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## Chairman's Statement

**I**n this set of results which requires some analysis, I am pleased to report that operating profit on continuing businesses for the year to 31 March 1993, before exceptional items, interest and taxation, was £367,000 (1992 loss - £500,000). This represents an operating profit per share, excluding exceptional items, of 0.8p (1992 loss - 1.1p) on continuing business sales of £33,521,000 (1992 - £35,852,000).

### DIVIDENDS

Your Board recommends an unchanged final dividend of 1.0p per share for the year ended 31 March 1993, which, together with an interim dividend of 0.75p per share paid in March 1993, makes a total of 1.75p per share for the year. The final dividend, to be approved at the Annual General Meeting, will be paid on 4 October 1993 to shareholders on the register of members at close of business on 20 August 1993.

### BOARD MATTERS

It was with great sorrow that we heard of the death of Richard Penkethman, our Company Secretary, on 25 March this year. He was an invaluable help to us all through some difficult times and we continue to miss him. Our thoughts are with his wife and family. Keith Carter will not be seeking re-election this year after many years of valuable service to the company. Keith was the Managing Director of J 11 Dalmeyer at the time of acquisition in 1974. He joined the Watshams board in 1977 and has been a non executive director for 15 years. I should like to thank him for all he has done for the company and wish him a splendid retirement.

### FRS 3 IMPACT

Your Company's results are being reported using the FRS 3 accounting standard for the first time.

Approximately £3million of charges have been brought through the face of the accounts that either have been reported previously or would not have been so treated under the prior policies.

A year ago, I announced the sale of the aerospace and engineering design businesses of OMI Design Technology Limited and OTS Services Ltd ('the discontinued activities') together with the closure of the test systems business of Peters & Zabransky. Against these actions, an extraordinary provision of £2,223,000 was created in 1992. This provision has been reversed and moved into the year under review with a total of £1,994,000 transferred to discontinued activities in two categories, an exceptional charge and a loss on disposal. Due to the different accounting policy applied, the balance of £229,000 relating to test systems has been recorded as a continuing business exceptional charge. A further provision of £591,000 taken against the discontinued civil design and build operations in Design Technology has likewise been recorded as an exceptional charge for continuing businesses.

Within the loss before interest and taxation for the year to 31 March 1993 of £4,845,000 (1992 loss £13,496,000), the discontinued activities lost £2,322,000. As already explained, £1,994,000 of this loss was previously recorded in the 1992 accounts.

The loss was impacted further by a provision for property write-downs of £711,000, which relates to two surplus properties owned by the Group and currently on the market for disposal. Under our previous accounting policies £670,000 would have been



set against an existing revaluation reserve leaving £41,000 to adversely impact profit.

The operating loss on continuing businesses of £1,773,000 was struck after recording exceptional items of £2,140,000 of which £2,024,000 was split between two business

areas. On 1 April 1993, when announcing our investment in Omega Logistics International Inc (OLI), your Board warned of problems at Peters & Zabransky. This followed a note of caution in my Interim Statement about the recession in Germany. A major customer, having indicated a stable level of orders for the calendar year 1993 consistent with prior years, gave two weeks notice of the cessation of large tranches of work in order to undertake an internal reorganisation. We have been advised that work will return to more normal levels later this year. Nevertheless, as a design service business is particularly at risk in a recession, £700,000 has been provided for restructuring and charged as an exceptional item.

In my Interim Statement, I reported that the Process Engineering business of Design Technology had produced an unexpectedly weak performance, that management had been changed and that the business was being refocused. As had been our intention when first acquiring the company, a decision was taken early

last year to exit the civil design and build business and this operation has been progressively wound down. During the closure process, it was discovered that fraudulent invoices may have been issued and authorised by certain former employees which are now the subject of litigation. A total provision of £591,000 has been taken in respect of these discontinued operations, despite existing claims in excess of £800,000 resulting from variations on a number of contracts which remain under negotiation. Following the acquisition of Forward Industries in April 1993, the balance of Process Engineering is being merged into this new company. A further provision of £454,000 has been taken against contracts placed mainly by petrochemical customers with whom, in the normal course of business, existing contract variation claims exceed £600,000. Both provisions have been charged to exceptional items.

The Group balance sheet remains sound. Net borrowings at 31 March 1993 were £2,500,000, a gearing of 18 per cent.

#### CONTINUING BUSINESSES

OMI employees have responded to the challenges of the last year magnificently. We have continued to refine our businesses to make them more efficient and this has resulted in changes to work practices and the need for greater flexibility. There was a pay freeze in effect for the majority of OMI throughout the year. I should like to thank everyone in OMI for their hard work, dedication, attention to detail and cheerfulness.

Profits in the Logistics business moved ahead by 89 per cent. The traditional businesses of spares support and technical documentation continued to improve. Sales of packaged software, which address

equipment reliability measurement and failure mode prediction, were strong in the second half of the year. The first orders for the new logistic analysis products were received, while the 20 per cent equity investment in the USA company, OLI, should ensure leadership in this new and potentially rapidly expanding market segment. We believe that we have turned the Logistics business around and are close to realising a satisfactory return. Clearly, we are well advanced towards the goal of establishing a leading position in this exciting market area.

The Print and Reprnographics business in the UK traded at a loss after experiencing very harsh conditions throughout the 1992 calendar year. However, market conditions have now improved and we are cautiously optimistic that the corner has been turned. The manufacturing businesses' profit moved ahead by 20 per cent. Lower sales in Instrumentation due to the absence of the initial surge associated with the introduction of a gas analyser product in the prior year reduced overall manufacturing turnover by 4 per cent. The profit advance over the prior year followed an increase of 52 per cent the year before and was achieved despite increased R&D expenditure in all areas. Both manufacturing businesses have improved steadily throughout the recession. Electro-Optics is now solidly profitable and the overall performance is good. Currently, order books are healthy and prospects remain bright.

Forward Industries was acquired at the end of April 1993. This acquisition should more than double the manufacturing turnover of the Group from current sales of approximately £8 million. This will increase the manufactured product content of total Group turnover to a figure in excess of 40 per cent. The acquisition is in line with our stated aim of providing products and services to design, diagnose, gather and

control real time industrial measurement and control processes. In addition, Forward Industries has a strong position in the power generation industry which should help our Logistics business. The acquisition was financed by borrowings resulting in an initial gearing on a pro-forma balance sheet of approximately 40 per cent.

#### OUTLOOK

It has taken a long time to get here, but finally I believe that the majority of our businesses are in sound markets with good growth prospects in a normal economic environment. Investments in product and manufacturing technology have brought enhanced margins. The overhead burden has been reduced. There are difficulties in Germany, but prompt action has been taken. The new acquisitions will enhance our operations and enable us to enter new markets.

G. D. WILLIAMS

CHAIRMAN

# Review of Operations

## GROUP STRUCTURE

Products, services and tools for through-life  
logistic management of major capital assets.  
Reliability software products.

LOGISTICS

Advanced design and project manage-  
ment services for the automotive  
industry.

PETERS & ZIMMANSKY

SERVICE  
BUSINESSES

Print and reprographics services to  
industry and the government sector.

PRINT & REPROGRAPHICS

MANUFACTURING  
BUSINESSES

Mounted optic assemblies and  
advanced thin film coatings for  
industrial and aviation applications.

ELECTRO-OPTICS

Automotive diagnostics and emission  
analysis products.

INSTRUMENTATION

Electro-hydraulic products for industrial  
applications. Energy and environmental  
products for power generation and medical  
application. Process plant design and project  
management.

FORWARD INDUSTRIES

## LOGISTICS



*The Logistics business provides a range of technical services, software tools and computer based solutions to users of large capital equipment and their associated manufacturers such as defence weapon systems, aeroplanes, railway rolling stock and power stations. These services concentrate on the user's need for truly supportable systems over their lifetime and at the lowest cost of ownership.*

- PROFIT ADVANCE OF 89%
- TRADITIONAL BUSINESSES PERFORMING WELL
- NEW TECHNOLOGY PRODUCTS MATURING
- 20% EQUITY INVESTMENT IN OMEGA LOGISTICS INTERNATIONAL
- FULL SUITE OF INTEGRATED LOGISTIC PRODUCTS

This need is satisfied by a set of management and engineering activities that are grouped under a discipline known as Integrated Logistic Support (ILS). ILS includes the co-ordinated creation, formatting, distribution and maintenance of engineering data covering reliability, failure analysis, spares requirements, maintenance procedures and other related technical information.

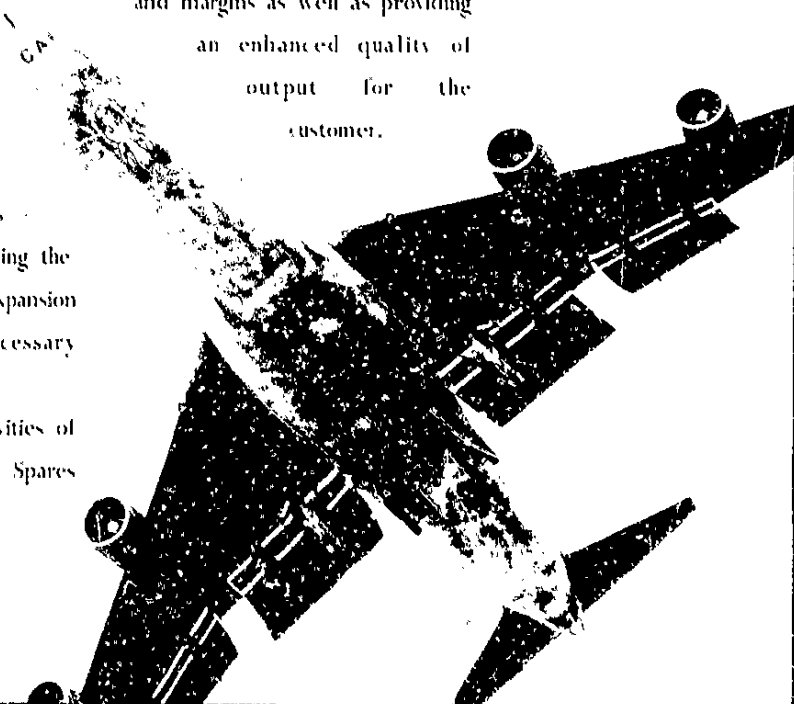
Prior to the formation of the Logistics business, OMI was offering a proportion of ILS services in a fragmented fashion. The year saw the continuing reconfiguration of the business towards a totally effective ILS operation. Attention was focused in three areas - rationalising and co-ordinating the services offered, market expansion and creating the necessary technology base.

In its traditional core activities of Technical Publications and Spares



*Derek Read  
OMI Operations Director*

Support the business won several important contracts with customers in the defence, aerospace and railway industries including a significant export contract with a major German defence manufacturer. Extensive investment was made in sophisticated computer systems aimed at improving productive efficiency and margins as well as providing an enhanced quality of output for the customer.



An important innovation which Logistics is spearheading in its industry is the use of desk top conferencing (DTC). Using software from Fujitsu, DTC enables a customer and a Logistics production operation to link PC to PC using the ISDN telephone network. This allows people to talk about, view and mark up documents, or send a customer application in real time. The need for extensive face to face communications is reduced as is the cost to the customer.

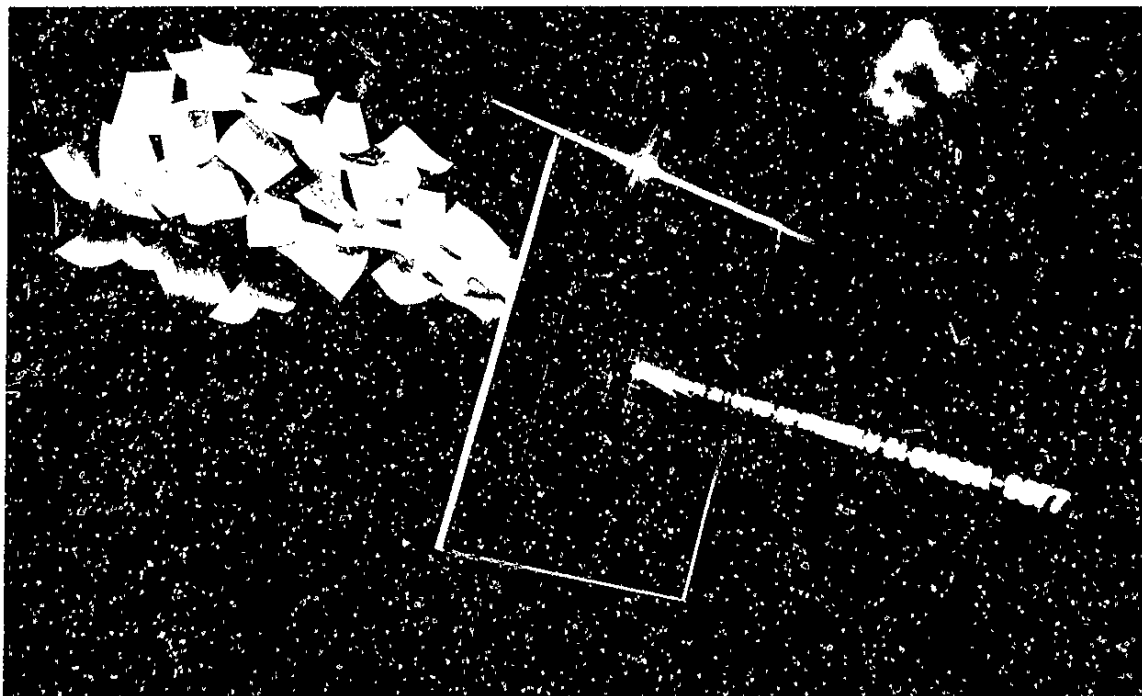
There are four major customers using this system today with potentially many more to come. The technical publications industry

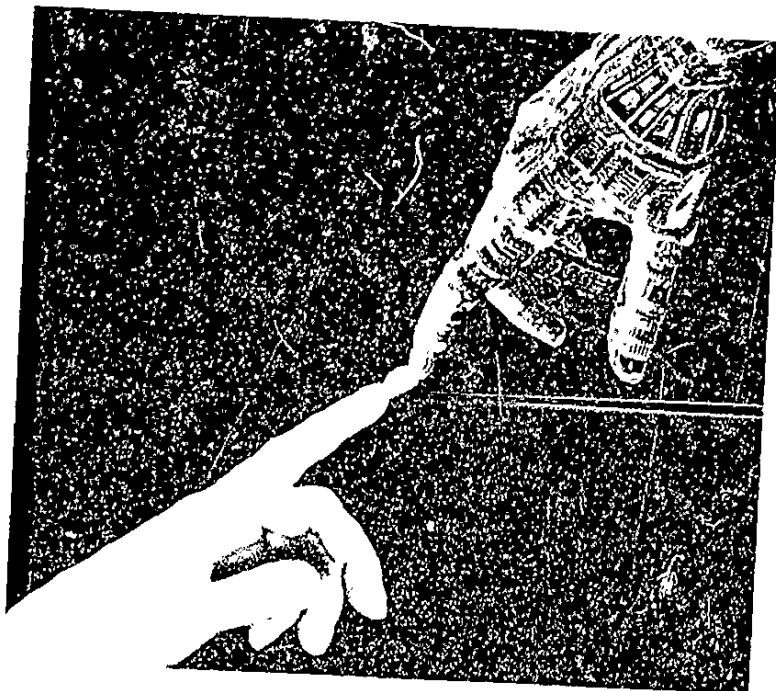


is facing significant challenges particularly in its traditional markets. The end users of many of these documents now recognise that modern technology can provide a better way of accessing the data; books take up space and are bulky. International specifications are emerging for what are known as IETMs (Interactive Electronic Technical Manuals)

whereby the maintenance engineer can see, and hear, the instructions and procedures on a display screen. Small hand held computers can be used and in the near future these can be coupled to "head-up glasses" for hands free operation. Logistics has already contracted with ABB for the supply of an on screen maintenance system for the London Underground and will be adding other technology solutions to its offering in the market.

ILS is being adopted throughout the world by users of expensive and complex engineering capital assets. Logistics is supporting asset users and their manufacturers with software tools, training courses and consultancy. During the year we





were engaged by the UK Ministry of Defence to support the IIS team for the purchase of the new Army attack helicopter and most recently, have won a contract with Haskins plc for the supply of a logistics support system to the Fleet Air Arm. The range of software tools offered to the market has grown dramatically during the year and now includes a suite of quality and reliability packages designed specifically for the automotive industry. Another addition was the internationally accepted reading package for technical illustration - Illustrator II from Interact AG.

A significant development in the software tools arena was concluded in March through the equity

investment in Omega Logistics International Inc. in the USA. In separate agreements OMI Logistics was appointed European distributor for Omega products and Omega was appointed distributor for OMI Logistics' products in North America.

In the current year Logistics will be consolidating the gains it has made to date both in its market positioning and the underlying technology investment. There is an expectation for improved margins in the core business and ever increasing sales levels in the new IIS activities. An important development expected during 1993 will be to provide customers with improved data acquisition and dissemination processes.

#### PETERS & ZABRANSKY

Peters & Zabransky serves the German car manufacturers with design of components, materials testing, stress analysis and mathematical modelling. Major projects have included the '3' and '5' series BMW and the first ever orders from Opel through the Frankfurt office.

Complete project management services have been provided for a test house for Ford at Cologne and documentation services for a helicopter programme. Investments during the year have enhanced the capability in materials testing technology and mathematical simulation.

#### PRINT & REPROGRAPHICS

OMI Print and Reprographics supplies printed work from limited run handbooks to long run colour work. Its capability ranges from offset litho to the latest high capacity electrostatic printing. The security cleared locations enable printing of highly confidential documents for industrial and defence markets.

Reprographics offers a specialised service to equip and supply drawing offices. It also provides full reprographics services to the engineering, architectural and construction industries as well as to local government departments.



## ELECTRO-OPTICS



- PROBLEMS ADVANCE OF 1995
- ORDER BOOK STRONG
- CONTINUED INVESTMENT IN NEW PRODUCT AND TECHNOLOGY
- EXPORT SUCCESS IN EUROPE AND USA
- INDUSTRY LEADER IN RUGATE THIN FILM MARKET
- STATE OF THE ART ION DEPOSITION AND LASER TEST CAPABILITY

*Our Thin Film company supplies coatings for a variety of high technology applications. We are an industry*

*leader in producing rugate and tight tolerance filters for*

*avionic applications, low loss high*

*damage threshold laser mirrors for*

*ring laser gyro and medical applica-*

*tions and coatings onto plastic for*

*industrial and avionic requirements.*

*At Mounted Optics the focus has*

*remained on the design and manu-*

*facture of lenses and optical assemblies*

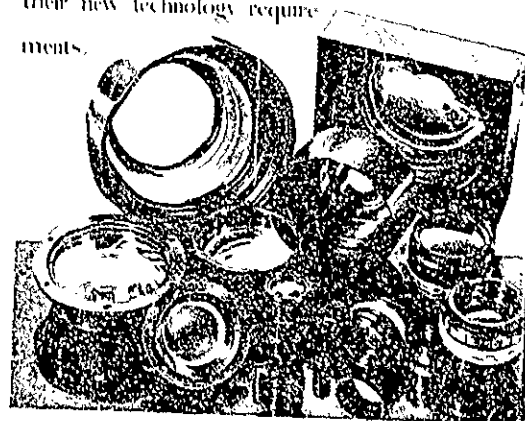
*in the avionic and industrial markets.*

The Electro Optic businesses continued to improve their profitability in a difficult market. Order books are strong at both the Mounted Optics and Thin Film Operations with the latter ending the financial year at a record level. At Thin Films we have enhanced our capability in ion deposition and laser test equipment. Mounted Optics continued to reap the benefits of the investment to improve manufacturing efficiencies and reduce lead times and now has a cost base to compete at international levels.

During the year, Thin Films installed a facility for measuring the optical density and laser induced damage thresholds to test its new state of the art technology coatings. This enabled us to win business on two major US programmes requiring rugate coating technology. In addition, a joint venture has been signed with a major instrument company to

produce coatings of a similar technology. Our coating capability also enabled us to win ongoing sub assembly work for a large UK customer.

New business has been won by Mounted Optics to supply optics for head up and head mounted displays, laser technologies and high definition information displays. Success has been achieved in increasing our overseas sales, particularly in Germany for industrial optics and in the US for avionics. Linking the expertise of Mounted Optics and Thin Films is increasingly becoming a major factor in providing our customers with solutions for their new technology requirements.



## INSTRUMENTATION



Instrumentation's main business is the supply of hand-held electronic testing, diagnostic and fault finding equipment for major car manufacturers. This involves working closely with customers such as Rover, Mazda, Rolls-Royce, Hyundai and General Motors to support their electronic diagnostic requirements. The company is also focussing on supporting OEMs overseas, particularly in Germany and the Far East.

- EXCELLENT OPERATING PROFIT PERFORMANCE.
- INCREASED R&D EXPENDITURE.
- MAJOR EXPANSION OF PRODUCT RANGE.
- GOOD ORDER BOOK.
- SECONDARY AND TERTIARY MARKET EXPANSION VIA DISTRIBUTION.
- PACIFIC RIM EXPANSION WITH MAJOR CAR MANUFACTURERS.

Our Instrumentation division had an excellent year in terms of profitability while at the same time increasing its budget for new product development.

During the past year the company has continued its move into secondary and tertiary markets. This has involved the introduction of a number of new own label products together with distribution

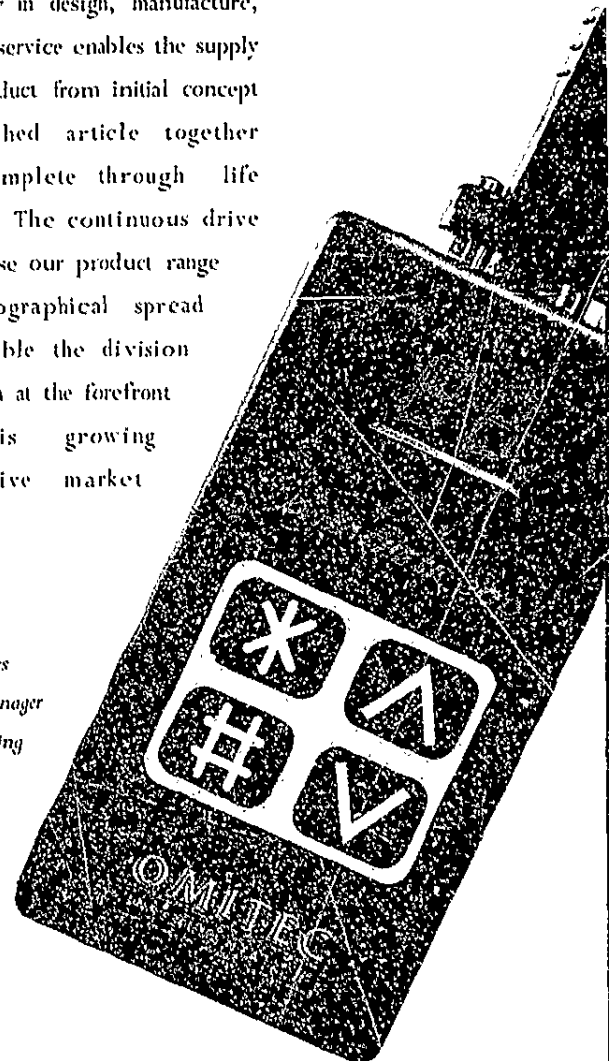


The company's range of gas emission equipment was developed to meet new UK and European regulations.

Capability in design, manufacture, test and service enables the supply of a product from initial concept to finished article together with complete through life support. The continuous drive to increase our product range and geographical spread will enable the division to remain at the forefront of this growing automotive market segment.

David Marks  
General Manager  
Manufacturing

agreements with Snap On Tools, UK and Europe, and Kent Moore. New products include anti lock braking system testers, a fuel injection tester and two additions to our range of fault code readers.



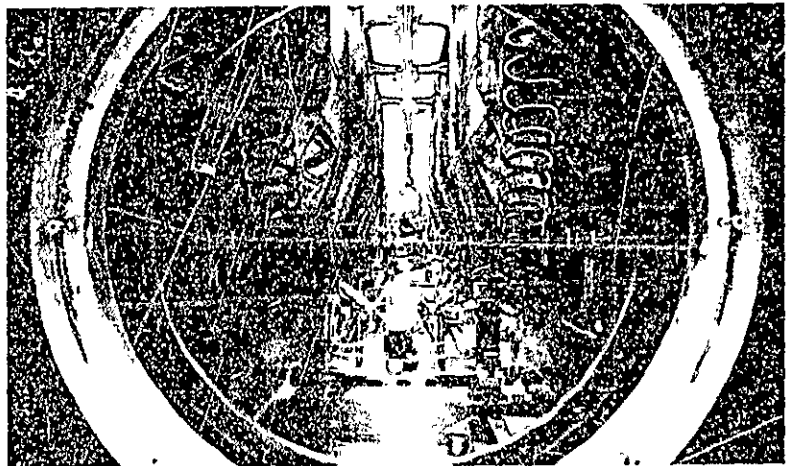
## FORWARD INDUSTRIES



- ACQUISITION IN APRIL WHICH VIRTUALLY DOUBLES MANUFACTURED PRODUCT CONTENT OF GROUP'S PORTFOLIO
- STRONG POSITION IN INDUSTRIAL ELECTROHYDRAULICS CONSISTENT WITH THE GROUP'S STRATEGY TO BUILD A MEASUREMENT AND CONTROL BUSINESS
- EXCELLENT POSITION IN POWER GENERATION AND ENVIRONMENTAL INDUSTRIES WHICH ARE OTHER GROUP MARKETS
- PROCESS ENGINEERING WILL MERGE WITH THE BUSINESS
- MEDICAL X-RAY THERAPY PRODUCT WITH EXPORT SALES
- CONTRIBUTION OF ELEVEN MONTHS OF TRADING IN THE NEW FINANCIAL YEAR

*Forward Industries was acquired from Aerospace Engineering plc at the end of April 1993. The business comprised three separate legal entities which were 'hived down' into a new legal structure,*

*thereby leaving behind certain assets and past liabilities.*

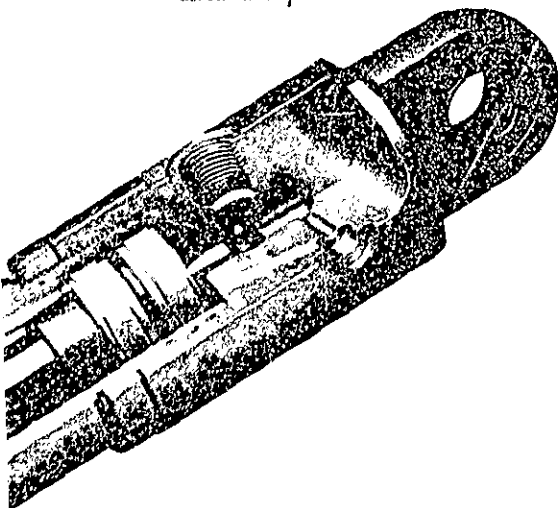


### ELECTRO-HYDRAULICS

Forward Industries offers a full range of pumps, actuators, valves, cylinders and heat exchanger products together with a systems capability to integrate these products for industrial customers. The factory in Swindon is equipped with modern machine and assembly bays and there is a newly installed CAD design and development system. The company has over 70 years

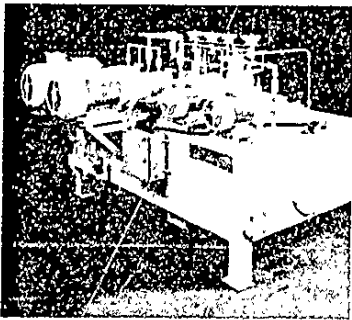
experience in the market which serves industrial, civil, process engineering and defence customers. There is a high value added engineering content to the business.

Our aim is to develop the product range further, particularly in the cylinder market. A new range of cylinders will be released in the near future aimed specifically at the industrial sector. This will be followed by a low cost transducer



to be used with 'intelligent' cylinders aimed at measurement and control applications. A newly designed unit which combines pump and cylinder technology will be sold into the power generation industry. We expect all these products to be in the market during the course of the new financial year.

The company has experience in the design and manufacture of systems and power units for both civil and



defence applications. This capability has provided controls for bridges, lock gates, flood alleviation and process line manufacturing equipment. We expect to be able to revitalise this capability by combining it with the existing Process Engineering business and trading both under the Forward Industries banner.

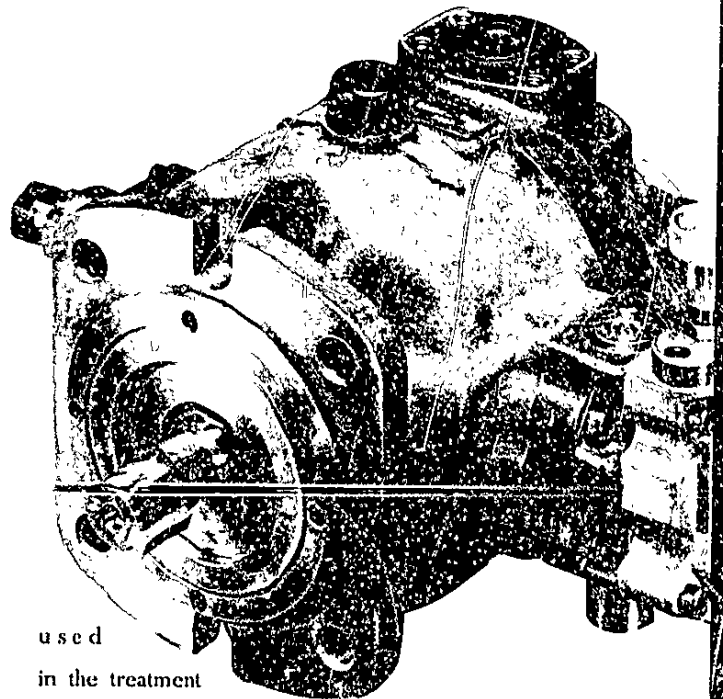
#### ENERGY & ENVIRONMENTAL

The company has an excellent position in the power generation industry, particularly in nuclear.

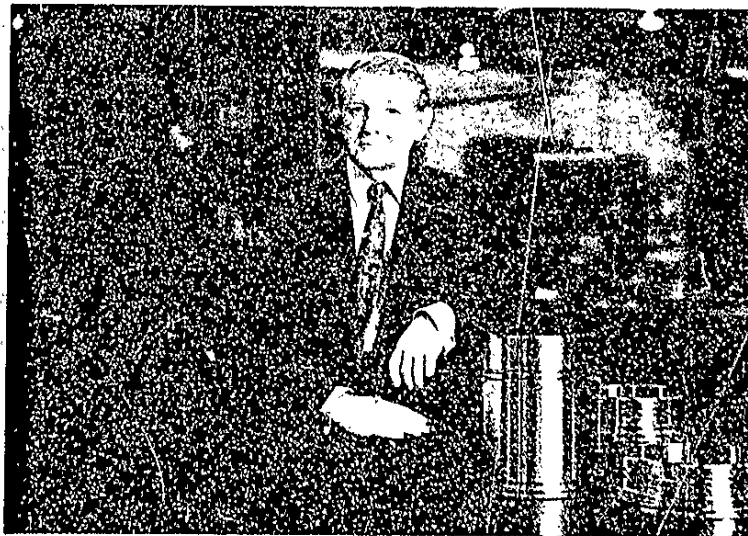
The basic nuclear product is a high specification master slave manipulator used in post irradiation laboratories and fuel element re-processing. There is good export potential and recently a series of significant orders have been won from Japan.

One of the strengths of this business is the accumulated experience over 35 years in design and build of complex bespoke mechanical equipment for refurbishment, inspection and testing within nuclear and conventional power stations. These same skills are being applied to other process plant applications in pharmaceuticals, food processing and other areas where precision engineering in stainless steel is required.

The business also manufactures the Darpac 150 product which is a superficial X-Ray therapy machine



used in the treatment of skin cancer. In addition to sales in the UK the German and French markets are showing considerable potential. Orders have been received from Germany for delivery in the current financial year. The homologation process in France is nearly finished and orders have been received pending that approval.



Jeff Forrest  
Managing Director  
Forward Industries

## Directors and Advisors

*OMI International plc*

**DIRECTORS** G D Williams, *Chairman & Chief Executive*  
K D Carter, *Non Executive*  
R W Duggan, *Non Executive*  
B G Hill, *Non Executive*  
D L Jeffries, *Finance*  
D R Read, *Operations*

**SECRETARY** D L Jeffries

**REGISTERED NUMBER** 196908

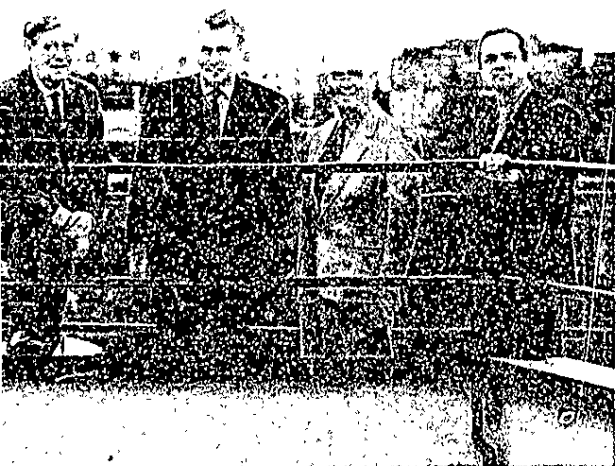
**REGISTERED OFFICE** 1-11 Hay Hill  
Berkeley Square  
London W1X 7LF

**AUDITORS** KPMG Peat Marwick  
1 Puddle Dock  
Blackfriars  
London EC4V 3PD

**BANKERS** National Westminster Bank Plc

**STOCKBROKERS** de Zoete & Bevan Limited  
Ebbgate House  
2 Swan Lane  
London EC4R 3TS

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



*From left to right;*  
*Brian Hill (Non-Executive)*  
*Richard Duggan (Non-Executive)*  
*Keith Carter (Non-Executive)*  
*David Jeffries (Finance Director)*

## Report of the Directors

**The Directors submit their annual report and accounts for the year ended 31 March 1993**

### ACTIVITIES

During the year under review and subsequently the following significant events occurred:-

On 17 August 1992 OMI International plc completed the sale of the issued share capital of OTS Services Ltd and OMI Design Technology Limited completed the sale of its aerospace and general engineering design businesses.

On 31 March 1993 the Company acquired a 20% interest in Omega Logistics International Inc., a newly formed US corporation.

On 30 April 1993 the Company purchased the issued share capital of Forward Industries Limited from Aerospace Engineering plc.

Following these events the principal activities of the Group are the manufacture and supply of products and services in electro-hydraulics, process engineering, logistics, electro-optics and instrumentation for the automotive, avionic, communication, electronic, environmental, power and process industries.

A full review of the Group's activities during the year, of recent events and an outline of likely future developments is given in the Chairman's Statement and Review of Operations on pages 3 to 13.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 18 and the movements on reserves are set out in Note 22.

The Directors recommend payment of a final dividend of 1.0p per share for the year ended 31 March 1993 which together with an interim dividend of 0.75p per share paid in March 1993 makes a total of 1.75p per share for the year. The final dividend, if approved at the Annual General Meeting, will be paid on 4 October 1993 to shareholders on the register of members at the close of business on 20 August 1993.

### FIXED ASSETS

The movements in tangible fixed assets during the year are set out in Note 13.

Two freehold properties at Maidstone and at Handforth, Manchester are no longer occupied by the Group and are currently being marketed for disposal. Accordingly the Directors have made provision against the carrying value of these freeholds as the diminution in valuation suffered since the last full valuation of freehold properties in March 1990 is considered to be permanent.

The Directors are of the opinion that other freehold properties may also have suffered diminution in value since the March 1990 valuation. However, the Group continues to occupy these premises in the normal course of its business and has no plans to cease occupation in the foreseeable future. In the light of advice received, the Directors are of the opinion that any diminution in valuation of these premises is of a temporary nature and accordingly no revision to the current valuations is appropriate.

The next full freehold valuation exercise will be carried out no later than March 1995.

## Report of the Directors

(Continued)

### CORPORATE GOVERNANCE

The proposals of the Cadbury Report have been carefully considered by the Board. As indicated in last year's Annual Report the Group has established an Audit Committee and a Remuneration Committee comprising in both cases Messrs Duggan and Hill.

The Audit Committee which is chaired by Mr Duggan, reviews the financial reports of the holding and subsidiary companies, the results of the auditors examination of the Group financial statements together with the Group's internal control procedures. The Remuneration Committee makes recommendations on all remuneration matters with respect to Directors and senior management.

### DIRECTORS' AND OFFICERS' INSURANCE

The Company has maintained insurance for its Directors and Officers against liability in relation to the Company.

### DIRECTORS AND THEIR INTERESTS

The present Directors are listed on page 14. All have been Directors throughout the financial year with the exception of Mr R W Duggan who was appointed to the Board on 8 April 1992.

The Directors and their families were beneficially interested in the share capital of the Company as follows:

	31 March 1993			1 April 1992*		
	Ordinary Shares	Executive Share Options	SAYE Share Options	Ordinary Shares	Executive Share Options	SAYE Share Options
G D Williams	100,000	535,714	39,473	20,000	535,714	39,473
K D Carter	94,999	—	—	94,999	—	—
R W Duggan	50,000	—	—	—	—	—
B G Hill	50,000	—	—	10,000	—	—
D L Jeffries	163,153	350,000	39,473	25,000	175,000	39,473
D R Read	30,000	167,142	39,473	10,000	167,142	39,473

\* Or date of appointment if later

Messrs G D Williams, D L Jeffries and D R Read have a non beneficial interest in 980,000 ordinary shares of the Company as Directors of OMI Group Share Trust Limited.

There have been no changes in the interests of the Directors between 31 March 1993 and the date of this report.

The Directors retiring by rotation at the Annual General Meeting are Messrs Carter and Read. Mr Carter does not seek re-appointment and will cease to be a Director at the conclusion of the Meeting. Mr Read, being eligible, offers himself for re-election. Mr Read has a service agreement with the Company which expires on 31 August 1994.

Mr B G Hill continues as a non-executive Director. Brian Hill, who is aged 63, was appointed a non executive Director of the Company in October 1991. Previously he was a Director of Turner & Newall Plc from 1971 until 1981 when he became Managing Director of Automotive Products Plc. On the acquisition of Automotive Products by BBA Group Plc he became Chief Executive of BBA's Engineering Division until his retirement in March 1992. He is also a non-executive Director of The Scottish Life Assurance Company.

Mr R W Duggan continues as a non executive Director. Richard Duggan, who is aged 48, is an Associate with the Postern Executive Group Limited and was previously Chief Executive of Trade Indemnity Group Plc after serving thirteen years with the Morgan Crucible Group. He is a Chartered Accountant.

There were no contracts of significance subsisting during or at the end of the year in which a Director of the Company is or was materially interested.

# SUBSTANTIAL SHAREHOLDINGS

At the date of this report the following interests of three per cent or more in the issued share capital have been notified to the Company:

	Number of Shares	Percentage
Mercury Asset Management Group plc	6,636,516	14.93
London & Manchester Group plc	3,950,000	8.89
County NatWest Investment Management Limited	3,297,905	7.42
Chatsworth Management Services Limited	2,740,000	6.16
British Airways Pension Fund Trustees Limited	2,203,916	4.96
Sun Alliance Group plc	2,182,363	4.91
ICI Investment Management Limited	2,059,307	4.63
TSB Group plc	2,000,000	4.50
British Gas Pension Funds Management Limited	2,000,000	4.50
Barclays Bank plc (Non-Beneficial)	1,569,771	3.53

# GROUP RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continued to carry out research and development in areas directly related to current activities. Research and development expenditure is written off to the profit and loss account in the year incurred.

# CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year under review there were no contributions for charitable purposes and no political donations were made (1992 - £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 on matters of concern to them through information bulletins and periodic meetings. In addition to having established Profit Related Pay Schemes for its UK operating businesses the Group 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.

# SPECIAL BUSINESS AT THE AGM

The limited power granted to the Directors at last year's Annual General Meeting to allot unissued shares for cash other than pro-rata to existing shareholders expires at the end of this year's Annual General Meeting. The Directors again recommend (Resolution 5 in the Notice of Meeting) that they be given power until the Annual General Meeting in 1994 to allot unissued shares for cash otherwise than pro-rata to existing shareholders up to a limit of 5% of the Company's issued share capital.

# TAXATION

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

# AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of KPMG Peat Marwick will be submitted to the Annual General Meeting.

Registered Office:

1-11 Hay Hill, London W1X 7LF 29 July 1993

By Order of the Board  
D L Jeffries, Secretary



# Consolidated Profit and Loss Account

For the year ended 31 March 1993

	Notes	1993 Before Exceptional Items £000s	1993 Exceptional Items (Note 6) £000s	1993 Total £000s	1992 Total (as restated) (Note 10) £000s
<b>TURNOVER</b>	1				
Continuing operations		33,521	—	33,521	35,852
Discontinued operations		3,749	—	3,749	15,354
		<u>37,270</u>	<u>—</u>	<u>37,270</u>	<u>51,206</u>
<b>COST OF SALES</b>	6				
Continuing operations		(22,363)	(1,272)	(23,635)	(23,533)
Discontinued operations		(3,605)	—	(3,605)	(15,892)
		<u>(25,968)</u>	<u>(1,272)</u>	<u>(27,240)</u>	<u>(39,425)</u>
<b>GROSS PROFIT/(LOSS)</b>					
Continuing operations		11,158	(1,272)	9,886	12,319
Discontinued operations		144	—	144	(538)
		<u>11,302</u>	<u>(1,272)</u>	<u>10,030</u>	<u>11,781</u>
<b>NET OPERATING EXPENSES</b>	3 & 6				
Continuing operations		(10,791)	(868)	(11,659)	(13,573)
Discontinued operations		(1,251)	—	(1,251)	(1,104)
		<u>(12,042)</u>	<u>(868)</u>	<u>(12,910)</u>	<u>(14,677)</u>
<b>OPERATING PROFIT/(LOSS)</b>	1 & 4				
Continuing operations		367	(2,140)	(1,773)	(1,254)
Discontinued operations		(1,107)	—	(1,107)	(1,642)
		<u>(740)</u>	<u>(2,140)</u>	<u>(2,880)</u>	<u>(2,896)</u>
Share of loss in associated undertaking		(39)	—	(39)	—
Provision for loss on disposal of freeholds	6	—	(711)	(711)	—
Loss on disposal of discontinued operations	6	—	(1,215)	(1,215)	—
Goodwill write off on operations discontinued in 1992/93	6	—	—	—	(10,600)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<u>(779)</u>	<u>(4,066)</u>	<u>(4,845)</u>	<u>(13,496)</u>
Interest receivable	7			211	755
Interest payable	8			(386)	(539)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				<u>(5,020)</u>	<u>(13,280)</u>
Tax on profit on ordinary activities	9			(117)	(145)
<b>LOSS FOR THE FINANCIAL YEAR</b>	10			<u>(5,137)</u>	<u>(13,425)</u>
Dividends	11			(778)	(777)
<b>RETAINED LOSS</b>				<u>(5,915)</u>	<u>(14,202)</u>
Loss per Share — net basis	12			(11.6p)	(30.2p)
— nil basis				(10.7p)	(28.9p)
Continuing operating profit/(loss) excluding exceptional items per share				0.8p	(1.1p)

THE MOVEMENT ON RESERVES IS SET OUT IN NOTE 22

The Notes on pages 23 to 40 form part of these accounts

# Consolidated Balance Sheet

At 31 March 1993

	Notes	1993 £000s	1992 (as restated) £000s
<b>FIXED ASSETS</b>			
Tangible assets			
Investments	13	9,606	11,600
	14	88	—
		<u>9,694</u>	<u>11,600</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress			
Debtors	15	4,317	4,748
Cash at bank and in hand	16	9,983	12,428
		484	1,788
		<u>14,784</u>	<u>18,964</u>
<b>CREDITORS:</b>			
Amounts falling due within one year			
	17	(8,276)	(8,447)
<b>NET CURRENT ASSETS</b>		<u>6,508</u>	<u>10,517</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>16,202</u>	<u>22,117</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year			
	18	(122)	(234)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	19	(1,940)	(1,200)
<b>NET ASSETS</b>		<u>14,140</u>	<u>20,683</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital			
Share premium account	21	2,222	2,222
Revaluation reserve	22	21,937	21,937
Capital reserve	22	1,720	2,390
Special reserve	22	7,088	7,088
Goodwill	22	18,778	20,000
Profit and loss account	22	(18,152)	(17,571)
	22	(19,453)	(15,383)
<b>TOTAL CAPITAL EMPLOYED</b>		<u>14,140</u>	<u>20,683</u>

The accounts have been approved by the Board of Directors on 29 July 1993 and signed on their behalf by

G D Williams

D L Jeffries

Directors

The Notes on pages 23 to 40 form part of these accounts

# Consolidated Cash Flow Statement

For the year ended 31 March 1993

	Notes	1993 Continuing £000s	1993 Discontinued £000s	1993 Total £000s	1992 Total (as restated) £000s
NET CASH FLOW FROM OPERATING ACTIVITIES	27	(547)	—	(547)	1,263
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest paid on finance leases		—	—	—	(3)
Interest paid		(386)	—	(386)	(536)
Interest received		211	—	211	1,039
Dividends paid		(778)	—	(778)	(1,871)
		<u>(953)</u>	<u>—</u>	<u>(953)</u>	<u>(1,371)</u>
TAXATION					
UK Corporation tax paid		<u>(196)</u>	<u>—</u>	<u>(196)</u>	<u>(933)</u>
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(1,049)	—	(1,049)	(1,480)
Proceeds on sale of fixed assets		133	—	133	297
Loan note repaid		—	—	—	1,000
Purchase of associated undertakings		(668)	—	(668)	—
Purchase of subsidiary undertakings	31	—	—	—	(783)
Sale of subsidiary undertakings	32	—	564	564	—
Trading costs of discontinued businesses		—	(1,490)	(1,490)	(938)
Working capital movement on discontinued businesses		—	1,381	1,381	—
Costs of closure of businesses		—	—	—	(322)
		<u>(1,584)</u>	<u>455</u>	<u>(1,129)</u>	<u>(2,226)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(3,280)	455	(2,825)	(3,267)
FINANCING					
Asset purchase by instalments	30	(50)	—	(50)	—
Capital element of finance leases		<u>(20)</u>	<u>—</u>	<u>(20)</u>	<u>(16)</u>
		(70)	—	(70)	(16)
(Decrease)/Increase in bank borrowings due in more than one year		—	—	—	(65)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	28	<u>(3,350)</u>	<u>455</u>	<u>(2,895)</u>	<u>(3,348)</u>

The Notes on pages 23 to 40 form part of these accounts

# Statement of Total Recognised Gains and Losses

For the year ended 31 March 1993

	1993	1992 (as restated)
	£000s	£000s
Loss for the financial year	(5,137)	(13,425)
Exchange adjustments on foreign currency net investment	(47)	(24)
<b>TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR</b>	<b>(5,184)</b>	<b>(13,449)</b>

## Note of Historical Cost Profits and Losses

For the year ended 31 March 1993

	1993	1992 (as restated)
	£000s	£000s
Loss on ordinary activities before taxation	(5,020)	(13,280)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	53	39
Asset provisions created/(utilised) not required on an historical cost basis	670	—
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(4,297)</b>	<b>(13,241)</b>
<b>HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS</b>	<b>(5,192)</b>	<b>(14,163)</b>

## Reconciliation of Movements in Shareholders' Funds

For the year ended 31 March 1993

	1993	1992 (as restated)
	£000s	£000s
Loss for the financial year	(5,137)	(13,425)
Dividends	(778)	(777)
Exchange adjustments on foreign currency net investment	(47)	(24)
Goodwill acquired in the year	(581)	(1,149)
Goodwill transferred to the profit and loss account in respect of disposals of businesses	—	10,600
<b>NET REDUCTION IN SHAREHOLDERS' FUNDS</b>	<b>(6,543)</b>	<b>(4,775)</b>
<b>SHAREHOLDERS' FUNDS AT 1 APRIL</b>	<b>20,683</b>	<b>25,458</b>
<b>SHAREHOLDERS' FUNDS AT 31 MARCH</b>	<b>14,140</b>	<b>20,683</b>

# Company Balance Sheet

At 31 March 1993

	Notes	1993 £000s	1992 £000s
<b>FIXED ASSETS</b>			
Tangible assets	13	163	189
Investments	14	33,551	32,291
		<u>33,714</u>	<u>32,480</u>
<b>CURRENT ASSETS</b>			
Debtors			
Cash at bank and in hand	16	8,777	14,129
		<u>128</u>	<u>-</u>
		<u>8,905</u>	<u>14,129</u>
<b>CREDITORS</b>			
Amounts falling due within one year	17	(6,501)	(4,726)
<b>NET CURRENT ASSETS</b>		<u>2,404</u>	<u>9,403</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>36,118</u>	<u>41,883</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	(284)	(250)
<b>NET ASSETS</b>		<u>35,834</u>	<u>41,633</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	21	2,222	2,222
Share premium account	22	21,937	21,937
Capital reserve	22	7,088	7,088
Special reserve	22	18,778	20,000
Profit and loss account	22	(14,191)	(9,614)
<b>TOTAL CAPITAL EMPLOYED</b>		<u>35,834</u>	<u>41,633</u>

The balance sheet of the Company has been approved by the Board of Directors on 29 July 1993 and signed on their behalf by

G D Williams

D I Jeffries

Directors

The Notes on pages 23 to 40 form part of these accounts

## Accounting Policies

### (A) BASIS OF PRESENTATION

The presentation of financial information has changed compared with previous Reports and Accounts as a result of the adoption of Accounting Standards issued by the Accounting Standards Board in the past year, including early adoption of Financial Reporting Standard No. 3 - 'Reporting Financial Performance' (FRS 3). Prior year's figures have been restated on a comparable basis.

The principal changes in policy and presentation are:

- (i) Certain Items which were previously reported as extraordinary have been reclassified as exceptional (as required under FRS 3).
- (ii) The format of the Group Profit and Loss Account has been amended to display, separately from operating profit, significant profits or losses from sales or closures of operations, fundamental restructuring costs and profits or losses on sales of fixed assets.
- (iii) FRS 3 requires separate disclosure of acquisitions and discontinued activities which materially affect the nature and focus of the Group's operations. The disposal of the aerospace and general engineering design businesses of OMI Design Technology Limited and the sale of the issued share capital of OTS Services Ltd in August 1992 have been treated as discontinued activities.  
The closure of the test systems division of Peters & Zabransky GmbH was reported last year and classified as a discontinued activity. Under FRS 3 this no longer qualifies as a discontinued activity and consequently has been reclassified as continuing.
- (iv) A "Statement of total recognised gains and losses", a "Reconciliation of movements in shareholders' funds" and a "Note of historical cost profits and losses" are now included in the Report and Accounts.

### (B) BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention, with the exception of freehold properties which are stated at professional valuation.

### (C) BASIS OF CONSOLIDATION

The consolidated accounts incorporate the accounts of the Company and each of its subsidiary undertakings. The trading results of subsidiary undertakings acquired or sold are included in the consolidated profit and loss account from or until the effective date of acquisition or disposal, respectively.

### (D) ASSOCIATED UNDERTAKINGS

The results include the relevant proportion of the profit or loss of associated undertakings. In the consolidated balance sheet the investments in associated undertakings are shown as the Group's share of underlying net assets.

### (E) GOODWILL

Goodwill arising on the acquisition of subsidiary undertakings is written off directly to reserves. When subsidiary undertakings or part of subsidiary undertakings are subsequently sold the original goodwill is shown as part of the profit or loss arising on the disposal in accordance with the requirements of the third pronouncement of the Urgent Issues Task Force of the Accounting Standards Board "UITF 3".

### (F) RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure is written off in the year it is incurred.

### (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.

## Accounting Policies

(Continued)

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
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 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/(credit) for taxation is based on the result for the year. Provision is made using the liability method for taxation deferred because of material timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation to the extent that it is probable that an actual liability will crystallise.

### (J) TURNOVER

Group turnover represents the invoiced value of sales, excluding VAT, of goods and services supplied.

### (K) LEASES

Where a Group company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, this lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included as a liability. Instalments payable in the year are apportioned between the finance element, which is charged to the profit and loss account under the item 'interest payable', and the capital element, which reduces the outstanding obligation for future instalments, is included within liabilities. The finance element is calculated to produce a constant periodic rate of charge on the balance of the lease obligations outstanding.

All other leases are treated as operating leases and the annual rentals are charged to the profit and loss account.

### (L) PENSIONS

During the year the Group set up the OMI Group money purchase scheme. The Group also operates two defined benefit pension schemes which are now closed to new entrants. The assets of these schemes are held separately from those of the Group in independently administered funds. Amounts are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

### (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 translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The balance sheets of foreign subsidiary undertakings are translated into sterling at the rate of exchange ruling at the balance sheet date. The profit and loss accounts and cashflow statements are translated at the average rate for the year. Exchange gains and losses arising on the re-translation of the net investment in overseas subsidiary undertakings are taken directly to reserves.

## Notes to the Accounts

## 1. SEGMENTAL ANALYSIS

(A) 1992/93

	Turnover	Operating Profit/(loss)	Exceptional Items	Operating Profit/(loss) after Exceptionals
	£000s	£000s	£000s	£000s
Logistics	13,266	906	(116)	790
Design businesses	12,293	(534)	(2,024)	(2,558)
<b>SERVICE</b>	<b>25,559</b>	<b>372</b>	<b>(2,140)</b>	<b>(1,768)</b>
<b>MANUFACTURING</b>	<b>7,962</b>	<b>1,080</b>	<b>-</b>	<b>1,080</b>
<b>CENTRAL COSTS</b>	<b>-</b>	<b>(1,085)</b>	<b>-</b>	<b>(1,085)</b>
<b>CONTINUING OPERATIONS</b>	<b>33,521</b>	<b>367</b>	<b>(2,140)</b>	<b>(1,773)</b>
<b>DISCONTINUED OPERATIONS</b>	<b>3,749</b>	<b>(1,107)</b>	<b>-</b>	<b>(1,107)</b>
<b>TOTAL</b>	<b>37,270</b>	<b>(740)</b>	<b>(2,140)</b>	<b>(2,880)</b>
Share of loss in associated undertaking		(39)	-	(39)
Provision for loss on disposal of freeholds		-	(711)	(711)
Loss on disposal of discontinued operations		-	(1,215)	(1,215)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(779)</b>	<b>(4,066)</b>	<b>(4,845)</b>
Interest receivable				211
Interest payable				(386)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				<b>(5,020)</b>

(A) 1991/92 (AS RESTATED)

	Turnover	Operating Profit/(loss)	Exceptional Items	Operating Profit/(loss) after Exceptionals
	£000s	£000s	£000s	£000s
Logistics	13,320	542	(125)	417
Design businesses	14,213	(252)	(610)	(862)
<b>SERVICE</b>	<b>27,533</b>	<b>290</b>	<b>(735)</b>	<b>(445)</b>
<b>MANUFACTURING</b>	<b>8,319</b>	<b>899</b>	<b>-</b>	<b>899</b>
<b>CENTRAL COSTS</b>	<b>-</b>	<b>(1,688)</b>	<b>(20)</b>	<b>(1,708)</b>
<b>CONTINUING OPERATIONS</b>	<b>35,852</b>	<b>(499)</b>	<b>(755)</b>	<b>(1,254)</b>
<b>DISCONTINUED OPERATIONS</b>	<b>15,354</b>	<b>(938)</b>	<b>(704)</b>	<b>(1,642)</b>
<b>TOTAL</b>	<b>51,206</b>	<b>(1,437)</b>	<b>(1,459)</b>	<b>(2,896)</b>
Goodwill write off on operations discontinued in 1992/93		-	(10,600)	(10,600)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(1,437)</b>	<b>(12,059)</b>	<b>(13,496)</b>
Interest receivable				755
Interest payable				(539)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				<b>(13,280)</b>



# Notes to the Accounts

(Continued)

## 1. SEGMENTAL ANALYSIS (continued)

### (C) GEOGRAPHICAL ANALYSIS OF TURNOVER AND OPERATING PROFIT/(LOSS) BEFORE INTEREST

	Turnover by Destination 1993	Turnover by Destination 1992	Turnover by Origin 1993	Turnover by Origin 1992	Profit/(loss) by Origin 1993	Profit/(loss) by Origin 1992 (as restated)
	£000s	£000s	£000s	£000s	£000s	£000s
UK	24,985	27,856	26,883	29,493	(709)	141
Germany	5,403	5,318	5,698	5,318	(1,124)	(1,544)
Continental Europe	2,592	2,432	940	1,041	60	149
Other	541	246	—	—	—	—
<b>TOTAL CONTINUING</b>	<b>33,521</b>	<b>35,852</b>	<b>33,521</b>	<b>35,852</b>	<b>(1,773)</b>	<b>(1,254)</b>
UK	3,546	14,529	3,749	15,354	(1,107)	(1,642)
Continental Europe	203	825	—	—	—	—
<b>TOTAL DISCONTINUED</b>	<b>3,749</b>	<b>15,354</b>	<b>3,749</b>	<b>15,354</b>	<b>(1,107)</b>	<b>(1,642)</b>
<b>TOTAL</b>	<b>37,270</b>	<b>51,206</b>	<b>37,270</b>	<b>51,206</b>	<b>(2,880)</b>	<b>(2,896)</b>

Inter segment sales are not material

### (D) NET ASSETS BY BUSINESS SEGMENT

	1993	1992 (as restated)
	£000s	£000s
Service businesses	12,154	14,068
Manufacturing businesses	4,486	4,967
<b>CONTINUING OPERATIONS</b>	<b>16,640</b>	<b>19,035</b>
<b>DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>1,170</b>
	<b>16,640</b>	<b>20,205</b>
Bank balance and overdrafts	(2,500)	478
<b>TOTAL NET ASSETS</b>	<b>14,140</b>	<b>20,683</b>

### (E) GEOGRAPHICAL ANALYSIS OF NET ASSETS

	Origin 1993	Origin 1992 (as restated)
	£000s	£000s
UK	15,484	18,826
Germany	530	835
Continental Europe	626	544
	<b>16,640</b>	<b>20,205</b>
Bank balances and overdrafts	(2,500)	478
<b>TOTAL NET ASSETS</b>	<b>14,140</b>	<b>20,683</b>

All discontinued operations were previously categorised as service businesses.

**2. HOLDING 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 consolidated loss before dividends of £5,137,000 (1992 loss £13,425,000) includes a loss of £5,021,000 (1992 – restated loss £13,202,000) attributable to the Company.

**3. NET OPERATING EXPENSES**

	1993	1992
	£000s	£000s
Selling, marketing and distribution expenses	1,333	2,276
Administrative expenses	10,772	11,648
Other operating income	(446)	(351)
<b>TOTAL CONTINUING OPERATIONS</b>	<b>11,659</b>	<b>13,573</b>
<b>DISCONTINUED OPERATIONS (administrative expenses)</b>	<b>1,251</b>	<b>1,104</b>
	<b>12,910</b>	<b>14,677</b>

**4. OPERATING PROFIT/(LOSS)**

This is stated after charging/(crediting):

	1993	1992
	£000s	£000s
Gross research and development costs	889	862
Less: customer funding	(328)	(386)
Net research and development costs	561	476
Depreciation of tangible fixed assets	1,756	2,090
Auditor's remuneration:		
–audit fees	130	125
–other	47	42
Operating lease rentals:		
–property	1,071	675
–other	322	205
–hire of equipment	199	334
Rent receivable	(410)	(316)
Government grants	(6)	(4)

**5. STAFF COSTS**

(A) STAFF COSTS (INCLUDING DIRECTORS) COMPRISE:

	1993	1992
	£000s	£000s
Wages and salaries	14,385	15,139
Social security costs	1,450	1,490
Other pension costs	409	418
Pension fund credit	(120)	(152)
<b>TOTAL FOR CONTINUING OPERATIONS</b>	<b>16,124</b>	<b>16,895</b>
<b>DISCONTINUED OPERATIONS</b>	<b>2,885</b>	<b>4,413</b>
	<b>19,009</b>	<b>21,308</b>

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

	1993	1992
	Number	Number
Production	777	828
Selling, marketing and distribution	50	55
Administration	113	131
<b>TOTAL FOR CONTINUING OPERATIONS</b>	<b>940</b>	<b>1,014</b>
<b>DISCONTINUED OPERATIONS</b>	<b>121</b>	<b>378</b>
	<b>1,061</b>	<b>1,392</b>

# Notes to the Accounts

(Continued)

## 5. STAFF COSTS (continued)

### (B) DIRECTORS

The Directors of the Company earned the following emoluments including pension contributions of £50,750 (1992 - £40,267) and the estimated value of benefits in kind:

	1993 £000s	1992 £000s
Fees	37	34
Other emoluments	449	385
	<u>486</u>	<u>419</u>

The Directors' emoluments shown above (excluding pensions and pension contributions) included:

	1993 £000s	1992 £000s
Chairman to 6 August 1991	—	13
Chairman thereafter	180	115
Highest paid Director (who was also the Chairman from 6 August 1991)	180	170

The Chairman has waived emoluments of £3,000 for the year (1992 - £7,000)

Directors' emoluments, excluding pensions, were as follows:

	Number	Number
£5,001 - £10,000	1	3
£10,001 - £15,000	2	1
£15,001 - £60,000	—	1
£100,001 - £105,000	1	—
£115,001 - £120,000	1	1
£165,001 - £170,000	—	1
£175,001 - £180,000	1	—
	<u>6</u>	<u>7</u>

## 6. EXCEPTIONAL ITEMS

	1993 £000s	1992 (as restated) £000s
Charged in arriving at operating loss:		
Provision for losses on civil design and build contracts in the Process Engineering business as the activity is wound down	491	—
Provision for losses on contracts in the petrochemical design and build sector of Process Engineering which are subject to variation claims not yet agreed	454	—
Closure costs and redundancies in Logistics branch operations	116	42
Redundancies in discontinued activities of OMI Design Technology Limited, OTS Services Ltd. and BBK Limited	—	434
Contract losses and redundancies in the test systems and aerospace design businesses of Peters & Zabransky GmbH	211	601
INCLUDED IN COST OF SALES	<u>1,272</u>	<u>1,077</u>

6. EXCEPTIONAL ITEMS (continued)

	1993	1992
	£000s	(as stated) £000s
Provision for litigation on civil design and build contracts within the Process Engineering business	100	—
Provision for the restructuring of Peters & Zabransky GmbH to take account of redundancies necessitated by the sharp down turn in economic activity in the automotive design sector in Germany	700	—
Losses incurred in the closure of the test systems division of Peters & Zabransky GmbH	68	—
Redundancies and other closure costs in the aerospace and general engineering design businesses of OMI Design Technology Limited	—	270
Relocation and restructuring costs within OMI International plc Head Office and OMI Logistics Head Office	—	112
INCLUDED IN OPERATING EXPENSES	<u>868</u>	<u>382</u>
 TOTAL EXCEPTIONAL ITEMS CHARGED IN ARRIVING AT OPERATING LOSS	 2,140	 1,459
Provision for losses on disposals of freehold properties	711	—
Loss on disposal and closure of the discontinued activities of aerospace and general engineering design businesses of OMI Design Technology Limited and OTS Services Ltd.	1,215	—
Goodwill write off on operations discontinued in 1992/93	—	10,600
TOTAL EXCEPTIONAL ITEMS	<u>4,066</u>	<u>12,059</u>

Included in the 1992 exceptional items figure of £1,459,000 is £704,000 relating to operations discontinued in 1992/93.

7. INTEREST RECEIVABLE

	1993	1992
	£000s	£000s
Interest on short term loans	211	661
Interest on long term loans	—	94
	<u>211</u>	<u>755</u>

8. INTEREST PAYABLE

	1993	1992
	£000s	£000s
On bank loans, overdrafts and other loans repayable within five years	386	536
On finance leases	—	3
	<u>386</u>	<u>539</u>

# Notes to the Accounts

(Continued)

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1993 £000s	1992 £000s
UK Corporation tax credit based on loss for year at 33% (1992 - 33%)	(200)	(211)
Provision for irrecoverable ACT	376	600
Overseas taxation	34	(36)
Adjustment in respect of prior years	(90)	(557)
Deferred taxation	(3)	349
	<u>117</u>	<u>145</u>

The tax charge for 1993 has been affected by unrelieved losses made overseas and by the provision for irrecoverable ACT. This effect has been mitigated by carry back of tax losses in the UK to prior periods and by the relief of losses made in earlier years.

10. RECONCILIATION OF THE LOSS FOR THE FINANCIAL YEAR TO PRIOR ACCOUNTING BASIS	1993 £000s	1992 £000s
Loss for the financial year as reported	(5,137)	(13,425)
Adjustment for extraordinary items previously booked in 1992 now treated as exceptional discontinued items in 1993, being the provisions for losses on disposal of the discontinued activities of the aerospace and general engineering design businesses of OMI Design Technology Limited and of OTS Services Ltd.	1,994	(1,994)
Adjustment for extraordinary items previously booked in 1992 now treated as exceptional continuing items in 1993, being the provision for the closure of the test systems division of Peters & Zabransky GmbH	229	(229)
Adjustment for diminution in property values which previously would have been charged to reserves	670	-
LOSS FOR THE FINANCIAL YEAR ON PRIOR ACCOUNTING BASIS AND AS REPORTED IN PRIOR YEAR	<u>(2,244)</u>	<u>(15,648)</u>

11. DIVIDENDS	1993 £000s	1992 £000s
Interim dividend paid 0.75p per ordinary share (1992 - 0.75p)	333	333
Final dividend proposed 1.00p per ordinary share (1992 - 1.00p)	445	444
	<u>778</u>	<u>777</u>

12. (LOSS)/EARNINGS PER SHARE	1993 pence	1992 pence
Loss per share (net basis)	(11.6)	(30.2)
Trading loss of discontinued operations	2.5	3.7
Share of loss of associated undertaking	0.1	-
Provision for loss on disposal of freeholds	1.6	-
Continuing exceptional items	4.7	1.7
Loss on disposal of discontinued operations	2.8	-
Goodwill written back on discontinued operations	-	23.9
Interest	0.4	(0.5)
Taxation	0.3	0.3
CONTINUING OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS PER SHARE	<u>0.8</u>	<u>(1.1)</u>

The SSAP 3 earnings per share calculation is based on loss after tax of £5,137,000 (1992 as restated - £13,425,000) and the weighted average number of shares in issue of 44,441,121 (1992 - 44,441,121)

The continuing operating profit/(loss) before exceptional items per share has been calculated in addition to the earnings per share required by SSAP 3 since in the opinion of the Directors this provides useful additional information which will allow shareholders to consider the results of the continuing operations of the Company.

13. TANGIBLE FIXED ASSETS

	Freehold properties	Short leasehold properties	Motor vehicles	Plant & equipment	Total
	£000s	£000s	£000s	£000s	£000s
(A) GROUP COST OR VALUATION					
Beginning of year	5,927	114	1,585	12,464	20,090
Exchange adjustment	—	—	4	237	241
Additions	9	—	181	859	1,049
Revaluation	(743)	—	—	—	(743)
Disposals	(16)	—	(610)	(3,487)	(4,113)
END OF YEAR	5,177	114	1,160	10,073	16,524
Depreciation					
Beginning of year	150	28	800	7,512	8,490
Exchange adjustment	—	—	3	149	152
Charge for year	89	5	275	1,387	1,756
Revaluation	(32)	—	—	—	(32)
Disposals	—	—	(350)	(3,098)	(3,448)
END OF YEAR	207	33	728	5,950	6,918
NET BOOK VALUE					
END OF YEAR	4,970	81	432	4,123	9,606
BEGINNING OF YEAR	5,777	86	785	4,952	11,600

The net book value of fixed assets includes an amount of £221,000 (1992 — £32,000) in respect of assets held under finance leases or subject to instalment purchase. Depreciation for the year on these assets was £68,000 (1992 — £38,000).

The freehold properties currently on the market for disposal were revalued at 31 March 1993 by Keith Cardale Groves, Independent Surveyors, and Grimley J R Eve, International Property Consultants, on an open market existing use basis with vacant possession. The remaining freehold properties were professionally revalued at 31 March 1990.

The freeholds include land in the amount of £1,635,000. If these freehold properties had been stated on an historical cost basis at 31 March 1993 they would have been included as follows:

	£000s
Cost	3,400
Depreciation	(342)
NET BOOK VALUE	3,058

The depreciation charge for the year calculated on an historical cost basis would have been £36,000.

# Notes to the Accounts

(Continued)

## 13. TANGIBLE FIXED ASSETS (continued)

### (B) COMPANY

The movements during the year were as follows:

	Motor vehicles £000s	Plant & equipment £000s	Total £000s
<b>COST</b>			
Beginning of year	134	118	252
Additions	—	10	10
Inter-Group additions	109	99	208
Disposals	(76)	—	(76)
<b>END OF YEAR</b>	<b>167</b>	<b>227</b>	<b>394</b>
<b>DEPRECIATION</b>			
Beginning of year	35	28	63
Charge for the year	49	39	88
Inter-Group additions	38	77	115
Disposals	(35)	—	(35)
<b>END OF YEAR</b>	<b>87</b>	<b>144</b>	<b>231</b>
<b>NET BOOK VALUE</b>			
<b>END OF YEAR</b>	<b>80</b>	<b>83</b>	<b>163</b>
<b>BEGINNING OF YEAR</b>	<b>99</b>	<b>90</b>	<b>189</b>

## 14. FIXED ASSET INVESTMENTS

### (A) GROUP

	Group	
	1993 £000s	1992 £000s
Acquisitions	127	—
Post acquisition share of losses	(39)	—
<b>END OF YEAR</b>	<b>88</b>	<b>—</b>

Investment in the associated undertaking comprises the cost of shares less goodwill written off on acquisition of £581,000.

### (B) COMPANY

Fixed asset investments comprise shares in subsidiary undertakings stated at cost less provisions for diminution in value.

	Company	
	1993 £000s	1992 £000s
<b>COST:</b>		
Beginning of year	49,628	45,451
Acquisitions	708	96
Intra-Group transfers	—	4,081
Disposals	(3,901)	—
Capitalisation of inter company loan	5,704	—
<b>END OF YEAR</b>	<b>52,139</b>	<b>49,628</b>
Provision for diminution in the carrying value of investments	(18,588)	(17,337)
<b>END OF YEAR AT WRITTEN DOWN VALUE</b>	<b>33,551</b>	<b>32,291</b>

## 14. FIXED ASSET INVESTMENTS (continued)

The Company's principal operating subsidiary and associated undertakings are set out below:

<i>Subsidiary/ Associated Undertaking</i>	<i>Principal Activities</i>	<i>Country of incorporation and operation</i>	<i>Proportion of ordinary shares held by the Company</i>	<i>Proportion of ordinary shares held by Subsidiary Undertaking</i>
OMI Logistics Limited	<i>Products, services and tools for through-life logistics management of major capital assets. Reliability software products.</i>	UK	100%	
Omega Logistics International Incorporated	<i>Integrated Logistics support.</i>	USA	20%	
Peters & Zabransky GmbH	<i>Advanced designs and project management services for the automotive industry.</i>	Germany		100%
OMI Design Technology Limited	<i>Print and reprographics services to industry and the Government sector.</i>	UK		100%
Omitec Electro-Optics Limited	<i>Mounted optic assemblies for industrial and avionic applications.</i>	UK	100%	
Omitec Thin Films Limited	<i>High precision thin film coatings for optical assemblies.</i>	UK	100%	
Omitec Instrumentation Limited	<i>Automotive diagnostics and emission analysis products.</i>	UK	100%	
Forward Industries Limited (Note 25)	<i>Electro-hydraulic products for industrial applications. Energy and environmental products for power generation and medical applications. Process plant design and project management.</i>	UK	100%	

All of the Companies incorporated in the UK are registered in England.



# Notes to the Accounts

(Continued)

## 15. STOCKS AND WORK IN PROGRESS

	Group	
	1993	1992
	£000s	£000s
Raw materials and consumables	647	677
Work in progress	3,343	3,659
Finished goods	327	412
	<u>4,317</u>	<u>4,748</u>

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

## 16. DEBTORS

	Group		Company	
	1993	1992	1993	1992
	£000s	£000s	£000s	£000s
Trade debtors	8,520	10,822	-	-
Amounts owed by subsidiary undertakings	-	-	8,428	13,749
Other debtors	301	164	90	1
Prepayments	688	644	83	34
ACT recoverable	337	798	176	345
Corporation tax recoverable	137	-	-	-
	<u>9,983</u>	<u>12,428</u>	<u>8,777</u>	<u>14,129</u>

## 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993	1992	1993	1992
	£000s	£000s	£000s	£000s
Bank borrowings and overdrafts	2,984	1,310	430	1,542
Payments received on account	135	251	-	-
Trade creditors	2,171	2,790	72	-
Amounts owed to subsidiary undertakings	-	-	4,821	2,230
Proposed dividends	445	444	445	444
Corporation tax	-	232	255	150
Other taxes and social security	976	1,412	187	197
Other creditors	551	441	223	-
Accruals	925	1,545	68	163
Obligations under finance leases	89	22	-	-
	<u>8,276</u>	<u>8,447</u>	<u>6,501</u>	<u>4,726</u>

## 18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993	1992	1993	1992
	£000s	£000s	£000s	£000s
Deferred income (government grants)	40	46	-	-
Other creditors	82	188	-	-
	<u>122</u>	<u>234</u>	<u>-</u>	<u>-</u>

All amounts fall due within five years

## 19. PROVISIONS FOR LIABILITIES AND CHARGES

	1993	1992	1993	1992
	£000s	£000s	£000s	£000s
Deferred taxation (Note 20)	272	392	54	192
Pension schemes (Note 24)	201	171	-	-
Provision for future property costs	150	250	-	-
Provision for closure and disposal costs	942	94	190	58
Other	375	293	40	-
	<u>1,940</u>	<u>1,200</u>	<u>284</u>	<u>250</u>

## 20. DEFERRED TAXATION

	Group		Company	
	1993 £000s	1992 £000s	1993 £000s	1992 £000s
The analysis of the deferred taxation provision is as follows:				
Accelerated capital allowances	222	204	—	1
Short-term timing differences	204	204	204	204
ACT	(117)	—	(117)	—
Provisions and other items	(37)	(16)	(33)	(13)
NET PROVISION	<u>272</u>	<u>392</u>	<u>54</u>	<u>192</u>

The movement in the year on the deferred tax account is as follows:

Beginning of year	392	11	192	55
Profit and loss account (credit)/charge	(3)	349	(21)	105
ACT	(117)	32	(117)	32
END OF YEAR	<u>272</u>	<u>392</u>	<u>54</u>	<u>192</u>

The full potential amount of deferred taxation on all timing differences is as follows:

	Group		Company	
	1993 £000s	1992 £000s	1993 £000s	1992 £000s
Accelerated capital allowances	359	357	—	1
Property surpluses	—	832	—	—
Provisions and other long term items	(37)	(97)	(33)	(13)
Short-term timing differences	204	204	204	204
ACT	(117)	—	(117)	—
END OF YEAR	<u>409</u>	<u>1,296</u>	<u>54</u>	<u>192</u>

## 21. CALLED-UP SHARE CAPITAL

	1993	1993	1992	1992
	Number	£	Number	£
Ordinary shares of 5p each				
Authorised:	58,000,000	2,900,000	58,000,000	2,900,000
Allotted and fully paid:	44,441,121	2,222,056	44,441,121	2,222,056

## SHARE OPTIONS

The number of ordinary shares in respect of which, pursuant to the Senior Executive Share Option Scheme, options to subscribe have been granted totals 1,473,368. All options are normally exercisable between three and ten years from the date of grant at prices between 10p and 235.5p. The options are exercisable at various dates up to 24 February 2003.

# Notes to the Accounts

(Continued)

## 22. RESERVES

The movements on reserves during the year were as follows:

### (A) GROUP

	Share premium account £000s	Re- valuation reserve £000s	Capital reserve £000s	Special reserve £000s	Goodwill £000s	Profit & loss account £000s	Total £000s
Beginning of year	21,937	2,390	7,088	20,000	(17,571)	(15,383)	18,461
Transfer to profit for the year	—	(670)	—	(778)	—	(4,467)	(5,915)
Transfer between reserves	—	—	—	(444)	—	444	—
Goodwill written off on acquisition	—	—	—	—	(581)	—	(581)
Exchange movement	—	—	—	—	—	(47)	(47)
END OF YEAR	<u>21,937</u>	<u>1,720</u>	<u>7,088</u>	<u>18,778</u>	<u>(18,152)</u>	<u>(19,453)</u>	<u>11,918</u>

The transfer between reserves of £444,000 is in respect of the 1991/92 final dividend charged initially against the Profit and loss account and not the Special reserve.

### (B) COMPANY

	Non-Distributable			Distributable			
	Share premium account £000s	Capital reserve £000s	Sub- total £000s	Special reserve £000s	Profit & loss account £000s	Sub- total £000s	Total £000s
Beginning of year	21,937	7,088	29,025	20,000	(9,614)	10,386	39,411
Retained loss for the year	—	—	—	—	(5,021)	(5,021)	(5,021)
Dividends paid and payable	—	—	—	(778)	—	(778)	(778)
Transfer between reserves	—	—	—	(444)	444	—	—
END OF YEAR	<u>21,937</u>	<u>7,088</u>	<u>29,025</u>	<u>18,778</u>	<u>(14,191)</u>	<u>4,587</u>	<u>33,612</u>

### 23. COMMITMENTS

#### (A) CAPITAL COMMITMENTS

At the end of the year capital commitments were:

	Group		Company	
	1993	1992	1993	1992
	£000s	£000s	£000s	£000s
Contracted for	27	57	—	—
Authorised but not contracted for	106	183	—	—
	<u>133</u>	<u>240</u>	<u>—</u>	<u>—</u>

#### (B) LEASING COMMITMENTS

Included in Group creditors are the following obligations under finance leases and purchase of assets by instalments:

	1993	1992
	£000s	£000s
Payable within:		
one year	89	22
two to five years	75	8
	<u>164</u>	<u>30</u>

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

	1993		1992	
	Properties	Other	Properties	Other
	£000s	£000s	£000s	£000s
On leases which expire in:				
one year	88	17	20	23
two to five years	713	324	112	178
over five years	384	4	493	—
	<u>1,185</u>	<u>345</u>	<u>625</u>	<u>201</u>

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

	1993		1992	
	Properties	Other	Properties	Other
	£000s	£000s	£000s	£000s
On leases which expire in:				
two to five years	27	8	27	8
over five years	103	—	103	—
	<u>130</u>	<u>8</u>	<u>130</u>	<u>8</u>

## Notes to the Accounts

(Continued)

### 24. PENSION SCHEMES

During the year the Group set up the OMI Group money purchase scheme. The Group also operates two defined benefit pension schemes for certain employees known as the OMI Group scheme (Lontec) and the GED scheme. The assets of the schemes are held in separate trustee-administered funds. The schemes are subject to periodic valuation by independent actuaries, the last valuation having been carried out as at 1 July 1991 using the projected unit credit method, in which the actuarial liability makes allowances for projected earnings. The actuarial assumptions applied were 9% per annum investment returns and 7% per annum salary growth.

At the last actuarial valuation date, the market value of the assets of the Lontec scheme was £4,131,000 and this value represented 131% of the benefits that had accrued to members after allowing for expected future increases in earnings. The surplus is being reduced by a contribution holiday.

At the last actuarial valuation date the market value of the assets of the GED scheme was £2,426,000 and this value represented 98% of the benefits that had accrued to members after allowing for expected future increases in earnings. In order to eliminate this deficit the contributions paid by the relevant Group companies have been increased.

The charge for the year for these schemes was £184,000 (1992 – £308,000) in respect of the two defined benefit schemes and £11,000 (1992 – £nil) in respect of the OMI Group money purchase scheme.

### 25. POST BALANCE SHEET EVENTS

On 30 April 1993 OMI International plc acquired the whole of the issued share capital of Forward Industries Limited for £100. As part of the agreement OMI discharged bank and inter-group indebtedness of Forward Industries of £2,373,331.

### 26. CONTINGENT LIABILITIES

OMI International plc has guaranteed continuing support in respect of the normal trading of certain subsidiary undertakings.

A cross guarantee structure is in force in respect of the banking arrangements of the UK companies by which the borrowings of any UK Group company is guaranteed by all the other UK Group companies.

OMI International plc has guaranteed the borrowings of Omitec Holdings GmbH. As at 31 March 1993 these borrowings were £128,000 (1992 – £199,000).

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 instances where such defaults have taken place.

OMI International plc has guaranteed the borrowings of the OMI Group Share Trust Limited. As at 31 March 1993 these borrowings were £468,000 (1992 – £440,000).

OMI International plc has guaranteed up to \$1 million of borrowings for Omega Logistics International Incorporated for the purposes of financing working capital.

In respect of Omega Logistics International Incorporated, a further \$1.6 million of deferred consideration may be payable over the next three years, dependent on performance. As such deferred consideration becomes payable there is a dollar for dollar reduction in the OMI International plc obligation to guarantee the borrowings of Omega Logistics International Incorporated noted above.

**27. RECONCILIATION OF OPERATING PROFIT /(LOSS) BEFORE EXCEPTIONAL ITEMS  
TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1993	1992 (as restated)
	£000s	£000s
Continuing operating profit/(loss)	367	(500)
Exceptional items paid	(294)	(1,429)
Depreciation	1,756	2,090
Deferred Government grants released	(6)	-
Profit on sale of fixed assets	(10)	(23)
Increase in stocks	(945)	(246)
(Increase)/decrease in debtors	(137)	1,395
Decrease in creditors less than 1 year	(1,274)	(426)
Increase in provisions	10	358
Increase in pension provisions	30	48
Decrease in creditors more than 1 year	(44)	(4)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(547)</b>	<b>1,263</b>

**28. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1993	1992
	£000s	£000s
Balance at beginning of the year	478	3,857
Net cash outflow before adjustments for the effects of foreign exchange	(2,895)	(3,348)
Effect of exchange rate changes	(83)	(31)
<b>BALANCE AT END OF THE YEAR</b>	<b>(2,500)</b>	<b>478</b>

**29. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS SHOWN IN  
THE BALANCE SHEET**

	1993	1992
	£000s	£000s
Cash at bank and in hand	484	1,788
Overdrafts	(2,984)	(1,310)
<b>NET CASH</b>	<b>(2,500)</b>	<b>478</b>

**30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	1993	1993	1992	1992
	Share Capital and premium £000s	Loans and finance lease obligations £000s	Share capital and premium £000s	Loans and finance lease obligations £000s
Balance at the start of the year	24,159	34	24,159	7
Cash outflows (before effect of exchange movements)	-	(70)	-	(16)
New finance leases and assets acquired by instalments	-	175	-	43
<b>BALANCE AT THE END OF THE YEAR</b>	<b>24,159</b>	<b>139</b>	<b>24,159</b>	<b>34</b>

# Notes to the Accounts

(Continued)

31. PURCHASE OF SUBSIDIARY UNDERTAKINGS	1993 £000s	1992 £000s
Net assets acquired	-	91
Fixed assets	-	196
Stocks and work in progress	-	496
Debtors	-	13
Cash	-	(790)
Creditors	-	(700)
Overdrafts	-	(185)
Provisions	-	(879)
Goodwill	-	975
CASH CONSIDERATION	-	96
Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings		
Cash consideration	-	96
Cash at bank and in hand acquired	-	(13)
Bank overdrafts of acquired subsidiary undertakings	-	700
NET OUTFLOW OF CASH AND CASH EQUIVALENTS	-	783
32. SALE OF SUBSIDIARY UNDERTAKINGS	1993 £000s	1992 £000s
Net assets disposed	542	-
Fixed assets	648	-
Debtors	431	-
Work in progress	(414)	-
Overdrafts	(458)	-
Creditors	51	-
Corporation Tax Debtors	800	-
TOTAL NET ASSETS DISPOSED	(650)	-
Loss on disposal	150	-
CASH PROCEEDS	-	-
Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiary undertakings		
Cash proceeds	414	-
Overdraft disposed	564	-
NET INFLOW OF CASH AND CASH EQUIVALENTS	-	-

## Directors' Responsibilities Statement

*in respect of the preparation of the accounts*

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 and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the Auditors

*KPMG Peat Marwick, to the Members of OMI International plc*

We have audited the accounts on pages 18 to 40

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

### OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 March 1993 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

London  
29 July 1993

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors



## List of principal locations

### OMI LOGISTICS LIMITED

Chadsworth House  
Wilmslow Road  
Handforth, Wilmslow  
Cheshire SK9 3JH  
Telephone: 0625 532286  
Facsimile: 0625 535864

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14 Little Park Farm Road  
Fareham  
Hampshire PO15 5SU  
Telephone: 0489 885085  
Facsimile: 0489 885065

Portland House  
22-24 Portland Square  
Bristol BS2 8RZ  
Telephone: 0272 247831  
Facsimile: 0272 426680

OMI LOGISTICS BV  
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Netherlands  
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Facsimile: 010 3120 6910321

OMEGA LOGISTICS INTERNATIONAL INC  
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Telephone: 010 1 619 697 6060  
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PETERS & ZABRANSKY GMBH  
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Germany  
Telephone: 010 49 89-1 26 90 20  
Facsimile: 010 49 89-12 69 02 21

OMI PRINT AND REPROGRAPHICS  
210-214 Shirley Road  
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Hampshire SO9 1GF  
Telephone: 0703 637311  
Facsimile: 0703 337726

### OMITEC ELECTRO-OPTICS LIMITED

Parc Dyffryn Industrial Estate  
Prestatyn  
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Telephone: 0745 886222  
Facsimile: 0745 886550

### OMITEC THIN FILMS LIMITED

Wills Road Industrial Estate  
Totnes  
Devon TQ9 5XR  
Telephone: 0803 864338  
Facsimile: 0803 867187

### OMITEC INSTRUMENTATION LIMITED

Hopton Industrial Estate  
London Road  
Devizes  
Wiltshire SN10 2EU  
Telephone: 0380 729256  
Facsimile: 0380 729277

### FORWARD INDUSTRIES LIMITED

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Swindon  
Wiltshire SN3 4RA  
Telephone: 0793 823241  
Facsimile: 0793 828474

### OMI GROUP HEAD OFFICE

1-11 Hay Hill  
Berkeley Square  
London W1X 7LH  
Telephone: 071 491 2121  
Facsimile: 071 499 3226

## Notice of Meeting

Notice is hereby given that the sixty ninth Annual General Meeting of the Company will be held at 1-11 Hay Hill, Berkeley Square, London W1X 7LF at 10am on 23 September 1993 for the following purposes:

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

1. To receive and adopt the accounts for the year ended 31 March 1993, together with the report of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To re-elect Mr D R Read as a Director, who retires by rotation and being eligible offers himself for re-election.
4. To re-appoint KPMG Peat Marwick as auditors to the Company and to authorise the Directors to fix their remuneration.

As special business to consider and, if thought fit, to pass the following resolution as a Special Resolution namely:

5. (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 Resolution passed at a General Meeting of the Company held on 15th November 1990, 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 an offer of securities, open for acceptance for a period fixed by 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 £111,102 (equal to 5 per cent of the nominal amount of the Company's issued equity share capital as shown in its Accounts for the year ended 31 March 1993) 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 other time during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the Company in 1994, 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.

By order of the Board

D L Jeffries

Secretary

27 August 1993

### NOTES:

1. 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. 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.
2. The return of the form of proxy will not prevent a member from attending the meeting and voting in person.
3. Copies of the Directors' service contracts will be available for inspection during the 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.

## Financial Calendar

AGM	23 September 1993
Final Dividend	4 October 1993
Interim Announcement	26 November 1993