of the design and manufacturing work for the supply of refuelling and defuelling work for Rolls-Royce.



Jeff Forrest
Managing Director

Profit & Loss

The loss on ordinary activities before taxation for the year ended March 1998 was £6,579,000 (1997: £1,007,000 profit).

The results for the year included reorganisation and non-recurring costs of £2,571,000, loss on the termination of operations of £5,525,000 and a profit on the sale of discontinued operations of £2,433,000.

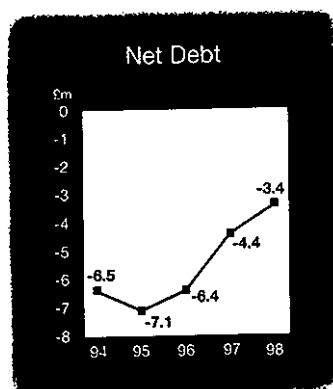
The operating loss for the year was £3,024,000, however adding back the loss on discontinuing operations of £1,020,000 and the reorganisation and non-recurring costs of £2,571,000 highlights that the profit for the ongoing operations was £325,000 (1997: £1,318,000).

Reorganisation and Non Recurring Costs

The principal components of this total charge of £2,571,000 arose from redundancies, vacant property provisions, post-acquisition integration costs and the write-down of the shares held by the Employee Benefit Trust.

Borrowings and Financial Resources

As at 31 March 1998 net debt was £3,434,000 (1997: £4,375,000) compared with the total bank and lease facilities of £7,200,000. The Group's facilities are provided by a number of banks, principally Bank of New York and Deutsche Bank. Certain bank facilities are dependent upon the level of Group receivables.



Five year record					
	94	95	96	97	98
Profit on ordinary activities before taxation (£000's)	(73)	(4,195)	(14,005)	1,007	(6,579)
Earnings per share	0.2p	(8.6)p	(19.4)p	1.5p	(8.9)p

Goodwill

Goodwill arising on acquisitions since 31 March 1996 of £4,563,000 has been capitalised and will be amortised over a period of 20 years. Prior to 31 March 1996 goodwill was written off directly to reserves with the balance sheet as at March 1997 showing a negative reserve of £14,142,000. During the year £5,331,000 of this was

shown as part of the profit or loss arising on the disposal and termination of operations. The remaining £8,811,000 has been transferred to the profit and loss account in accordance with accounting standard FRS 10.

Acquisitions and Disposals

During the year the Group acquired three businesses and a majority shareholding in a fourth for a total cost of £5,165,000, of which £3,653,000 was goodwill. The businesses were:

Forry Inc – USA

The Transformer Rectifier Business of ABB – USA

The Technical Information division of Hunterskil Howard

Omega Logistics International Inc – USA.

Subsequent to 31 March 1998 the Group has purchased the business of Ferrari Offshore Ltd for £200,000.

The Group also sold two businesses in the year, Omitec Electro Optics Limited and Omitec Thin Films Limited for £8,000,000 in cash and take on of lease commitments of £540,000. The sale produced net cash proceeds of £7,112,000.

Discontinuing Businesses

Subsequent to 31 March 1998 the Group has agreed, subject to shareholder approval, to sell its subsidiary Omitec Instrumentation Ltd for a total consideration of £800,000 payable in cash on completion. The Group is also completing the closure of the electronic assembly facility of Castlet Electronics Limited.

The report and accounts includes the results of these businesses as discontinuing operations.

Provisions

Total provisions at March 1998 are £1,796,000 and include a sum of £859,000 to cover commitments on certain of the Group's vacant leasehold properties. The balance of £937,000 included in the total represents reorganisation and non-recurring cost not spent at the balance sheet date.

Year 2000 and Preparation for the Introduction of EMU

The Group has kept the question of year 2000 compliant software under constant review since 1997. Each subsidiary has its own action plans to ensure all software used and sold is compliant. Upgrades and replacements will be undertaken as necessary to ensure that such systems will operate without disruption beyond the year 2000. The Group is aware that certain customers still have non-compliant systems which may render our products in use to be non-compliant. All software products developed and sold are designed to be year 2000 compliant and are available in that format.

The issue of EMU is being reviewed to assess its impact on the Group. Currently 28 per cent of the Group's income originates from those countries intending to join the Economic Monetary Union in 1999. Exports from the EMU bloc are negligible, whilst sales from the UK direct to EMU countries represent only 6 per cent of total Group revenue.



Geoff Eades
Group Finance Director

Mr D N Ablett, age 55, gained 18 years banking experience with a major UK clearing bank before joining Lloyds merchant bank for 11 years where he advised on mergers, acquisitions, take-overs and flotations. He is an experienced non-executive Director involved in a broad range of sectors including engineering, pharmaceuticals and biotechnology. His current non-executive Directorships include Frederick Cooper Plc, Medisys Plc, Utilitec Plc, Booth Industries Plc and a number of private manufacturing companies.

Mr R W Duggan, age 53, was appointed Executive Chairman in March 1995. From 1992 to 1994 he was an Associate with Postern Executive Group. Prior to this he was Chief Executive of Trade Indemnity Group plc, having joined them in 1986 as General Manager. From 1972 to 1985 he held numerous UK and overseas positions within Morgan Crucible Co plc. He has a BSc(Hons) in Economics and Law from the University of Bath and is an FCA.



Mr G J Eades, age 46, joined the Group in May 1995 as Group Finance Director, having previously been involved in the turnaround of the Hunterprint Group plc from 1991 to 1995. From 1989 to 1991 he was Group Finance Director of Thurger Bardex plc until its takeover by Heywood Williams plc. From 1982 to 1989 he worked for Krug International Inc. He is an FCMA.

Mr A R Diment, age 53, began his career in the nuclear industry as a design physicist and developed his managerial career in the advanced technology divisions of EMI, Logica and Pergamon Press before moving into the venture capital industry in 1982. At 3i Plc he was responsible for investment in information technology sectors in the UK and USA and as Executive Director of Gresham Trust Plc was responsible for a portfolio of 15 companies. He is a non-executive Director of Radstone Technology Plc, Enterprise Venture Capital Trust Plc and Foresight Venture Capital Trust Plc.

Cadbury Committee Code of Best Practice

The Board complies with the Cadbury Committee's Code of Best Practice, except for the fact that the Company had two rather than three non-executive directors throughout the year.

Board of Directors

Details of the directors appear on page 18 of this Annual Report. The Board currently consists of two executive and two independent non-executive directors. The appointment of the non-executive directors is for a period of two years and follows a process involving the whole Board. Their re-appointment is subject to review and is not automatic. The appointment of a third non-executive director is kept under review. All directors except the Chairman are subject to retirement by rotation in accordance with the Articles of Association.

The Board recognises that the roles of Chairman and Chief Executive are combined and has appointed Mr Derek Ablett Deputy Chairman from 4 June 1998. The employment of each executive director is regulated by a contract of service terminable by the Company by notice, the period of which in no case exceeds one year. Detailed information concerning directors' service contracts appears on page 21. A procedure has been adopted for directors, when appropriate, in furtherance of their duties to take independent advice at the Company's expense.

Operation of the Board and Committees

The Board, which has adopted a formal schedule of matters reserved for its exclusive decision, has delegated certain actions to the Executive Committee, the Audit Committee and the Remuneration Committee.

The Executive Committee is chaired by the Chairman and reviews the performance of all Group companies. It has the power to approve expenditure within limits defined by the Board.

The Audit Committee consists of the two non-executive directors and meets at least three times a year to review internal control systems. It is chaired by Mr D N Ablett. The Chairman, the Finance Director and external auditors also attend its meetings. The Committee reviews with the external auditors all audit matters, including interim and annual financial statements prior to their publication.

The Remuneration Committee consists of the two non-executive directors and is chaired by Mr A R Diment. The Chairman attends upon request. The Committee establishes the terms of engagement and employment of the Chairman, other executive directors of the Company and senior employees, including salaries, bonus schemes, pension, share option and other employee benefits. The Report of the Remuneration Committee appears on pages 21 to 22 inclusive.

Internal Financial Control

The directors acknowledge their responsibilities for the Group's system of internal financial control. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control on the basis of the criteria set out in the guidance for directors "Internal Control and Financial Reporting". As a result of the directors' review some areas for improvement were identified and appropriate action agreed. None of the areas identified were significant or resulted in any material losses or contingencies which would require disclosure as recommended by the guidance for directors. As with any system of internal financial control, it can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The directors have put in place an organisation structure with clearly defined lines of management responsibility and delegated authority. The Group has established procedures for planning and budgeting and for monitoring the performance of all the divisions. The annual budgets are reviewed by the executive directors and the Group budget is then approved by the Board. There are clear procedures for obtaining approval of capital expenditure, acquisitions, disposals, new indebtedness and the granting of guarantees. Review and approval of tenders for contracts are undertaken by the Board, Executive Committee or subsidiary operating management, dependent on the contract value and conditions. The Group has procedures for monitoring internal financial control and significant matters arising are brought to the attention of the Audit Committee.

Going Concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Review Report on Corporate Governance Matters

To Solvera plc by Deloitte & Touche

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 19 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements.

The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on, the effectiveness of either the Company's system of internal financial control or its corporate governance procedures or on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statement on internal financial control on page 19 (other than their opinion on effectiveness which is outside the scope of our report) and going concern on page 19, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on page 19 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

9 June 1998

Report of the Remuneration Committee to Shareholders

Mr A R Diment, as Chairman of the Remuneration Committee, presents this report to shareholders on behalf of the Board. The Company has complied with Section A of the Best Practice Provisions on Remuneration Committees as annexed to the Stock Exchange Listing Rules.

Directors and their Service Contracts

The directors of the Company who served during the year are:

R W Duggan	Chairman
D N Ablett	Deputy Chairman (non-executive)
A R Diment	Non-executive
G J Eades	Group Finance Director
J F Watkins	resigned 12 March 1998

Executive directors are employed under contracts with a maximum notice period of one year. Non-executive directors are employed under a fixed two year contract, expiring 9 May 1999.

Policy on Executive Directors' Remuneration

The Company's policy is to set the levels of salary and other benefits for the executive directors on a basis which is reasonable in relation to the duties and responsibilities undertaken by each director. All elements of the executive directors' remuneration and benefits are decided by the Remuneration Committee. In framing their policy the Remuneration Committee has given full consideration to the provisions of Section B of the Best Practice Provisions on directors' remuneration annexed to the Stock Exchange Listing Rules. In making its judgements on these matters, the Committee has taken account of external measures, including those relating to comparator companies and advice obtained from independent remuneration consultants.

Share Option Information

The directors of the Company who served during the year have, subject to the 1994 Executive Share Option Scheme, the following share options:

	Price	Number	Exercisable
R W Duggan	15.00p	500,000	7 June 1998 – 6 June 2005
	21.75p	900,000	3 December 1999 – 2 December 2006
G J Eades	15.00p	250,000	7 June 1998 – 6 June 2005
	21.75p	700,000	3 December 1999 – 2 December 2006

Mr J F Watkins who resigned on 12 March 1998 had the following options at that date:

J F Watkins	17.50p	170,000	30 June 1999 – 29 June 2006
	21.75p	80,000	3 December 1999 – 2 December 2006
	15.50p	200,000	*5 January 2001 – 4 January 2008

*Granted during the year

The market price of the shares at 31 March 1998 was 13.5p (31 March 1997: 22p).

The shares traded during the year within the range 11.5p to 26.5p. No options were exercised during the year.

There has been no change in the above from year end to 9 June 1998.

Report of the Remuneration Committee to Shareholders continued

Remuneration Information

Details of the remuneration of the directors for their periods of office during the year individually and in total are shown below

	Salary £	Compensation for loss of office £	Bonus £	Pension £	Benefits* £	Fees £	1997/98 Total £	1996/ Tc
R W Duggan	160,000	-	156,392	24,969	3,086	-	344,447	166,5
G J Eades	110,677	-	121,639	16,500	4,121	-	252,937	116,0
D N Ablett	-	-	-	-	-	17,000	17,000	15,5
A R Diment	-	-	-	-	-	15,000	15,000	13,0
J F Watkins	90,683	95,000	-	11,688	2,094	-	199,465	86,6
	361,360	95,000	278,031	53,157	9,301	32,000	828,849	397,7

* benefits include the provision of life, permanent health and medical insurance

Directors' Bonuses relating to the Disposal of the Optronics Division

Early in 1997 the Remuneration Committee formulated a proposed bonus payable to directors on the successful disposal of the Optronics Division.

The Remuneration Committee recognised that had this been sold in 1995 it might have realised its net asset value of some £4.4 million, although on its poor profit performance this may have been difficult to achieve. A bonus scheme was put in place such that if the gross sale proceeds exceeded £7.0 million a bonus equal to 2.25% of the gross sales proceeds would be paid to the Chairman and 1.75% to the Finance Director. However, had the sale not proceeded to completion, this incentive bonus would not have been paid, nor would it have been replaced by any other bonus.

Incentive Bonus Scheme

An Incentive Bonus Scheme is in place for 1998/99 for the executive directors and is subject to annual renewal. Payments can be made against a pre-defined improvement in Group profitability.

A R Diment
Chairman, Remuneration Committee
9 June 1998

Report of the Directors

The directors submit their annual report and financial statements for the year ended 31 March 1998.

Activities

The principal activities of the Group are the design, development and supply of technically advanced products and services to industrial and defence related markets worldwide.

A detailed review of the Group's activities during the year, of recent events and an outline of likely future developments may be found on pages 8 to 15.

Results and Dividends

The results for the year are set out on page 27 and the movements in reserves are set out in Note 21. The directors recommend the payment of a final dividend of 0.14 pence per share (1997: 0.1p) amounting to £104,000 (1997: £74,000), making totals of 0.28 pence (1997: 0.1p) and £208,000 (1997: £74,000) respectively.

Change of Name

On 15 January 1998 the company changed its name from OMI International plc to Solvera plc.

Directors and their Interests

The directors who served throughout the year are listed on page 18 together with their biographies. Mr J F Watkins resigned on 12 March 1998.

The directors of the Company as at 31 March 1998 had beneficial interests in the share capital of the Company as follows:

	31 March 1998 Ordinary Shares	1 April 1997 Ordinary Shares
D N Ablett	75,000	75,000
A R Diment	52,600	52,600
R W Duggan	900,775	545,775
G J Eades	162,314	117,314

On 15 April 1998, Mr A R Diment acquired 20,000 shares and Mr R W Duggan acquired 80,000 shares. The interests of the other directors were unchanged since the year end.

Details of executive share options are shown on page 21.

During the year Mr R W Duggan held a non-beneficial interest in the 728,030 ordinary shares of the Company held by Solvera Group Share Trust Limited (formerly OMI Group Share Trust Limited) by virtue of his appointment as a director of that Company.

Report of the Directors continued

Substantial Shareholdings

As at 9 June 1998 the directors were aware of the following interests of three per cent or more in the issued share capital of the Company:

	Percentage
Hill Samuel	8.20
Perpetual Investment Management	6.01
Greig Middleton	5.80
British Gas Pension Funds Management Ltd.	5.57
Mountcashel plc	5.01
Royal & Sun Alliance Insurance Group plc	4.77
Chatsworth Management Services Ltd.	4.34
Abtrust Fund Managers	3.59

Group Research and Development Activities

The Group continued to carry out research and development in areas directly related to current activities during the year.

The research and development programmes for our businesses are both customer funded and funded from internal resources. Total expenditure charged to the profit and loss account in the year was £546,000 (1997: £589,000).

Charitable and Political Contributions

During the year under review there were no contributions for charitable purposes and no political donations were made (1997: £nil).

Employees

The employment policies of the Group offer career opportunities without discrimination. Full and fair consideration is given to the employment and training of disabled persons. The services of any employee who becomes disabled are retained wherever possible. The Group places considerable importance on informing employees about matters of concern to them through information bulletins and periodic meetings. The Group also operates a savings related share option scheme. By these methods the Group aims to achieve a common awareness of the financial and economic factors affecting the Group.

Payment to Suppliers and Creditor Days

Subsidiary companies are responsible for agreeing payment terms and conditions with their suppliers according to local generally accepted terms and conditions within their businesses and geographic region. It is the Group's general policy to pay according to the agreed terms and conditions provided that the supplier meets the terms and conditions.

At 31 March 1998 the Company's creditor days, compared to the suppliers' invoices received for the year, was 34 days (1997: 32 days).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered Office:
1 Hay Hill, London W1X 7LF

9 June 1998

By order of the Board
G J Eades, Secretary



Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that year.

In preparing those accounts the directors are required to:

- select appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 Solvera plc (formerly OMI International plc)

We have audited the financial statements on pages 27 to 48 which have been prepared under the accounting policies set out on pages 32 and 33 and the detailed information disclosed in respect of any directors' remuneration, share options and long-term incentive schemes set out in the report to shareholders by the Remuneration Committee on pages 21 and 22.

Respective Responsibilities of Directors and Auditors

As described on page 25, 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 financial statements and to report our opinion to you.

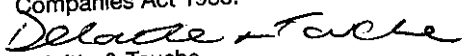
Basis of Opinion

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 circumstances of the Company and the Group, 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 March 1998 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

9 June 1998

Consolidated Profit and Loss Account

Year ended 31 March 1998

	Note	1998 £000's	1997 £000's
Turnover	1		
Continuing operations			
Continuing operations pre acquisitions and discontinuing operations		33,845	30,577
Acquisitions		1,283	-
Discontinuing operations		4,306	4,281
		39,434	34,858
Discontinued operations		2,848	8,158
		42,282	43,016
Cost of sales	2	(31,271)	(31,689)
Gross profit			
Continuing operations			
Continuing operations pre acquisitions and discontinuing operations		9,087	8,365
Acquisitions		598	-
Discontinuing operations		534	740
		10,219	9,105
Discontinued operations		792	2,222
		11,011	11,327
Net operating expenses (including reorganisation and non-recurring costs of £2,571,000 (1997: £nil))	2	(14,035)	(9,679)
Operating (loss)/profit	1 & 3		
Continuing operations			
Continuing operations pre acquisitions and discontinuing operations		(1,792)	1,318
Acquisitions		(454)	-
Discontinuing operations		(1,020)	(446)
		(3,266)	872
Continuing operations profit after adding back discontinuing operations, reorganisation and non recurring costs		325	1,318
Discontinued operations		242	776
		(3,024)	1,648
Loss on termination of operations (including goodwill previously written off to reserves of £5 million)	6	(5,525)	-
Profit on sale of discontinued operations (after goodwill previously written off to reserves of £331,000)	6	2,433	-
		(6,116)	1,648
(Loss)/profit on ordinary activities before interest		(463)	(641)
Net interest payable	7		
		(6,579)	1,007
(Loss)/profit on ordinary activities before taxation		(12)	121
Tax on (loss)/profit on ordinary activities	8		
		(6,591)	1,128
(Loss)/profit on ordinary activities after taxation		(4)	-
Equity minority interests			
		(6,595)	1,128
(Loss)/profit attributable to members of the parent company		(208)	(74)
Dividends paid and proposed	9		
		(6,803)	1,054
Retained (loss)/profit transferred (from)/to reserves			
(Loss)/earnings per share	10	(8.9)	1.5p
'Headline' (loss)/earnings per share	10	(4.7)	(1.5p)

The movement on reserves is set out in Note 21.

The Notes on pages 32 to 48 form part of these financial statements.

Consolidated Balance Sheet

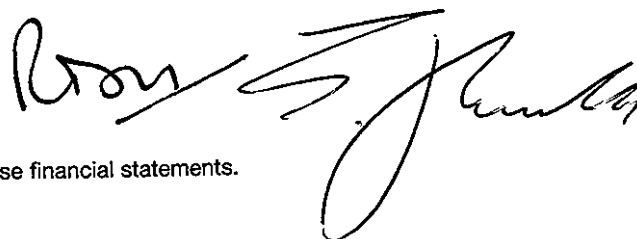
31 March 1998

	Note	1998 £000's	1997 £000's
Fixed assets			
Intangible assets	11	4,820	1,331
Tangible assets	12	4,964	7,654
Investments	13	98	384
		9,882	9,369
Current assets			
Stocks and work in progress	14	3,639	5,446
Debtors	15	10,004	9,448
Cash at bank and in hand		1,167	685
		14,810	15,579
Creditors:			
Amounts falling due within one year	16	(12,741)	(12,005)
		2,069	3,574
Net current assets		11,951	12,943
Total assets less current liabilities			
Creditors:			
Amounts falling due after more than one year	17	(2,749)	(3,265)
		(1,796)	(639)
Provisions for liabilities and charges	18		
		7,406	9,039
Net assets			
Capital and reserves			
Called up share capital	20	3,720	3,720
Share premium account	21	731	731
Revaluation reserve	21	598	615
Capital reserve	21	1,673	7,088
Goodwill	21	-	(14,142)
Profit and loss account	21	660	11,027
		7,382	9,039
Total equity shareholders' funds		24	-
Equity minority interests	28		
		7,406	9,039

The financial statements have been approved by the Board of Directors on 9 June 1998 and signed on their behalf by

Director
R W Duggan

Director
G J Eades



The Notes on pages 32 to 48 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 1998

	Note	1998 £000's	1997 £000's
Net cash inflow from operating activities	22	1,000	4,155
Returns on investments and servicing of finance		64	-
Interest received		(40)	(64)
Interest paid on finance leases		(487)	(577)
Other interest paid		(463)	(641)
Taxation		(68)	(63)
Corporation tax paid (including ACT)		(68)	(63)
Capital expenditure and financial investment		(1,239)	(1,043)
Purchase of tangible fixed assets		(302)	(157)
Purchase of intangible fixed assets		51	85
Net proceeds of sale of fixed assets		(1,490)	(1,115)
Acquisitions and disposals		(5,165)	(232)
Purchase of subsidiary undertakings (includes acquisition expenses)	13	193	13
Net cash acquired with acquisitions		(120)	-
Deferred consideration on purchase of subsidiary undertakings		-	(29)
Purchase of associated undertakings		7,112	-
Net proceeds of sale of discontinued businesses	13	2,020	(248)
Equity dividends paid		(178)	-
Cash inflow before use of liquid resources and financing		821	2,088
Financing		(353)	572
Debt due within one year excluding leases:		105	100
(Decrease)/increase in short term borrowings		(100)	(1,329)
New secured loan repayable by instalments		-	2,000
Repayment of secured loans		380	653
Debt due after one year excluding leases:		(179)	(40)
New secured loan repayable 2001		(147)	1,956
New secured loan repayable by instalments		674	4,044
Capital element of finance leases			
Increase in cash	24	674	4,044

Reconciliation of Net Cash Flow to Movement in Net Debt

Year ended 31 March 1998

Increase in cash in the year	674	4,044
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	147	(1,956)
Change in net debt resulting from cash flows	821	2,088
Finance leases of discontinued businesses sold	540	-
New finance leases	(410)	(233)
Translation difference	(10)	138
Movement in net debt in the year	941	1,993
Net debt at beginning of year	(4,375)	(6,368)
Net debt at end of year	24	(3,434)

The Notes on pages 32 to 48 form part of these financial statements.

Statement of Total Recognised Gains and Losses

Year ended 31 March 1998

	1998 £000's	1997 £000's
(Loss)/profit for the financial year	(6,595)	1,128
Exchange adjustments on foreign currency investments	(185)	(119)
Total recognised gains and losses for the financial year	(6,780)	1,009

Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 1998

	1998 £000's	1997 £000's
Total recognised gains and losses	(6,780)	1,009
Dividends	(208)	(74)
Realisation of goodwill reserve	331	-
Goodwill write off on discontinuing operations	5,000	-
Increase in share capital and premium	-	470
Net (decrease)/increase in shareholders' funds	(1,657)	1,405
Shareholders' funds at 1 April 1997	9,039	7,634
Shareholders' funds at 31 March 1998	7,382	9,039

Note of Historical Cost Profits and Losses

Year ended 31 March 1998

	1998 £000's	1997 £000's
(Loss)/profit on ordinary activities before taxation	(6,579)	1,007
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated the revalued amount	15	16
Historical cost (loss)/profit on ordinary activities before taxation	(6,564)	1,023
Historical cost (loss)/profit for the year retained after taxation, minority interests and dividends	(6,788)	1,070

Company Balance Sheet

31 March 1998

	Note	1998 £000's	1997 £000's
Fixed assets			
Tangible assets	12	360	364
Investments	13	10,364	11,706
		10,724	12,070
Current assets			
Debtors	15	3,027	1,629
Cash at bank and in hand		183	128
		3,210	1,757
Creditors:			
Amounts falling due within one year	16	(5,484)	(4,978)
Net current liabilities		(2,274)	(3,221)
Total assets less current liabilities		8,450	8,849
Creditors:			
Amounts falling due after more than one year	17	(2,000)	(2,653)
Provisions for liabilities and charges	18	(50)	(52)
Net assets		6,400	6,144
Capital and reserves			
Called up share capital	20	3,720	3,720
Share premium account	21	731	731
Capital reserve	21	1,673	1,673
Profit and loss account	21	276	20
Equity shareholders' funds		6,400	6,144

The balance sheet of the Company has been approved by the Board of Directors on 9 June 1998 and signed on their behalf by

Director
R W Duggan

Director
G J Eades



The Notes on pages 32 to 48 form part of these financial statements.

Accounting Policies

(a) Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and using the historical cost convention, with the exception of freehold properties, which are stated at professional valuation.

(b) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiary undertakings.

(c) Subsidiary undertakings

The trading results of subsidiary undertakings acquired or sold in the year are included in the consolidated profit and loss account from or until the effective date of acquisition or disposal respectively. Adjustments are made to bring the accounting policies of businesses acquired into line with those of the Group.

(d) Associated undertakings

Undertakings, other than subsidiary undertakings, in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings.

The Group includes, except in the case of associates with negative net assets resulting from losses that the Group has no responsibility nor intention to support, an appropriate proportion of the profit or loss of such associated undertakings together with the Group's share of underlying net assets within the financial statements.

(e) Goodwill

Goodwill arising on acquisition of subsidiary or associated undertakings where the cost of acquisition exceeds the fair value of the net assets acquired since 31 March 1996 is capitalised and amortised over a period not exceeding 20 years. Goodwill that arose prior to 31 March 1996 was written off directly to reserves. When the investment in these undertakings or part of these undertakings is subsequently sold or disposed of the original goodwill is shown as part of the profit or loss arising on the disposal.

(f) Research and development expenditure

General research and development expenditure is written off as it is incurred. Specific development expenditure incurred on individual projects is carried forward in those cases where future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project over a period not exceeding two years.

(g) Tangible fixed assets

Tangible fixed assets are stated at historical cost or, in the case of freehold property, at professional valuation less, in each case, depreciation.

Depreciation is provided on all assets, except freehold land, using the straight-line method, at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	2% per annum
Long leasehold properties	-	2% per annum
Short leasehold properties	-	over the life of the lease
Plant and equipment	-	10% to 33% per annum
Motor vehicles	-	20% to 25% per annum

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first-in first-out method or the weighted average method is used. For work in progress and for finished goods manufactured by a Group company, cost is taken as production cost including an appropriate proportion of attributable overheads.

(i) Taxation

The charge for taxation is based on the result for the year. Provisions are made or assets recognised for deferred taxation where there are material timing differences between the treatment of certain items for tax and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise. Deferred tax assets are only recognised where there is reasonable certainty that the asset will be recoverable.

(j) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

(k) Leases

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of an asset have passed to the Group, are capitalised in the balance sheet and are depreciated over their estimated useful lives or the term of the lease, whichever is the shorter. The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital element of rental obligations is included in liabilities. All other leases are treated as operating leases and the annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

(l) Pensions

The Group operates a Group personal pension scheme to which it contributes according to a defined matrix of contributions dependent on member's own contributions. All costs are taken in the year they arise. The OMI Group pension scheme which was a contributory scheme with both money purchase and defined benefit sections has been closed.

(m) Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling using the rates of exchange ruling at the balance sheet date and any gains or losses on translation are included in the profit and loss account.

The balance sheets of subsidiary undertakings expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Trading results of these subsidiaries are translated at an average rate of exchange for the year. Exchange gains and losses arising from translation of the financial statements of foreign subsidiaries are taken directly to reserves. Other exchange differences are dealt with through the profit and loss account.

(n) Government grants

Government grants in respect of capital expenditure are credited to a deferred income account. Capital grants are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

(o) Employee Benefit Trust

The transactions of the Solvera plc Employee Benefit Trust (EBT) have been treated as if they are, in substance, transactions of the Group. Accordingly the assets, liabilities and results of the EBT have been consolidated in the Group financial statements.

Notes to the Financial Statements

1 Segmental analysis

(a) Business segment analysis of turnover and operating (loss)/profit

Turnover		1998				1997	
Continuing operations	Pre acquisitions and discontinuing operations	Acquisitions	Discontinuing operations	Total	Pre acquisitions and discontinuing operations	Discontinuing operations	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Design and Documentation	17,640	460	-	18,100	18,675	-	18,675
Environmental	16,205	823	4,306	21,334	11,902	4,281	16,183
	33,845	1,283	4,306	39,434	30,577	4,281	34,858
Discontinued operations (Optronics)				2,848			8,158
Total				42,282			43,016

Operating (loss)/profit		1998				1997	
Continuing operations	Pre acquisitions and discontinuing operations	Acquisitions	Discontinuing operations	Total	Pre acquisitions and discontinuing operations	Discontinuing operations	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Design and Documentation	(660)	(181)	-	(841)	1,255	-	1,255
Environmental	1,291	(273)	(1,020)	(2)	1,519	(446)	1,073
Central costs	(2,423)	-	-	(2,423)	(1,456)	-	(1,456)
	(1,792)	(454)	(1,020)	(3,266)	1,318	(446)	872
Discontinued operations (Optronics)				242			776
Total				(3,024)			1,648

Operating loss is after charging £2,571,000 of reorganisation and non recurring costs of which £1,292,000 relates to the Design and Documentation Division, £437,000 to the Environmental Division and £842,000 to central costs (1997: £nil).

Acquisitions represent the post acquisition results of operations acquired in the year.

Discontinuing businesses represent the trading results of the subcontract electronic assembly facility at Castlet Electronics Limited that is being closed and Omitec Instrumentation Limited which is contracted to be sold subject to shareholder approval.

Discontinued operations represent the Optronics Division that was sold on 1 September 1997.

Further details of acquisitions and disposals are contained in Notes 6 and 13.

1 Segmental analysis continued

(b) Geographical analysis of turnover and operating (loss)/profit

Turnover by Destination

	1998				1997		
Continuing operations	Pre acquisitions and discontinuing operations £000's	Acquisitions £000's	Discontinuing operations £000's	Total £000's	Pre acquisitions and discontinuing operations £000's	Discontinuing operations £000's	Total £000's
UK	18,572	179	3,288	22,039	17,732	3,275	21,007
Europe	12,870	-	935	13,805	11,162	962	12,124
USA	949	986	55	1,990	393	-	393
Rest of World	1,454	118	28	1,600	1,290	44	1,334
	33,845	1,283	4,306	39,434	30,577	4,281	34,858
Discontinued operations							
UK				2,664			7,656
Europe				154			432
Rest of World				30			70
Total				42,282			43,016

Turnover by Origin

	1998				1997		
Continuing operations	Pre acquisitions and discontinuing operations £000's	Acquisitions £000's	Discontinuing operations £000's	Total £000's	Pre acquisitions and discontinuing operations £000's	Discontinuing operations £000's	Total £000's
UK	21,793	179	4,303	26,275	20,973	4,233	25,206
Europe	11,214	-	3	11,217	9,366	48	9,414
USA	710	1,104	-	1,814	157	-	157
Rest of World	128	-	-	128	81	-	81
	33,845	1,283	4,306	39,434	30,577	4,281	34,858
Discontinued operations (all UK)				2,848			8,158
Total				42,282			43,016

Inter segment sales are not material.

Operating (loss)/profit by origin

	1998				1997		
Continuing operations	Pre acquisitions and discontinuing operations £000's	Acquisitions £000's	Discontinuing operations £000's	Total £000's	Pre acquisitions and discontinuing operations £000's	Discontinuing operations £000's	Total £000's
UK	(3,043)	(205)	(976)	(4,224)	323	(443)	(120)
Europe	1,280	-	(44)	1,236	1,003	(3)	1,000
USA	(54)	(249)	-	(303)	26	-	26
Rest of World	25	-	-	25	(34)	-	(34)
	(1,792)	(454)	(1,020)	(3,266)	1,318	(446)	872
Discontinued operations (all UK)				242			776
Total				(3,024)			1,648

1 Segmental analysis continued**(c) Net assets by business segment**

	1998 £000's	1997 £000's
Continuing operations		
Design and Documentation	1,494	2,793
Environmental	5,560	6,718
Central	(1,088)	(787)
	5,966	8,724
Acquisitions:		
Design and Documentation	2,077	-
Environmental	2,797	-
	10,840	8,724
Discontinued operations (Optronics)	-	4,690
	10,840	13,414
Cash at bank and in hand	1,167	685
Bank borrowings and overdrafts	(3,813)	(3,585)
Debt finance obligations	(211)	(572)
Finance lease obligations	(577)	(903)
Total net assets	7,406	9,039

(d) Geographical analysis of net assets

	1998 £000's	1997 £000's
UK	5,781	11,619
Europe	840	783
USA	4,215	983
Rest of World	4	29
	10,840	13,414
Cash at bank and in hand	1,167	685
Bank borrowings and overdrafts	(3,813)	(3,585)
Debt finance obligations	(211)	(572)
Finance lease obligations	(577)	(903)
Total net assets	7,406	9,039

2 Cost of sales and operating expenses

	Year ended 31 March 1998			Year ended 31 March 1997		
	Continuing £000's	Discontinued £000's	Total £000's	Continuing £000's	Discontinued £000's	Total £000's
Cost of sales	29,215	2,056	31,271	25,753	5,936	31,689
Operating expenses						
Selling, marketing and distribution costs	2,076	122	2,198	1,456	183	1,639
Administrative expenses (after charging £2,571,000 (1997: £nil) of reorganisation and other non recurring costs)	11,859	428	12,287	6,643	1,822	8,465
Other operating income	(450)	-	(450)	(425)	-	(425)
Total operating expenses	13,485	550	14,035	7,674	2,005	9,679

The 1998 continuing operations include the following amounts which relate to acquisitions in the year: cost of sales £685,000; selling, marketing and distribution costs £169,000 and administrative expenses £883,000.

3 Operating (loss)/profit

	1998 £000's	1997 £000's
This is stated after charging/(crediting):		
Research and development expenditure	546	589
Amortisation of deferred development expenditure	300	168
Amortisation of goodwill	84	8
Depreciation of owned assets	1,037	1,373
Depreciation of assets held under finance leases and hire purchase contracts	273	323
Profit on disposal of fixed assets	31	(22)
Auditors' remuneration:		
– audit fees Company	6	6
Group	125	131
– other services	30	63
Operating lease rentals		
– property	1,582	1,515
– hire of plant and equipment	713	873
Rent receivable	(370)	(367)
Government grants	–	(25)

4 Company profit and loss account

The Company has taken advantage of the exemption in Section 230 of the Companies Act 1985 not to present its own profit and loss account.

The Company's profit before dividends amounted to £464,000 (1997 loss: £94,000).

5 Staff costs

Staff costs (including directors) comprise:

	1998			1997		
	Continuing £000's	Discontinued £000's	Total £000's	Continuing £000's	Discontinued £000's	Total £000's
Wages and salaries	11,721	995	12,716	12,263	2,581	14,844
Social security costs	1,251	91	1,342	1,321	236	1,557
Other pension costs	438	27	465	410	70	480
Total	13,410	1,113	14,523	13,994	2,887	16,881

The average number of persons employed by Group companies was as follows:

	1998			1997		
	Continuing £000's	Discontinued £000's	Total £000's	Continuing £000's	Discontinued £000's	Total £000's
Production	471	50	521	517	122	639
Selling, marketing and distribution	56	4	60	46	9	55
Administration	113	5	118	112	12	124
Total	640	59	699	675	143	818

Details of the directors' emoluments can be found on the Remuneration Committee's Report on pages 21 and 22.

6 Loss on termination of operations and profit on sale of discontinued operations

Loss on termination of operations represents the cost of closing the subcontract electronic assembly facility which was part of Castlet Electronics Limited (acquired in 1994) and the associated Goodwill transferred from reserves of £5 million.

Profit on sale of discontinued operations is the profit on the sale of the Optronics division on 1 September 1997.

Further details are contained in note 13.

7 Net interest payable

	1998 £000's	1997 £000's
Interest receivable on short term loans	(64)	-
Interest payable on bank loans, overdrafts and other loans repayable within five years	487	577
Interest payable on finance leases	40	64
Net interest payable	463	641

8 Taxation on (loss)/profit on ordinary activities

	1998 £000's	1997 £000's
UK Corporation tax charge based on results for year at 31% (1997: 33%)	-	(49)
Deferred taxation	-	170
Overseas tax	(12)	-
Net taxation (charge)/credit	(12)	121

9 Equity dividends

	1998 £000's	1997 £000's
Dividends paid and proposed 0.28 pence per ordinary share (1997: 0.1p)	208	74

10 (Loss)/earnings per share

	1998 pence	1997 pence
(Loss)/earnings per share	(8.9)	1.5
Loss on termination of operations	7.4	-
Profit on sale of discontinued operations	(3.2)	-
'Headline' (loss)/earnings per share	(4.7)	1.5

The earnings per share calculation is based on loss after tax of £6,595,000 (1997 profit: £1,128,000) and the weighted average number of shares in issue of 74,404,589 (1997: 72,821,256).

No material dilution of earnings per share would arise if all outstanding share options were exercised.

The 'Headline' (loss)/earnings per share has been calculated in accordance with Institute of Investment Management and Research (IIMR) recommendations.

11 Intangible fixed assets

Group	Goodwill £000's	Development expenditure £000's	Total £000's
Cost			
Beginning of year	820	850	1,670
Additions (goodwill see note 13)	3,653	302	3,955
Additional consideration payable on Redkoh Industries, Inc.	90	-	90
Disposals	-	(311)	(311)
End of year	4,563	841	5,404
Amortisation			
Beginning of year	8	331	339
Charge for year	84	300	384
Disposals	-	(139)	(139)
End of year	92	492	584
Net book value			
End of year	4,471	349	4,820
Beginning of year	812	519	1,331

12 Tangible fixed assets

(a) Group

	Freehold properties £000's	Long leasehold properties £000's	Short leasehold properties £000's	Motor vehicles £000's	Plant & equipment £000's	Total £000's
Cost or valuation						
Beginning of year	1,580	832	628	107	16,096	19,243
Acquisitions (note 13)	-	-	-	76	993	1,069
Additions	-	-	12	248	1,389	1,649
Disposals	-	-	(401)	(53)	(8,716)	(9,170)
Exchange adjustment	-	-	-	(2)	(331)	(333)
End of year	1,580	832	239	376	9,431	12,458
Depreciation						
Beginning of year	61	113	192	91	11,132	11,589
Acquisitions (note 13)	-	-	-	66	720	786
Charge for year	32	88	38	29	1,193	1,380
Disposals	-	-	(55)	(43)	(5,929)	(6,027)
Exchange adjustment	-	-	-	(2)	(232)	(234)
End of year	93	201	175	141	6,884	7,494
Net book value						
End of year	1,487	631	64	235	2,547	4,964
Beginning of year	1,519	719	436	16	4,964	7,654

The net book value of fixed assets includes an amount of £455,000 (1997: £1,636,000) in plant and equipment and £215,000 (1997: £14,000) in motor vehicles in respect of assets held under finance leases. Depreciation for the year on these assets was £252,000 (1997: £318,000) and £21,000 (1997: £3,000) for plant and equipment and motor vehicles respectively.

Freehold properties include land of £490,000 which is not depreciated (1997: £490,000). The Group's freehold properties were professionally valued in 1995 at £1.5 million. Subsequently the Group has acquired a further £0.1 million of freehold property. If the freehold properties had been stated on an historical cost basis at 31 March 1998 they would have been included as follows:

	1998 £000's	1997 £000's
Cost	1,109	1,109
Depreciation	(220)	(203)
Net book value	889	906

The depreciation charge for the year in respect of freehold properties, calculated on an historical cost basis, would have been £17,000 (1997: £16,000).

Notes to the Financial Statements continued

12 Tangible fixed assets continued

(b) Company

	Freehold properties £000's	Plant & equipment £000's	Total £000's
Cost			
Beginning of year	342	144	486
Additions	-	24	24
Disposals	-	(118)	(118)
End of year	342	50	392
Depreciation			
Beginning of year	7	115	122
Charge for the year	4	20	24
Disposals	-	(114)	(114)
End of year	11	21	32
Net book value			
End of year	331	29	360
Beginning of year	335	29	364

13 Fixed asset investments

(a) Group

	1998 £000's	1997 £000's
Investment in associated undertaking:		
Beginning of the year	29	-
Additions	-	29
Provisions	(29)	-
End of year	-	29
Own shares held:		
Beginning of the year	355	355
Provision	(257)	-
	98	355
Total fixed asset investments	98	384

Own shares relate to shares held by the Employee Benefit Trust, being 728,030 shares stated at market value as at 31 March 1998 13.5p (1997: 22p) which were previously stated at cost.

13 Fixed asset investments continued

(b) Company

Fixed asset investments relate to shares in subsidiary and associated undertakings stated at cost less provisions for diminution in value.

	Subsidiary undertakings	Associated undertakings	Total	Total
	1998	1998	1998	1997
	£000's	£000's	£000's	£000's
Cost				
Beginning of year	60,659	1,437	62,096	61,019
Transfer to subsidiary undertakings	1,437	(1,437)	-	-
Acquisitions in year	2,988	-	2,988	1,077
Additional consideration payable on Redkoh Industries, Inc.	90	-	90	-
Disposals	(4,420)	-	(4,420)	-
End of year	60,754	-	60,754	62,096
Provision for diminution in the carrying value of investments				
Beginning of year	48,953	1,437	50,390	50,390
Transfer to subsidiary undertakings	1,437	(1,437)	-	-
End of year	50,390	-	50,390	50,390
Net book value				
End of year	10,364	-	10,364	11,706
Beginning of year	11,706	-	11,706	10,629

13 Fixed asset investments continued**Acquisitions****Design and Documentation Division**

On 9 December 1997 the Company acquired 65% of the common stock of Omega Logistics International Inc, the Group's associated undertaking increasing its holding to 85%. The Company was renamed Solvera Information Services Inc. on 1 May 1998.

The Technical Information Division of Hunterskil Howard was acquired by Solvera Information Services Limited (formerly OMI Logistics Limited) on 27 February 1998.

Environmental Division

On 25 November 1997 the Company acquired 100 no par ordinary shares in Forry Inc., being 100% of its authorised and issued shares of common stock.

The Transformer Rectifier Business of ABB was acquired by Castlet Inc. a subsidiary set up for this purpose on 27 November 1997.

Analysis of acquisitions:

	Omega Logistics International, Inc. Book value £000's	TI division of Hunterskil Howard Book value £000's	Forry, Inc. Book value £000's	Transformer Rectifier Business from ABB Book value £000's	Total Book value £000's	Total adjustments £000's	Fair value to the Group £000's
Tangible fixed assets	72	110	29	93	304	(21)	283
Stocks	-	223	202	49	474	(25)	449
Debtors	86	651	442	-	1,179	(46)	1,133
Cash at bank and in hand	104	-	89	-	193	-	193
Creditors due within one year	(179)	(24)	(250)	-	(453)	(73)	(526)
Net assets	83	960	512	142	1,697	(165)	1,532
Total adjustments	-	(144)	-	(21)	(165)	165	-
Adjusted net assets	83	816	512	121	1,532	-	1,532
Minority interests	(20)	-	-	-	(20)	-	(20)
Goodwill arising on acquisition	326	846	2,087	394	3,653	-	3,653
	389	1,662	2,599	515	5,165	-	5,165
Discharged by:							
Cash consideration	298	1,535	2,314	509	4,656	-	4,656
Costs associated with acquisition	91	127	285	6	509	-	509
	389	1,662	2,599	515	5,165	-	5,165

The following fair value adjustments were made to the book value of assets and liabilities of the above acquisitions:

	TI division of Hunterskil Howard £000's	Transformer Rectifier Business from ABB £000's	Total adjustments £000's
Revaluation of fixed assets	-	(21)	(21)
Revaluation of assets and liabilities to bring the valuation basis into line with the Group:			
Stocks	(25)	-	(25)
Debtors	(46)	-	(46)
Creditors due within one year	(73)	-	(73)
	(144)	(21)	(165)

Acquisitions reduced the Group's net operating cash flows by £42,000 and utilised £73,000 for capital expenditure and financial investment. The loss after tax for the TI division of Hunterskil Howard for the period from 1 August 1997 to the date of acquisition was £28,000 (preceding financial year ended 31 July 1997 £160,000). The profit after tax for Forry Inc. for the period from 1 July 1997 to the date of acquisition was £nil (preceding financial year ended 30 June 1997 £7,000).

All acquisitions have been accounted for using the acquisition method of accounting.

13 Fixed asset investments continued

On 1 September 1997 the Group disposed of the Optronics businesses (Omitec Thin Films Limited and Omitec Electro Optics Limited). The disposal is analysed as follows:

Net assets disposed of:

	Total £000's
Intangible fixed assets	172
Tangible fixed assets	2,963
Stocks	1,458
Debtors	1,517
Finance lease creditors	(540)
Other creditors	(1,222)
Goodwill	331
	4,679
Profit on sale	2,433
	7,112
Discharged by:	
Cash consideration	8,000
Costs associated with disposal	(888)
	7,112

Discontinued operations contributed £121,000 to the Group's net operation cash flows, paid £22,000 in respect of returns on investments and servicing of finance; and utilised £139,000 for capital expenditure and financial investment.

14 Stocks and work in progress

	1998 £000's	1997 £000's
Raw materials and consumables	715	1,430
Work in progress	2,674	3,828
Finished goods	250	188
	3,639	5,446

The replacement cost of stocks is not materially different from their historical cost.

15 Debtors

	1998 £000's	Group 1997 £000's	1998 £000's	Company 1997 £000's
Trade debtors	8,640	8,320	19	7
Amounts owed by subsidiary undertakings	-	-	2,577	1,566
Amounts owed by associated undertakings	-	55	-	-
Corporation tax recoverable (including ACT recoverable)	85	-	26	-
Other debtors	660	369	354	10
Prepayments and accrued income	619	704	51	46
	10,004	9,448	3,027	1,629

16 Creditors: amounts falling due within one year

	1998 £000's	1997 £000's	1998 £000's	1997 £000's
Bank loans and overdrafts	1,433	932	1,204	868
Obligations under debt finance arrangements	211	572	-	-
Obligations under finance leases (Note 25)	208	310	-	-
Payments received on account	567	864	-	-
Trade creditors	5,045	4,537	204	167
Amounts owed to subsidiary undertakings	-	-	2,819	3,052
Corporation tax (including ACT payable)	94	65	38	32
Other taxes and social security	1,442	1,471	-	259
Other creditors	1,558	1,648	475	486
Accruals and deferred income	2,183	1,606	744	114
	12,741	12,005	5,484	4,978

17 Creditors: amounts falling due after more than one year

	1998 £000's	1997 £000's	1998 £000's	1997 £000's
Bank loans	2,380	2,653	2,000	2,653
Obligations under finance leases (Note 25)	369	593	-	-
Deferred income (government grants)	-	19	-	-
	2,749	3,265	2,000	2,653

All amounts are wholly repayable within five years.

	1998 £000's	Group 1997 £000's	1998 £000's	Company 1997 £000's
Analysis of loan repayments:				
Repayable between one and two years	146	653	-	653
Repayable between two and five years	2,234	2,000	2,000	2,000
	2,380	2,653	2,000	2,653

The facilities of the Group comprise:

£5.5 million debt finance arrangements (dependent upon the actual levels of the Group's receivables) secured against a fixed and floating charge over the Group's assets. The receivables financing facilities are treated as amounts falling due within one year due to the revolving nature of the debtor security.

£0.6 million mortgage repayable by instalments of £25,000 per quarter with final repayment of all balances by 31 March 1999 secured by a fixed charge on certain of Group's freehold interests.

£2.0 million five-year loan repayable in 2001 secured against a floating charge over the Group's UK based assets.

DM1.5 million (£0.5 million) three and a half-year loan repayable by quarterly instalments from 1 September 1998 secured against accounts receivable of P+Z Engineering GmbH.

DM2.0 million (£0.6 million) overdraft facility secured against the accounts receivable of P+Z Engineering GmbH.

£0.5 million unsecured overdraft facility.

The interest rates payable for these facilities vary, with the mix expected to average 1.7% over bank base rates.

18 Provisions for liabilities and charges

(a) Group

	Future property costs £000's	Restructuring and other £000's	Total £000's
Beginning of year	531	108	639
Created in year	412	936	1,348
Utilised in year	(84)	(107)	(191)
End of year	859	937	1,796

(b) Company

	Restructuring and other £000's	Total £000's
Beginning of year	52	52
Created in year	50	50
Utilised in year	(52)	(52)
End of year	50	50

Restructuring and other provisions represent provisions for post acquisition reorganisation £407,000; closure costs of discontinuing businesses £380,000; and restructuring of other operations £150,000. As a result of the reorganisation of the Group operations certain leasehold properties have become vacant which have been provided for in the year.

19 Deferred taxation

	1998 £000's	1997 £000's
The full potential amount of deferred taxation on all timing differences is as follows:		
Accelerated capital allowances	-	330
Provisions and other long term items	-	-
End of year	-	330

20 Called-up share capital

	1998 Number	1998 £000's	1997 Number	1997 £000's
Ordinary shares of 5p each				
Authorised:	100,000,000	5,000	100,000,000	5,000
Called up, allotted and fully paid:	74,404,589	3,720	74,404,589	3,720

Share options

Details of options that have been granted pursuant to the Senior Executive Share Option Scheme are detailed on page 21.

Notes to the Financial Statements continued

21 Reserves

The movements on reserves during the year were as follows:

(a) Group	Share premium account £000's	Revaluation reserve £000's	Capital reserve £000's	Goodwill £000's	Profit & loss account £000's	Total £000's
Beginning of year	731	615	7,088	(14,142)	11,027	5,319
Retained loss for the year	-	-	-	-	(6,803)	(6,803)
Transfer of goodwill on termination of operations	-	-	-	5,000	-	5,000
Transfer of goodwill on sale of businesses	-	-	-	331	-	331
Realised revaluation surplus on depreciation	-	(17)	-	-	17	-
Transfer to profit and loss account	-	-	(5,415)	8,811	(3,396)	-
Exchange movement	-	-	-	-	(185)	(185)
End of year	731	598	1,673	-	660	3,662

(b) Company	Non-distributable			Distributable	
	Share premium account £000's	Capital reserve £000's	Sub-total £000's	Profit & loss account £000's	Total £000's
Beginning of year	731	1,673	2,404	20	2,424
Retained profit for the year	-	-	-	256	256
End of year	731	1,673	2,404	276	2,680

22 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1998 £000's	1997 £000's
Operating (loss)/profit on continuing operations	(3,024)	1,648
Depreciation and amortisation	1,694	1,872
Loss on write down of investments	286	-
Loss/(profit) on sale of fixed assets	31	(22)
Decrease in stocks	650	690
(Increase)/decrease in debtors	(992)	674
Increase in creditors	1,453	415
Net increase/(decrease) in provisions	902	(1,122)
Net cash inflow from operating activities	1,000	4,155

23 Analysis of changes in financing during the year

	1998			1997		
	Share capital (including premium) £000's	Loans, leases and other finance £000's	Total £000's	Share capital (including premium) £000's	Loans, leases and other finance £000's	Total £000's
Balance at the start of the year	4,451	4,228	8,679	33,919	2,039	35,958
Exchange movements	-	(25)	(25)	-	-	-
New finance leases and assets acquired by instalments	-	410	410	-	233	233
Net cash (outflow)/inflow from financing	-	(687)	(687)	-	1,956	1,956
Non-cash items:						
Transfer of premium to profit and loss account	-	-	-	(29,938)	-	(29,938)
Issue of shares	-	-	-	470	-	470
Balance at the end of the year	4,451	3,926	8,377	4,451	4,228	8,679

24 Analysis of net debt for the year ended 31 March 1998

	At 1 April 1997 £000's	Exchange movements £000's	Other non cash £000's	Disposals £000's	Cash flow £000's	At 31 March 1998 £000's
Cash at bank and in hand	685	(35)	-	-	517	1,167
Overdraft	(832)	-	-	-	157	(675)
Cash	(147)	(35)	-	-	674	492
Loans due within one year	(100)	-	(653)	-	(5)	(758)
Debt finance obligations	(572)	8	-	-	353	(211)
Finance leases:						
Due within one year	(310)	5	(180)	200	77	(208)
Due after one year	(593)	12	(230)	340	102	(369)
	(903)	17	(410)	540	179	(577)
Loans due after one year	(2,653)	-	653	-	(380)	(2,380)
	(4,375)	(10)	(410)	540	821	(3,434)

25 Commitments

(a) Capital commitments

At the end of the year capital commitments were:

	Group 1998 £000's	1997 £000's
Contracted for	100	74
Authorised but not contracted for	2	167
End of year	102	241

(b) Lease commitments

	Group 1998 £000's	1997 £000's
Finance lease commitments		
Amounts payable within:		
one year	208	310
two to five years	369	593
End of year	577	903

At the end of the year Group companies had the following annual commitments under non-cancellable operating leases:

	1998 Properties £000's	1998 Other £000's	1997 Properties £000's	1997 Other £000's
On leases which expire:				
within one year	66	60	134	107
within two to five years	121	189	61	154
over five years	1,334	-	1,295	-
	1,521	249	1,490	261

At the end of the year the Company had the following annual commitments under non-cancellable operating leases:

	1998 Properties £000's	1998 Other £000's	1997 Properties £000's	1997 Other £000's
On leases which expire:				
within one year	-	6	-	4
over five years	117	-	117	-
	117	6	117	4

Notes to the Financial Statements continued

26 Pension schemes

The Group changed its UK pension arrangements on 1 February 1998. The existing OMI Group Pension Scheme was closed with members having the option to join the new Solvera Group Personal Pension Scheme operated by Clerical & Medical Investment Group Limited or remain as a deferred pensioner. The Group contributes to the scheme according to a predefined matrix of contributions dependent upon member's own contributions. During the period from 1 February 1998 to 31 March 1998 the Group pension charge in relation to this scheme was £68,000.

The pension charge for the period to 31 January 1998 in relation to the OMI Group Pension Scheme was £247,000 (year to 31 March 1997: £387,000). In addition the Group made contributions of £150,000 to certain employees' private pension schemes.

The closed OMI Group Pension Scheme was established in June 1992 and comprised both a money purchase section and a defined benefit section (known as the Lontec Section). On 1 July 1994, a separate pension scheme (GED Pension Scheme), which was a defined benefit scheme was merged with the OMI Group Pension Scheme. The two defined benefit sections of the OMI Group Pension Scheme (Lontec and GED) were closed to new entrants in August 1992.

The OMI Group Pension Scheme was subject to periodic valuations by independent actuaries. The latest valuations were carried out as at 1 October 1996, using the projected unit method with a control period of five years. The principal actuarial assumptions applied were: Investments will yield 9% per annum compound; salary increases will be 7% per annum compound; pensions increases will be 3% per annum compound on benefits in excess of Guaranteed Minimum Pensions; deaths are in accordance with modern mortality tables; there are no new entrants or early retirements and withdrawals are at a modest rate; assets are valued on a basis consistent to that of liabilities. At this actuarial valuation date, the market value of the assets of the OMI Group Pension Scheme was £5.9 million. The scheme's assets existing at 1 October 1996 that relate to the scheme fully cover its liabilities as at that date and did not exceed 105% of the valuation of the liabilities of the scheme.

A decision to convert substantially all the assets of the OMI Group Pension Scheme to cash was taken on 26 March 1998.

As at 9 June 1998 the scheme had cash of £7,598,000 and investments of £304,000. The total assets at 9 June 1998 are therefore £7,902,000. The trustees believe, based on the 1996 Actuarial Valuation, the OMI Group Pension Scheme's commitments to the deferred OMI Group Pension Scheme members and the transfer value to the Solvera Group Personal Pension Scheme are covered by this cash sum. A 1998 Actuarial valuation will be prepared to determine the up to date deferred members' benefits.

27 Contingent liabilities

The Group has assigned property leases in the normal course of business. Should the assignees fail to fulfil any obligation in respect of those leases the Group may be liable for those defaults. The directors are not aware of any unprovided instances where such defaults have taken place.

28 Minority interests

Minority interests represent the 15% equity holding of shares in Solvera Information Services Inc. retained by one of the original owners.

29 Post balance sheet events and related party transactions

On 22 April 1998 the Group bought the business of Ferrari Offshore Limited for £0.2 million.

On 4 June 1998 the Company entered into an agreement for the sale of its subsidiary Omitec Instrumentation to Cetimo Limited for a consideration of £0.8 million subject to shareholder approval. Cetimo Limited is a company formed by members of the management of Omitec Instrumentation Limited and former Solvera plc director Mr John Watkins for the purpose of acquiring the whole of the issued share capital of Omitec Instrumentation Limited.

Other than the above there have not been any related party transactions during the year.

30 Principal operating subsidiary undertakings

Design and Documentation

Solvera Information Services Limited (formerly OMI Logistics Limited)

Solvera Information Services Incorporated (formerly Omega Logistics International Inc.)

P+Z Engineering GmbH (formerly Peters & Zabransky GmbH)

Environmental

Forward Industries Limited

Castlet Electronics Limited

Forry, Incorporated

Redkoh Industries, Incorporated

Castlet, Incorporated

Omitec Instrumentation Limited (subject to sale by the company)

The company holds and controls 100% of the share capital of the above subsidiary undertakings with the exception of Solvera Information Services Inc, of which the company holds 85%. Solvera Information Services Limited, Forward Industries Limited, Castlet Electronics Limited and Omitec Instrumentation Limited are registered and operational in England and Wales.

Solvera Information Services Inc., Forry, Inc., Redkoh Industries, Inc. and Castlet, Inc. are incorporated and operating in the United States of America. P+Z Engineering GmbH is a company incorporated and operating in Germany. No subsidiaries are excluded from the consolidated accounts.

Notice of Annual General Meeting

Notice is hereby given that the seventy-fourth Annual General Meeting of the Company will be held at 1 Hay Hill, London W1X 7LF at 10am on 23 July 1998 for the following purposes:

As ordinary business to consider and, if thought fit, pass the following Ordinary Resolutions:

1. To receive and adopt the financial statements for the year ended 31 March 1998 together with the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To re-elect Mr D Ablett as a Director who retires by rotation and, being eligible, offers himself for re-election.
4. To re-elect Mr G Eades as a Director who retires by rotation and, being eligible, offers himself for re-election.
5. To re-appoint Deloitte & Touche as auditors to the Company and to authorise the Directors to fix their remuneration.

As special business to consider and, if thought fit, pass the following resolutions as Special Resolutions:

6. (a) That the Directors be and they are hereby empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity securities pursuant to the authority given in accordance with Section 80 of the Act by a Resolution passed at a General Meeting of the Company held on 21 November 1994 as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (i) in connection with any offer of securities, open for acceptance for a period fixed by the Directors, by way of rights to holders of Ordinary Shares in proportion (as nearly as may be) to their holdings on a record date fixed by the Directors (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever);
 - (ii) pursuant to the terms of any share scheme for employees approved by the members in General Meeting; and
 - (iii) (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to an aggregate nominal amount of £186,011 (equal to 5 per cent of the nominal amount of the Company's issued equity share capital as shown in its financial statements for the year ended 31 March 1998 and so that this sub-paragraph (iii) shall extend to equity securities which by their terms do not require to be paid up whether on issue thereof or at any time;

and shall expire at the conclusion of the Annual General Meeting of the Company in 1999 but so that this power shall enable the Company to make offers or agreements prior to the expiry of this power which would or might require equity securities to be allotted after the expiry of this power.

- (b) Words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this Resolution.

G J Eades
Secretary
9 June 1998

NOTES

- (a) A member entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. A form of proxy for your use is enclosed. To be effective, the form of proxy must be lodged with the Registrar of the Company not less than 48 hours before the time appointed for the holding of the Meeting.
- (b) The return of the form of proxy will not prevent a member from attending the Meeting and voting in person.
- (c) Copies of the Directors' service contracts will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the date of the Annual General Meeting and at the place of the Meeting for at least 15 minutes prior to the Meeting until its conclusion.

An Extraordinary General Meeting will be convened on 23 July 1998 to agree the sale of Omitec Instrumentation Limited. Full details are contained in a Circular from Albert E Sharp, the company's advisers, which will be issued separately.

Shareholder Information

Final ex-dividend date	15 June 1998
Record date for dividends payment	19 June 1998
Annual report and accounts posted to shareholders	29 June 1998
Circular to shareholders posted	6 July 1998
AGM	23 July 1998
Payment of final dividend	31 July 1998
Interim period end	30 September 1998
Interim results announced	2 December 1998
Interim ex-dividend date	14 December 1998
Record date for dividends payment	18 December 1998
Interim dividend paid	5 February 1999
Year end	31 March 1999
Preliminary announcement of full year's results	3 June 1999

Useful Information

Solvera plc share price – FT City line – telephone – 0336 43 3562
Calls are charged at 50p per minute at all times

Registrars

Connaught St Michaels Limited – telephone – 01582 405333

Dividends can be paid direct into a bank account.
To obtain a mandate form call the Registrars.

Advisers

Auditors

Deloitte & Touche
1 Little New Street
London EC4A 3TR

Stockbrokers

Albert E Sharp
Temple Court
35 Bull Street
Birmingham
B4 6ES

Registrars

Connaught St Michaels Limited
P O Box 30
CSM House
Victoria Street
Luton
Bedfordshire LU1 2PZ

Secretary

G J Eades

Registered Office

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Registered Number

196908

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