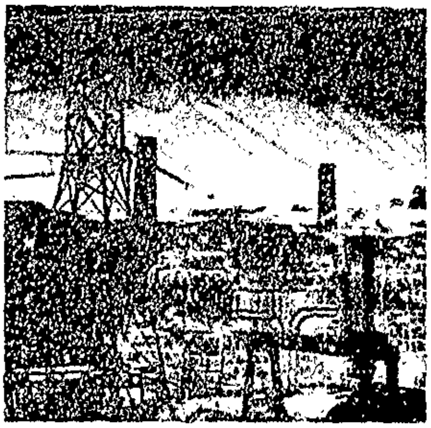
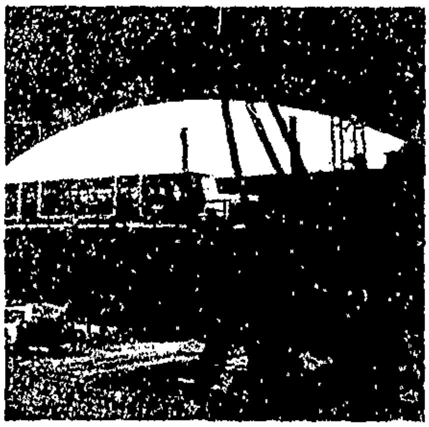
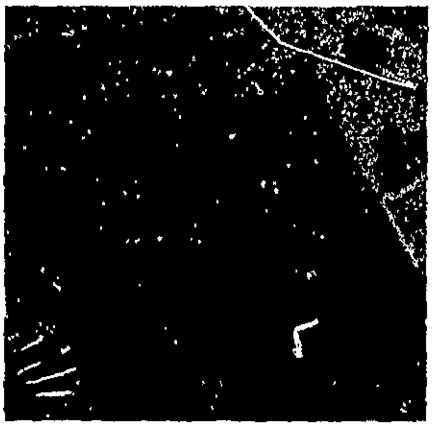
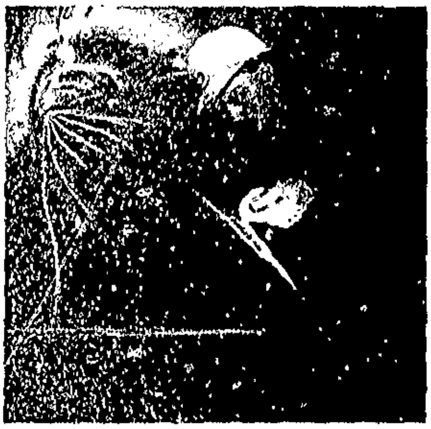
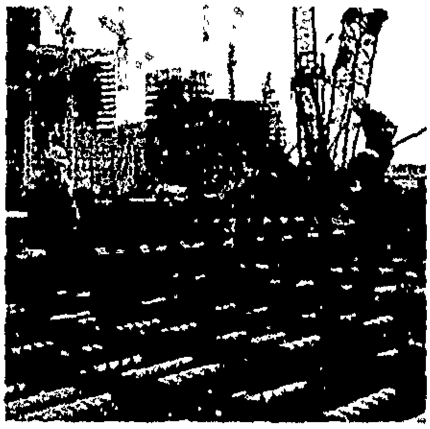
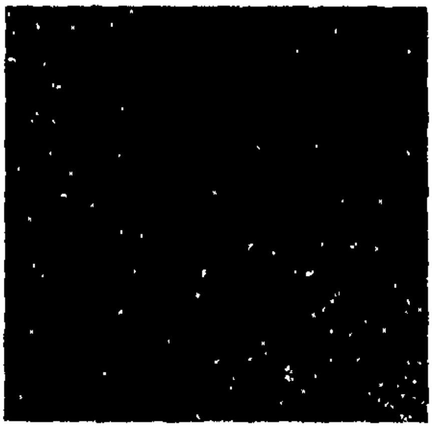
BICC Group

ANNUAL REPORT AND
SUMMARY FINANCIAL STATEMENT 1990

ENGINEERING TOMORROW'S WORLD

ENGINEERING TOMORROW'S WORLD

BICC is a leading international engineering business with a range of expertise which spans all major engineering disciplines. In helping to satisfy the world's increasing need for power, communication, transportation and building construction, the Group's businesses address the essentials of modern life.

BICC aims to achieve market leadership in its major businesses of cables and construction and in related systems and electronics activities. It is dedicated to total quality, technical excellence and the satisfaction of customer need.

BICC's primary objective is to sustain continuous earnings growth through effective management of its existing resources and through selective acquisitions.

Contents

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THE YEAR IN BRIEF

	1990 £m	1989 £m
TURNOVER	3,890	3,792
PROFIT BEFORE INTEREST		
BALFOUR BEATTY	33	46
BICC CABLES	110	87
AUSTRALASIA	33	53
NORTH AMERICA CABLES	26	38
BICC TECHNOLOGIES	10	6
	212	230
PROFIT BEFORE TAX	183	201
EARNINGS PER SHARE	40·2p	46·3p
DIVIDENDS PER SHARE	19·25p	19·00p

- BICC Cables improved operating profits by 26% to £110 million.
- BICC Cables Corporation formed in North America through the management integration of Phillips in Canada and Cablec in the US.
- Arrangements made to enable the intended acquisition of up to 75% of Grupo Espanol General Cable, Spain's leading cable manufacturer.
- International network of Cables Technology Centres further developed.
- Breakthrough achieved in the Channel Tunnel.
- Further major expansions announced for optical fibre manufacture in the UK and Australia.
- Formation of BICC Technologies Inc and BICC Communications in USA.

GROUP STRUCTURE AND ACTIVITIES

BICC GROUP

Sir William Barlow, Chairman
Robin Biggam, Chief Executive
Ron Henderson, Finance Director
Barry Keates, Director of Personnel
Roy Allen, Director, International
Peter Zinkin, Planning and Development Manager

BICC Group management is responsible for strategic direction, financial planning and control, corporate relations and all aspects of senior management development.

The BICC Group comprises five major businesses, each addressing a separate geographic or product market sector. Responsibility for operational management is delegated to these businesses and, within them, to operating companies or divisions.

Property Development
The Group's UK property interests are managed directly by BICC plc.

BALFOUR BEATTY

David Cawthra, Chief Executive

Turnover £1,811m

Balfour Beatty is one of the largest civil, electrical and mechanical engineering and construction groups in the UK. The scope of its multi-disciplinary engineering and construction business varies from small assignments to some of the world's largest projects. It also has commercial building and housebuilding businesses.

Building and Construction
Balfour Beatty Building
Balfour Beatty Civil Engineering
Balfour Beatty Construction

Power
Balfour Beatty Power
Balfour Beatty Power Construction
Balfour Kilpatrick
Haden Building Services

Engineering and America
Balfour Beatty America Group
Balfour Beatty Engineering and Services

Homes
Balfour Beatty Homes

BICC CABLES

Eric Clark, Chairman and Managing Director

Turnover £954m

BICC Cables markets, designs, manufactures and installs cables and cable systems for the transmission of information and energy, predominantly in Western Europe. Markets served include data and telecommunications, defence, aerospace and the electricity supply industry.

Energy Cables

Communications Cables

Ceat Cavi Industrie

Metals

Optical Fibres

International Division
GEGC
Cel-Cat
Power Cables Malaysia
Pakistan Cables
Central African Cables
Dubai Cable Company

METAL MANUFACTURES

Glenn Dudley, Managing Director

Turnover £641m

Metal Manufactures is one of Australia's foremost industrial groups. It is the largest manufacturer of cables, copper and brass tubes, and PVC pipes and fitting systems in Australasia. It also has major electrical contracting and electrical wholesaling businesses and is a leading manufacturer of optical fibres.

MM Cables

MM Metals

MM Merchandising

MM Construction

Vinidex Tubemakers

Optical Waveguides Australia

BICC CABLES CORPORATION

Harry Scholl, Chairman and Chief Executive Officer

Turnover £365m

BICC Cables Corporation is one of North America's largest producers of cables. It markets, designs, manufactures and installs power, control, mining, instrumentation, data and electronic cables in the USA and Canada and for export markets.

Phillips Cables
Energy Cables
Pyrotenax
Communication Products

Utility and Polymers Group
Cablec Utility Cables
Cablec Polymers

Electronic and Industrial Group
Brand-Rex
Cablec Continental

BICC TECHNOLOGIES

Michael Watson, Managing Director

Turnover £166m

BICC Technologies is a specialist systems and electronics group, operating primarily in communications, controls, information technology and integrated building markets. It provides products, systems and services to a wide range of industrial and commercial customers, backed up by continued investment in research, development and applications engineering.

Communications Division
BICC Communications
BICC Data Networks

Andover Controls

BICC Information Systems and Services
BICC Syntek

Transmitton

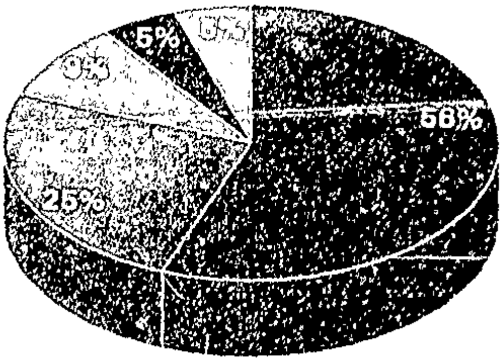
BICC Vero Electronics

Systems Development Centre

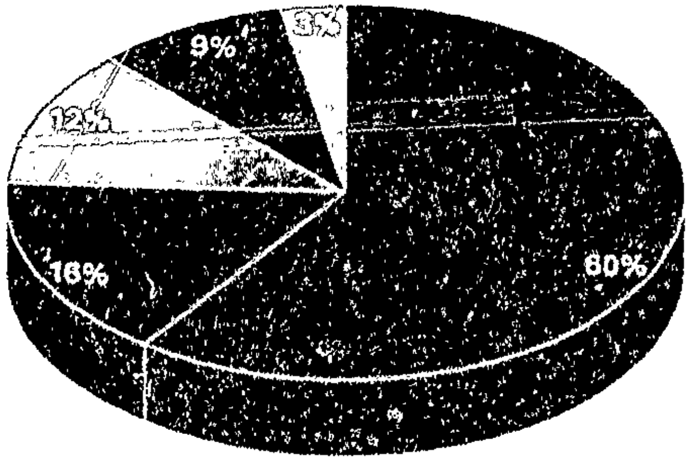
THE CHANGING SHAPE OF THE GROUP

Turnover

1985 £2,109 million

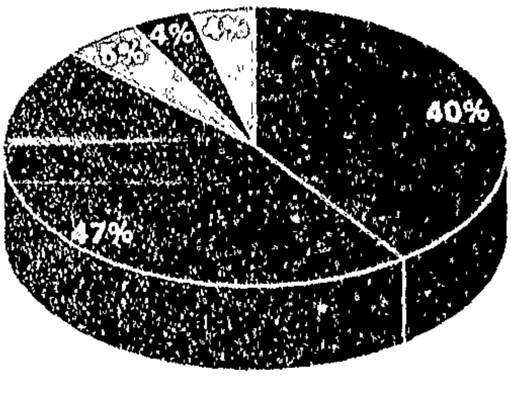


1990 £3,890 million

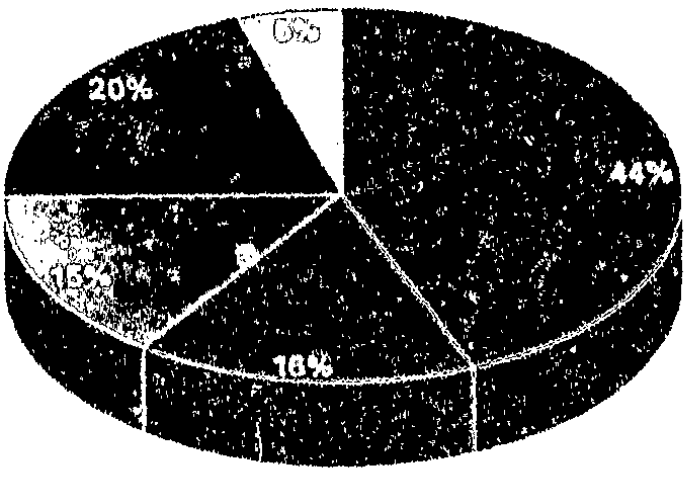


Operating Profit

1985 £111 million



1990 £212 million



Sources:

UK Australasia North America Continental Europe Rest of World

CHAIRMAN'S STATEMENT

Sir William Barlow, Chairman

During 1990, the BICC Group continued to improve its position as a supplier of products and services to the world's infrastructure markets. BICC Cables in Europe performed excellently once again and BICC Technologies also made progress. However, weaknesses in Australia, North America and the UK construction markets, which grew in severity in the second half of the year, increasingly affected our performance. These weaknesses were exacerbated by the growing problems in the Middle East. Exchange rate changes also had a negative effect in the second half of the year. As a result, pre-tax profits were down by £18 million to £183 million, a disappointment after five years of growth. Earnings per share were also reduced to 40·2p, but the final dividend was maintained at 13·25p.

Under the circumstances this was a creditable performance and the underlying position of the Company remains strong. We have become the most efficient of the major world cable companies and are enjoying increasing advantages through an international approach to technology, procurement and the utilisation of our manufacturing facilities and know-how.

We remain a key contractor for and supplier to the electricity supply sector on a global basis. We have established a strong position in optical fibre, optical fibre cables and optical networks in Europe and Australasia at a time when optoelectronics is widely accepted as a key technology for the future. Our contracting businesses both in the UK and overseas move from strength to strength with good prospects for further major infrastructure development, particularly in transportation.

Since the mid-1980s the BICC Group has undergone dramatic changes. During that period, we have significantly developed as an international engineering group and have created substantial market positions in North America and continental Europe to add to those in the UK and Australia.

Our decentralised management style, together with strong financial control, provides the fullest opportunity for our managers to succeed in developing their own businesses. Sound financial stewardship gives us a strong balance sheet which will provide continuing opportunities to add further to our business through the acquisition policy we have pursued actively over the past five years. In particular, it is a tremendous strength that we start 1991 with no net debt.

In Balfour Beatty, we have one of the UK's leading contracting and engineering companies. The breadth of its multi disciplinary expertise and the complementary nature of its component parts ensure that it will emerge from the current recessionary conditions in a strong competitive position.

In BICC Cables, we have a pan-European cable business, which is well placed to take advantage of important developments in the UK domestic scene, the single European market and the increasing opportunities offered by the liberalisation of Eastern Europe.

The management integration of our two North American cable businesses, Phillips in Canada and Cablec in the US, to form BICC Cables Corporation, will accelerate the process of securing leadership in cables in North America. We are well placed to benefit from the US/Canadian free-trade agreements and, through rationalisation and further acquisition, to strengthen our position in the relatively fragmented North American cables industry.

BICC Technologies is now making sound progress in selected international markets for communications, systems, electronics and controls, which form an extension of our cabling and construction expertise.

In Australasia, the recession is particularly severe. In Metal Manufactures, however, we have a quality company with domestic market leadership in most of its businesses and with an increasing penetration of the important Pacific Rim market. A number of major rationalisation and capital expenditure programmes are under way and as the Australian economy recovers Metal Manufactures' underlying strengths will become evident.

The Rt Hon Sir Geoffrey Howe, QC, MP joined the Board as a non-executive director in January 1991. He brings to the Company, great experience in financial and international affairs.

I am due to retire from the Chairmanship of the Company on 31 December 1991 and it gives me great pleasure to announce that it is the intention of the Board to elect Mr Robin Biggam as Chairman to succeed me at that time. With immediate effect the Board has appointed Robin Biggam Deputy Chairman in addition to his role as Chief Executive.

Robin Biggam joined the Company in 1986 as Managing Director and became Chief Executive in 1987 and since then has played the major role in expanding the Group's activities and profits. His ability and experience fit him well to take over from me as Chairman at the end of this year.

In 1991, trading conditions are unlikely to improve substantially and, in some areas, may even decline further. Strict control of costs and a disciplined exploitation of our many competitive advantages will enable us to move through this difficult period, maintaining a satisfactory level of performance in the prevailing market conditions. We continue to consolidate and expand our market positions in our core areas of operation. The Group looks with confidence to future growth in the international power, communications, transport and construction sectors which we serve. As markets recover, we are confident that the profound strengths of the Group will again be reflected in earnings growth.

William Barlow

Sir William Barlow
Chairman

15 March 1991

CHIEF EXECUTIVE'S REVIEW

1990 Performance

During the first half of 1990, the Group's trading performance continued the upward trend of the previous five years, despite the problems of housing and developments in the UK and of recession in Australia. However, beginning in the late summer and accelerating towards the year end, we experienced significant downturns in demand in some sectors in the UK, in Canada and in the USA, and the situation in Australia deteriorated further.

In Balfour Beatty, the pattern of 1989 repeated itself. The civil and power contracting businesses performed well with road, rail and Channel Tunnel contracts all proceeding satisfactorily. However, the continuation of high interest rates meant that property development and housing have continued to struggle. In addition this year, the commercial building market became more difficult. Balfour Beatty's operating profits are thus 29% down on 1989.

In January 1991 management of the property development business of Balfour Beatty was transferred to the BICC Group thus facilitating the direct provision of specialist Group expertise and resources.

The Group is in the process of withdrawing from the specialist homes market. The costs associated with this decision are being treated as an extraordinary item.

Balfour Beatty can now further concentrate on its contracting businesses where its established strengths and major market opportunities lie.

BICC Cables has continued to perform strongly, with further progress being made in both the UK and continental Europe. Profits at £110 million (26% up on 1989) would have been even higher but for the delay in integrating Sterling Greengate into the business, caused by the Monopolies and Mergers Commission referral, and by an unexpected pause in the procurement programme of Telefonica, the Spanish telecommunications company.

In North America, Phillips Cables' profits were down on 1989 largely due to the severe downturn in the construction wiring market and the effects of construction strikes in Ontario and Quebec. In the USA, tightening markets reduced profits in the second half. Profits overall are down by 31% on 1989.

Although our Australian cables, optical fibre and plastic piping businesses continued to perform well, electrical wholesaling and construction experienced difficult market conditions and incurred losses. Profits declined from £53 million in 1989 to £33 million in 1990.

In BICC Technologies, profits rose by 75% to £10 million, an encouraging performance from a group increasingly well positioned in its chosen markets of communications, systems, controls and electronics.

In current market conditions, strict control of costs is imperative and major cost reduction initiatives are being implemented in every part of the Group.

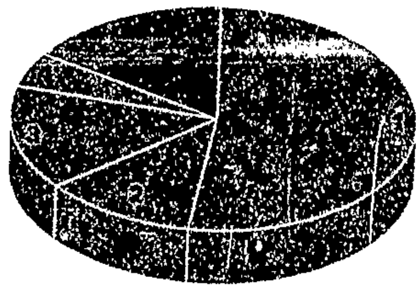
A more detailed review of our businesses is included on pages 14-23.

Business Development

The BICC Group's 1990 profits, split between construction, cables and technologies, are indicated below. Over the past five years, major steps have been taken to increase the international spread of our cables businesses, particularly through the establishment of major market positions in the USA and continental Europe. We expect the worldwide Cables network to make an increasing contribution as we manage the synergies within it; Balfour Beatty to grow its profits through taking advantage of its many infrastructure opportunities for contracting; and Technologies to continue to benefit from its strong position in high-growth markets.

The consolidation of our North American cables business under a single management is another important step towards increasing co-ordination of our worldwide cables interests. The introduction of the BICC name into the North American marketplace will help ensure customers appreciate the benefits of the worldwide network of technology, procurement, manufacturing and installation expertise which is available.

Also in the USA, BICC Technologies Inc has been established to steer the development of the Group's building



Operating profits £212m

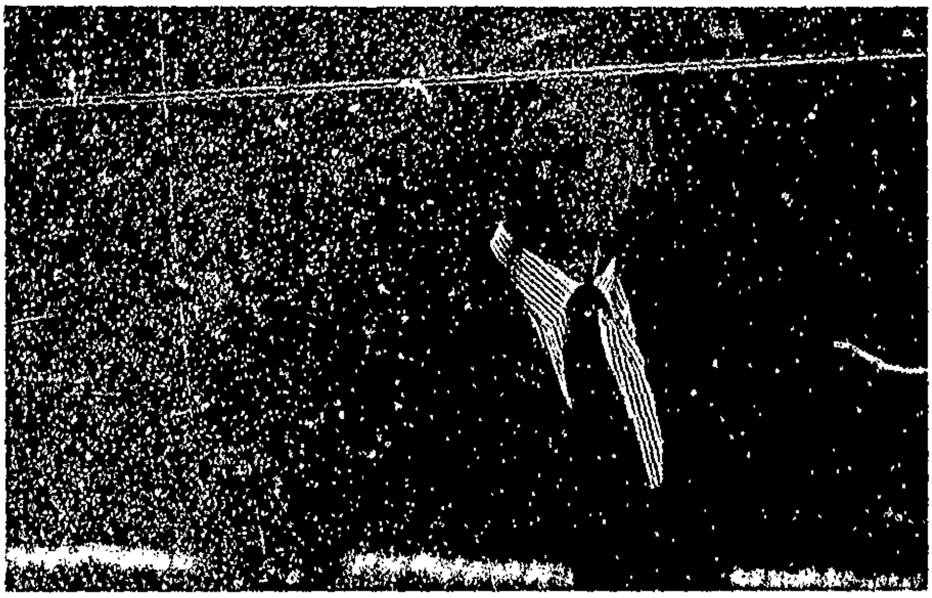
BICC Cables	CABLES 80%
North America Cables	
Australasia	
BICC Technologies	– 5%
Balfour Beatty	– 15%

control and local area network systems businesses in the important North American marketplace. Verospeed, the electronic distribution subsidiary, was sold.

In Europe, we have increased our ownership of Grupo Espanol General Cable, Spain's leading cablemaker, from 20% to 46%. We have also agreed arrangements, the intention of which is to further increase our ownership to 75% by 1992. At the same time we raised £177 million by way of a rights issue of convertible capital bonds. The increased shareholding in GEGC and the basis for the disposition of the management shares after the end of 1991 indicates our confidence in the future of the company and the Group's determination to increase its penetration of continental European markets.

In Australia, our mechanical engineering interests were sold and a specialist tube manufacturer was purchased to broaden the product range of the MM Metals group.

Balfour Beatty have continued the expansion of their activities in North America including the award of a first road and bridge building contract. In Europe, a joint venture was established with Fornara SpA of Italy. This company, called COFEAL, will operate in the field of building, civil engineering and industrial construction.



Robin Biggam, Chief Executive

Technology

The four UK BICC Technology Centres — the Polymer Technology Development Centre at Wrexham, the Optical and Advanced Materials Centre at Helsby, the Systems Development Centre at Hemel Hempstead and the High Voltage Cable Technology Centre at Erith — have now established themselves as Group centres of excellence. Other new centres of technology in BICC include, in North America, the polymer compounding facility at Indianapolis, the power cable test and engineering centre at Brockville in Canada, and the Brand-Rex cable systems technical facility at Willimantic, Connecticut. Ceat Cavi have a technical facility in Turin which is active in EPR technology for power cables and there is a metals technology group at Port Kembla in Australia.

These development centres provide technology and development to the local manufacturing companies, together with the organisation of major technology and product developments on a worldwide basis. Technical boards have been established for the three main business areas of the Group — cables, contracting and technologies. These boards, together with the Central Technical Unit, provide the co-ordinating mechanisms and ensure a balanced portfolio of technical programmes.

The BICC Group has also established links with universities and other companies and organisations through collaborative research and development schemes, involving government and European Community support.

People

The Group retains a strong interest in the further coherent development of its key people resources, despite the significant decentralisation of management control. The scope and volume of the work carried out by the Group's in-house training department continue to grow rapidly. Greater use is also being made of the management development expertise of a selected number of business schools.

Strategic workshops have been conducted, involving the majority of senior managers within the Group, and together with the management attitude surveys conducted in 1988 and 1990, these have provided a forum for ensuring that the talents of the management team are deployed in the definition and support of the Group's overall objectives.

The Group continues to develop communication policies which are designed to encourage employees to identify with their own particular business areas as well as feel part of a strong and successful group.

The Environment

The BICC Group takes a responsible attitude to the environmental effects of all the infrastructure development, building and manufacturing activities in which it is involved.

It maintains a close interest in environmental standards and co-operates fully with all statutory authorities controlling the sites where it operates.

A major initiative to ensure that all our managers take a close and careful account of environmental questions in their areas of activity, has been launched in 1991.

The Group's Position

The BICC Group is one of the world's leading infrastructure companies. It makes a significant and growing contribution to satisfying the world's increasing need for power, communication, transportation and buildings.

In the following sections of my report, I highlight three areas where the BICC Group has a key role to play in the further development of important aspects of the world's infrastructure.

In each area, the breadth and depth of our experience and expertise place us in a strong position to benefit from the long-term growth opportunities they provide.

Robin Biggam
Chief Executive
5 March 1991

POWER

Energy drives the world economy. Whatever its source, from fossil fuel to nuclear fission, the most convenient and widely used form of energy is electricity, demand for which will grow significantly throughout the 1990s and beyond. The BICC Group plays a key role in the development of the power infrastructure on a worldwide basis, whether in helping to create new generating and transmission capacity or in the refurbishment and extension of existing distribution networks.

In the UK, through BICC Cables and Balfour Beatty, the Group provides a comprehensive range of project management, contracting and cabling services, which are in increasing demand from the newly-privatised generation, transmission and distribution companies.

In North America, the Group benefits from both the massive power development schemes in Canada and the trend towards significant upgrades in the US. In Europe, the Group is a major supplier to and contractor for the utilities in Spain, Italy and Portugal, where infrastructure growth is particularly strong as southern Europe accelerates its development programmes.

In South-East Asia, the area of strongest economic growth in the world, the Group's experience in major project work, particularly hydro-electric schemes, is extensive. We have long-term contracts with key customers who are committed to major improvements in the coverage and reliability of electricity supply. In Australasia, BICC occupies a pre-eminent position in the provision of construction and cabling services.

The Group has a well developed capability in power station construction and technology, demonstrated in major projects at power stations throughout South-East Asia and specialist supertension and mains cabling provided for power station projects all over the world.

A series of mini-hydro power stations has been engineered and constructed in rural Thailand and specialised wood-burning power stations have been developed for the Philippines.

All three major UK power station projects of the last decade have seen substantial Balfour Beatty involvement. At Bayswater Power Station, NSW, one of the latest power stations built in Australia, Metal Manufactures was a major supplier.

In Singapore, BICC has now completed more than £100 million worth of work in supertension cable design, manufacture and installation and continues to contribute on new development work. In Hong Kong, Balfour Beatty has created a new transmission system for the New Territories and is currently erecting a transmission line to link the new nuclear power station at Daya Bay, China, to Canton and Hong Kong.

Now the Group, through Thames Power, in partnership with CU Power of Canada, intends to be an important participant in the newly structured UK electricity industry as one of the first independent power generators. Its first major project, a 1000MW gas-fired station at Barking Reach in East London, is scheduled to begin producing electricity in 1994.

Two-thirds of the national grid in the UK is the result of the BICC Group's work.

Overseas, the Group was responsible for the first major extra high voltage transmission lines in Saudi Arabia and Indonesia, for the innovative, privately-funded line in the Northern Territories of Australia and for the international link between Botswana and Zimbabwe.

The emphasis in the UK is currently on upgrading and refurbishment work. The Group's turnkey project management skills and systems capability is particularly relevant in this connection. In addition, through the recent acquisition of Cruickshank, the Group has the ability to respond to the increasingly heavy demand for sub-station building and refurbishment.

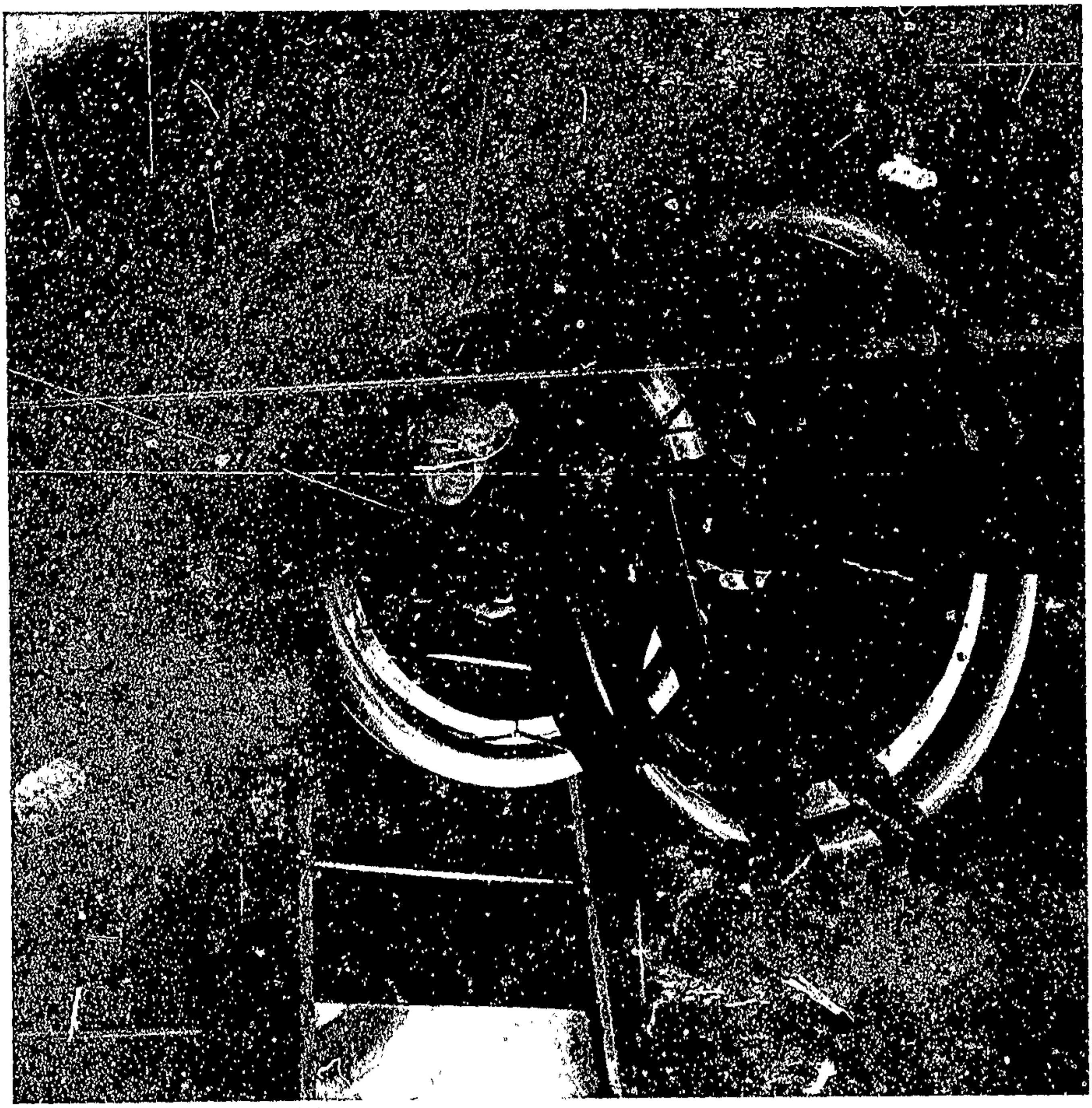
The Group has unparalleled experience in trenching, low voltage cable connections and underground cabling work in built-up areas. Another speciality is the laying of underwater cables, including the 2000 MW cross-Channel power cable, the cables to the Scilly Isles and the cable across Lake Trasimeno, in Italy.

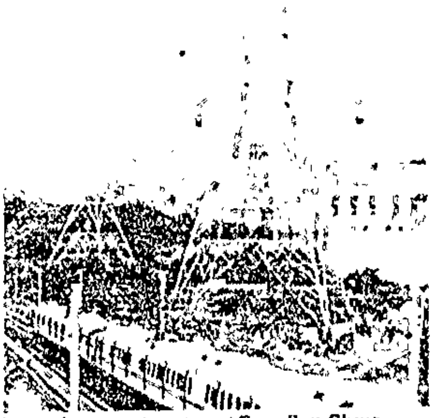
In Canada, the power utilities investment programmes remain ambitious. Hydro Quebec, for example, has advanced several construction and generating station projects and forecasts a requirement for some 35 million kilometres of insulated power cabling by the turn of the century. BICC benefits from long-term supply contracts with a number of these utilities and provides them with important in-province manufacturing support.

In the US, little new generating capacity has been built in recent years. Increasing imports of power from Canada require new transmission lines, such as the Long Island line for which BICC is supplying cable to Consolidated Edison in New York. The emphasis is on a major regeneration programme where BICC Cables Corporation's quality leadership provides competitive advantages.

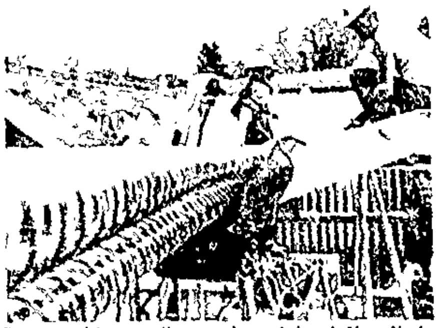
Environmental concerns create an accelerating trend to bury power cable in replacement for overhead lines. For example, BICC's recently extended contract for Saskatchewan Power is to create a complete underground network to replace the current overhead system.

In Southern Europe growth of the power infrastructure continues to accelerate. BICC is working closely with ENEL and ACEA the Italian state authorities and the three regional authorities, while in both Spain and Portugal, BICC is the leading power cable supplier.


High voltage cable testing at Settimo, in Italy


Power line construction at Daya Bay, China


Researching superconductivity in Australia


Power cable installation Long Island New York

TRANSPORTATION

In the 1990s, investment in transportation infrastructure will grow substantially. In the UK and continental Europe, road and rail investment is already on a sharp upward trend. Authorities are increasingly turning to light rail and underground mass transit systems to help solve the difficulties of moving people into and around cities. New airport facilities and expanded capacity are urgently needed. The BICC Group is a major contractor for and supplier to transportation projects of all kinds.

The Channel Tunnel project is the most important transportation project in the world. As one of ten partners in Transmanche-Link, Balfour Beatty has seconded more people to the project than any other contractor. In addition, in joint venture with Spie Batignolles, the Group is carrying out the design and installation of the major components of the power system. It is also a major supplier of power cables to the project, including high specification, fire resistant cable for the lighting circuits and track feed. Much of the railway electrification and trackwork is also being handled by the Group through Balfour Beatty specialists in these areas.

As work proceeds, the physical challenges of the project will give way to those of project management, co-ordination and integration. Through involvement in the Channel Tunnel the Group has built up a wealth of hard-earned expertise, which will be applicable to future large projects. Project completion will release manpower with new skills and invaluable work experience.

The Group is a market leader in railway work of all kinds, including electrification, trackwork and power supply. It has carried out a major portion of all UK overhead electrification work over the past 30 years, including both the East and West Coast main lines. The Group will continue to draw on its wide international experience to participate in railway opportunities throughout the world.

In the development of underground systems, the announcement of the Jubilee Line extension, the London cross-rail link, the Paddington to Heathrow link and the modernisation of the Central Line, provides extensive opportunities in London alone. Increasing emphasis on passenger safety means an increasing emphasis on high specification cables and cable systems using BICC's low-smoke, low-fume technology, developed at the Group's Materials Technology Centres. This has won the Group important contracts, for example, from the London Underground and the New York Transit Authority.

BICC Technologies is also market leader in rail electrification control systems where Mersey Rail and Network SouthEast are important recent customers.

The growth of light railway systems is accelerating, not only in Europe but around the world. BICC has been, or is, heavily involved in many such projects including those in Hong Kong, Singapore, Melbourne, Queensland, New York, Newcastle, London Docklands, Manchester and Sheffield. Currently, Balfour Beatty is extending the Docklands Light Railway, a project involving extensive civil works, trackwork and railway electrification, and a highly complex exercise in railway traffic management. Late last year, the Group completed the trackwork for the new rail link to London's newly upgraded third airport at Stansted.

Through Balfour Beatty, BICC is the leading roadbuilder in the UK with a deserved reputation for timely completions. The recent announcement of major investment plans for Britain's motorway and trunk road system are, thus, of major importance to the Group. Not only is the Group a leader in new road building, but also in widening and refurbishment projects, both of which figure largely in the spending plans.

Balfour Beatty completed a large proportion of the M25 and, last year, completed the first widening project on the south-western section. It is currently widening the southern approaches to the Dartford Crossing.

The Group is currently working in joint venture on the new Limehouse Link Road in London's Docklands, and has recently completed sections of the extension of the M40 to Birmingham and the new Newcastle By-Pass. Outside the UK, recent major projects have been in Sri Lanka and the Oman and there are ongoing contracts for part of the Istanbul Ankara highway in Turkey. It has also moved into the USA with a road bridge contract in New Jersey.

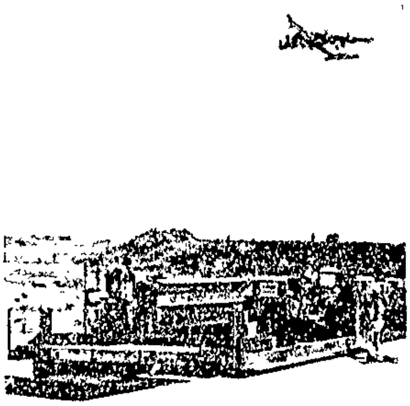
The need to improve the utilisation of major trunk roads is a priority across Europe. BICC Traffic, as part of BICC Technologies, is working with the Department of Transport on advanced video-survey techniques to detect major incidents and continuously monitor traffic densities.

The Group's experience in airport work is also extensive. It includes civil works for London's Heathrow Terminal 4, the rebuilding of Dubai International Airport and the installation of power systems, for example, in the Falklands, at Manchester, at Pearson International Airport in Toronto and at Cairns in Northern Queensland.

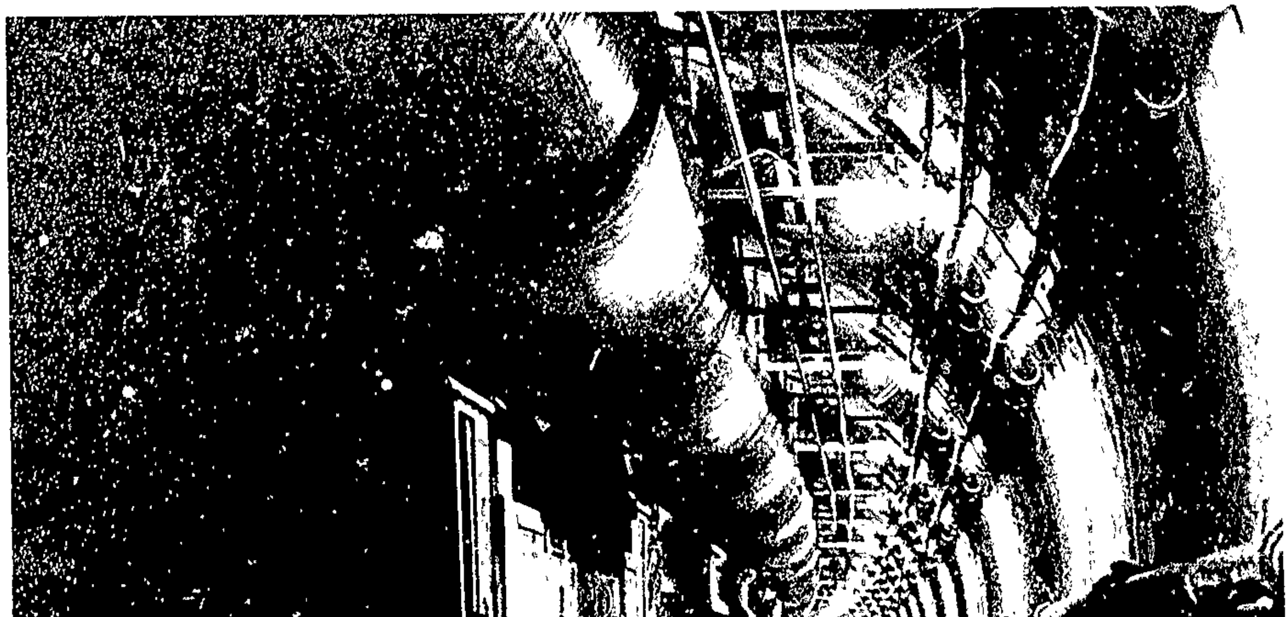
We are currently designing and building a power station for BAA at Heathrow and have carried out extension work at Stansted Airport.

It is not only the airports, but also the aircraft which use them, which benefit from the BICC Group's expertise. In the specialist area of aircraft wiring, the Group is a key supplier to both the European Airbus and McDonnell Douglas in the United States and Canada.


M6. Bescot viaduct maintenance


Building the taxiways at Stansted Airport


Hong Kong Light Rapid Transit System


Designing and installing the power system and supplying the cabling for the Channel Tunnel

COMMUNICATIONS

The technology of optoelectronics is creating one of the greatest revolutions the world has seen. Its effect on the way we communicate, in both economic and social terms, is profound. It is influencing our lives on a massive scale, far beyond the scope and effects of the first industrial revolution. BICC is an increasingly important supplier to the world telecommunications and information technology markets.

The Group has achieved a unique position in the optical fibre technology which is transforming communications worldwide. We are helping customers around the world to improve many aspects of their networks from simple voice circuits to full broadband integrated service digital networks.

In joint venture with Corning, both in Europe and Australia, the BICC Group has become the largest manufacturer of optical fibre outside the US. The European market for fibre has grown faster and is now larger than the US market. Capacity at Deeside in the UK is in the process of being doubled. At Noble Park in Victoria, Australia, a major expansion in 1990 has almost doubled capacity and work is already underway on a programme which will almost double capacity again, maintaining BICC's position as the leading manufacturer in Australia.

The Group's strategy is to invest in capacity ahead of demand and, in so doing, to remain one of the world's low-cost producers. The outside deposition process used in BICC's manufacture produces one of the highest quality fibres available anywhere in the world.

Optical fibre, when incorporated into cable, is the key medium for the development of telecommunications and data communications networks. At Whiston on Merseyside and Clayton in Melbourne, the Group has two of the first purpose-built optical cable factories in the world. The Group also manufactures in the US, Spain and Italy. In addition to British Telecom and Mercury, Australian Telecom, Telecom New Zealand, Telefonica in Spain and SIP and ASST in Italy are major customers. And last year we began supplying the Deutsche Bundespost.

British Telecom has led the world in the application of optical fibre to the main trunk and junction routes of the national telephone network and BICC has played a key part in this development effort. As optical fibre trunking progresses in other countries, and in the UK and elsewhere we begin to see it move into the local connective loops, BICC's strong position in this area will become even more important.

The first steps towards taking fibre to the home are already underway in many developed countries. In the UK, Bishops Stortford in Hertfordshire is the setting for a field trial of one of the most sophisticated systems ever carried out. In it, British Telecom has built an integrated, broadband fibre network capable of providing both basic telephone services and all the current entertainment and business services as well as some future services such as Videophone and High Definition Television.

BICC is supplying all the optical cabling and passive components for this trial, incorporating technology developed in conjunction with British Telecom.

The Group has been involved in major optical developments since 1972, and two years ago a technology development centre was opened at Helsby in Cheshire. At this facility, the Group pursues the development of cables and components for fibre optic systems and advanced materials for insulation and sheathing for use in environments requiring high performance.

In addition to telecommunications authorities, railways, power authorities and defence users are increasingly taking advantage of optical cables because they are immune from interference through induction and, as a result, do not require expensive screening to keep systems operating safely and reliably.

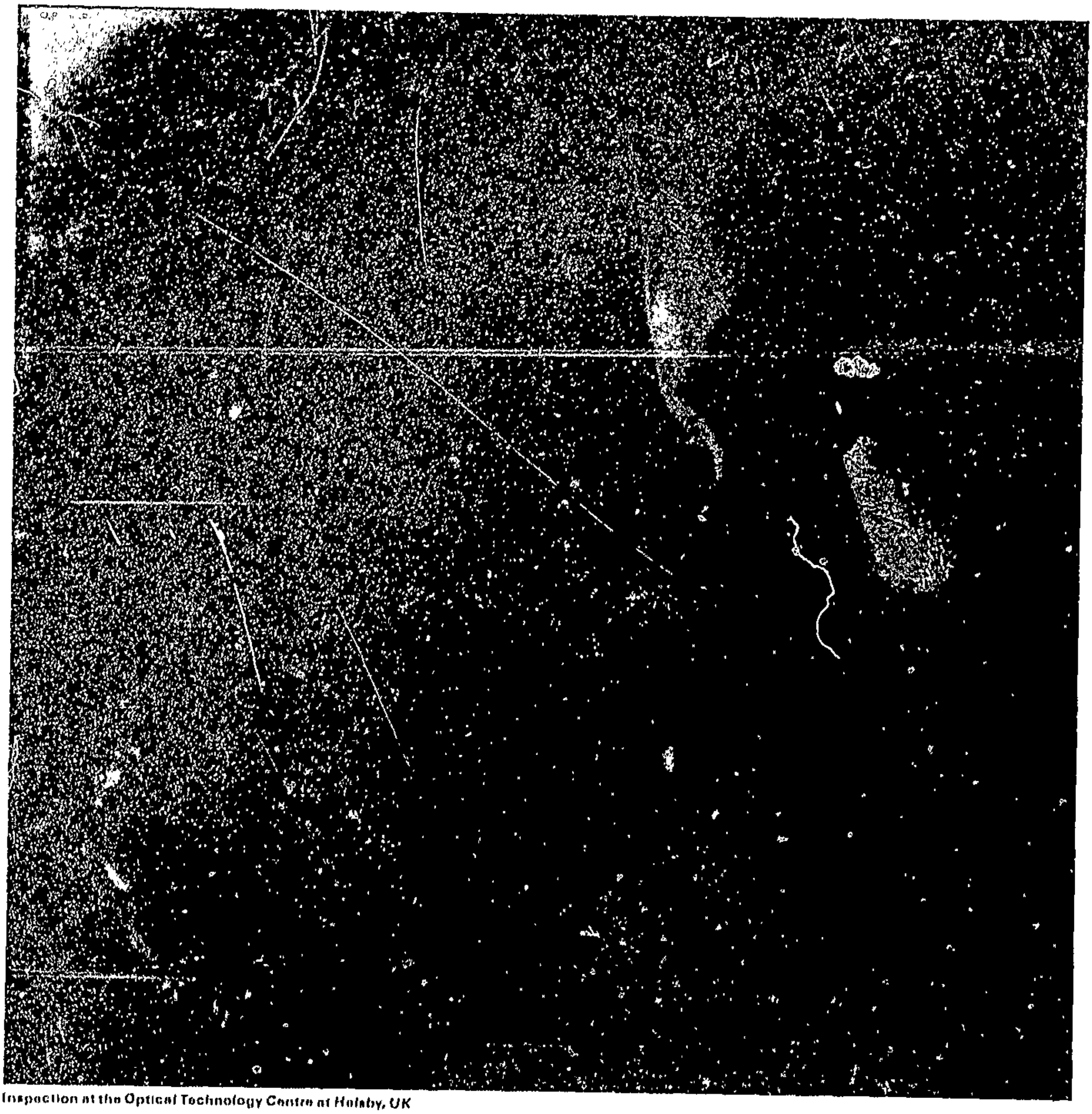
BICC Group products are incorporated in the Stealth bomber and the Patriot missile in the US, as well as aircraft, ships and security system cabling in the UK and the new generation of nuclear submarines in Australia.

In the field of data communications, the optical marketplace is scheduled for fast and accelerating growth over the next decade. Optical technology provides the inherent advantage of a vastly wider bandwidth than copper (and thus greater transmission capability) and better and more reliable performance over long distances. BICC has built a new data communications cable factory at Helsby, with the ability to make optical cables to the latest Fibre Distributed Data Interface (FDDI) world standards.

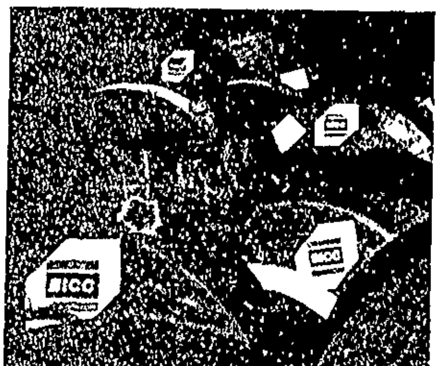
In local area networking, BICC manufactures a range of products compatible with this internationally followed FDDI standard. The Group is a major international specialist in the design, development, manufacture and support of high performance local area network products and has a growing capability in design project management and software on turnkey networking systems. In the US, Nynex and 3M are among a number of major organisations who have chosen BICC to solve their networking problems.

The Group is determined to improve its penetration of the important North American market. The formation of BICC Technologies Inc and BICC Communications will provide a focus for all Group networking developments in the US and Canada and also link with the Group's cable and construction interests in that region.

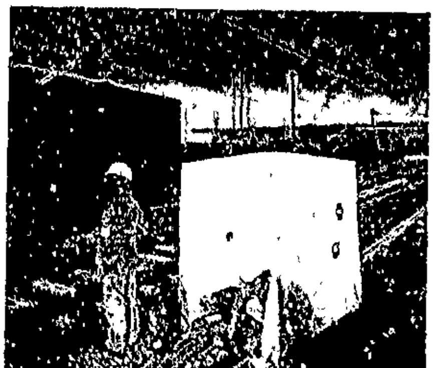
At the Systems Development Centre in Hemel Hempstead, a wide range of research and development projects are underway to create the next generation of goods and services.



Inspection at the Optical Technology Centre at Helsby, UK



Optical fibre cables for delivery from the Whiston factory



Laying the optical fibre link to Stansted Airport

Optical cables for the Deutsche Bundespost

1990 OPERATIONAL REVIEW

BALFOUR BEATTY

Despite weaknesses in the UK markets for housing and property development, overall group sales for Balfour Beatty reached record levels in 1990. In the UK, the civil engineering and the electrical and mechanical contracting businesses performed well. The order book stands at the same level as 12 months previously.

During the year, the group was reorganised, with three Group Managing Directors appointed: for the Construction sector; for Electrical and Mechanical contracting; and for Engineering and the group's interests in North America.

Progress on the Channel Tunnel project was a major feature of 1990, culminating in the breakthrough of the first ever tunnel between France and the UK. Encouraging starts were made on the electrical and mechanical services within the Tunnel and for the power supplies and sub-stations, in both of which Balfour Beatty takes a lead role.

The group's **civil engineering** work proceeded satisfactorily with notable contracts on the Tyne and Wear Metro extension in Newcastle, the Docklands Light Rail extension to Beckton in East London and, in joint venture, the Limehouse Link Road connecting the City of London with Docklands.

The group's pre-eminence in **road building** continued, with a number of major new contract awards, including the Kettering Southern By-Pass, the M74 Millbank-Nether-Abington motorway and the A20 Folkestone-Contwood trunk road. The Newcastle By-Pass and the M40 Banbury motorway section were among a number of highly successful completions.

The group's **building** interests saw a wide range of projects completed or substantially progressed during the year. In the first category, most notable were the BBC's new headquarters building at the White City in London, a shopping centre in Falkirk, the Five Acre Square development at Houndsditch in West London and the refurbishment of the North British Hotel in Edinburgh.

The related foundations, piling, concrete repair and stonemasonry businesses all progressed satisfactorily during the year.

In electrical and mechanical engineering Balfour Kilpatrick achieved a good balance of business between the electrical building services and the industrial electrical markets. Haden achieved a sound performance in its mechanical, electrical and maintenance activities, although this market is becoming increasingly competitive.

Increased refurbishment activity provided a sound basis for the transmission businesses, and Cruickshanks, the electrical substation company acquired in 1989, benefited from growing market opportunities.

The railway engineering businesses had a number of projects deferred creating tighter market conditions. Work was successfully completed on the East Coast Mainline Electrification contract.

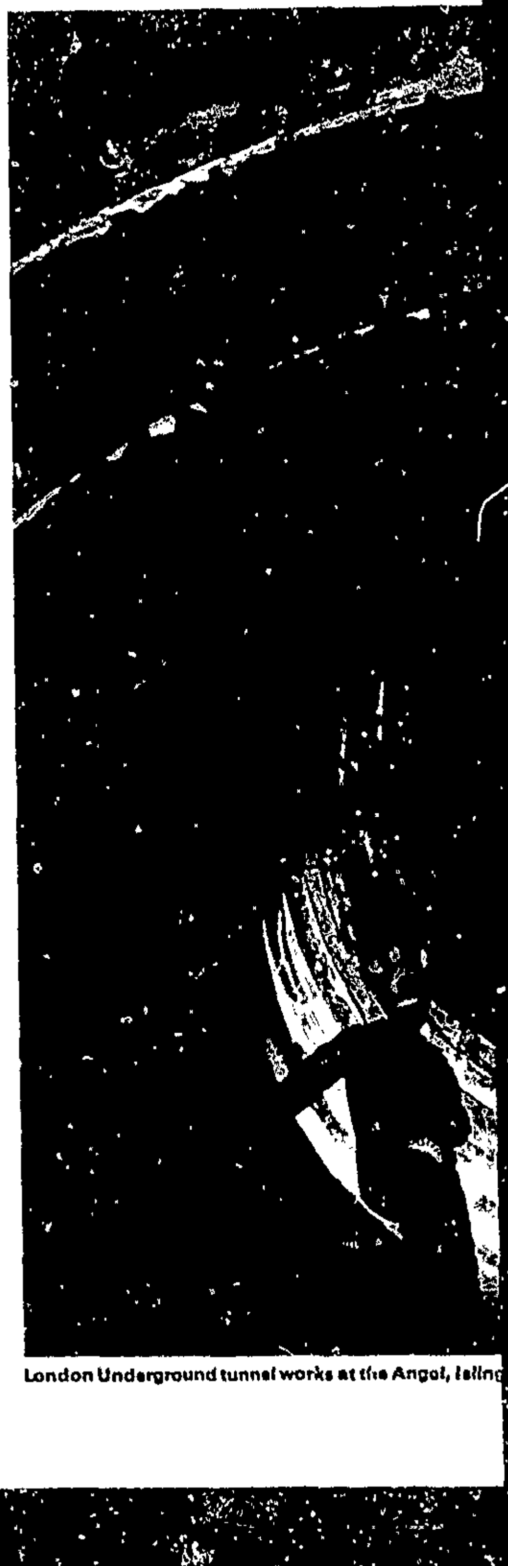
Workload improved in the engineering and project management activities. A design and construction contract was secured for a combined heat and power plant for British Airports Authority at Heathrow, and a joint venture was formed with Northern Engineering Inc to undertake power project engineering work in the UK.

New business groups were established to address the increasingly important waste management and water markets. A number of contracts were secured from the water industry, as the newly-privatised companies began their new investment programmes.

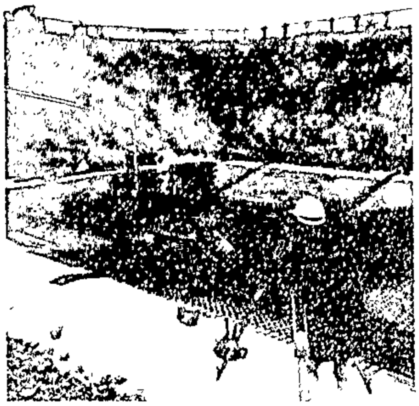
In facilities management, productivity improvements were secured at Devonport Royal Dockyard, where the company has a 29.9% interest, though turnover was lower than in 1989, due to reduced naval work. A three-year contract was secured for the management of assets and facilities for the MoD at Catterick.

Significant growth was experienced

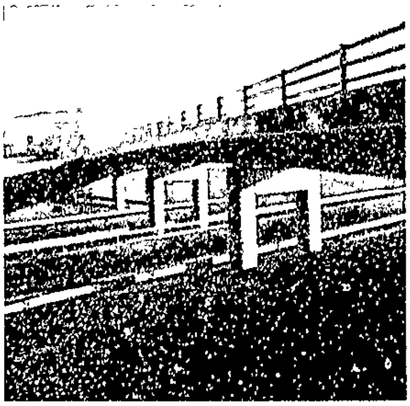
Redeveloping Liverpool Street Station, London



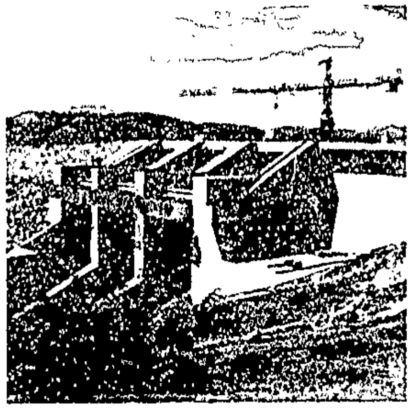
London Underground tunnel works at the Angel, Islin



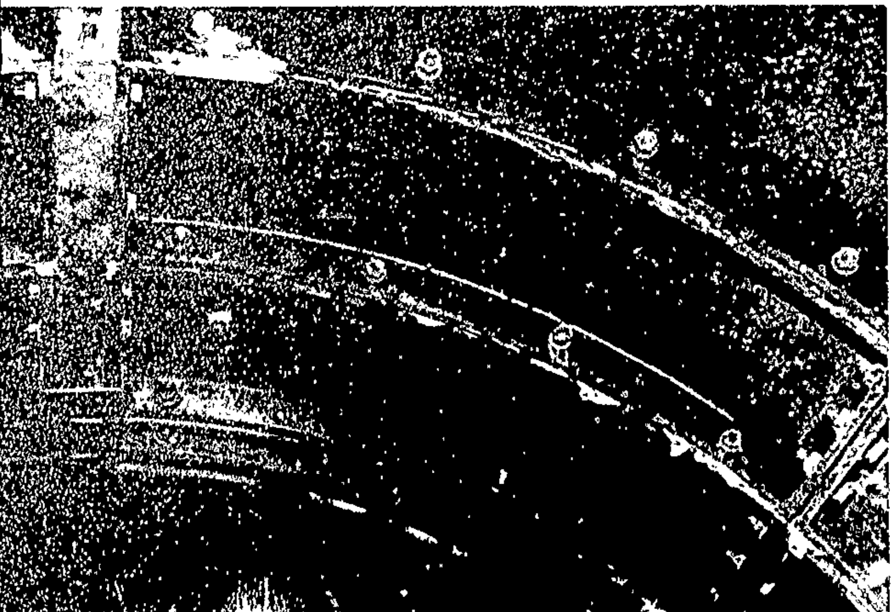
Water treatment works for North West Water



The M40 motorway extension to Birmingham



Samanalawewa hydro project, Sri Lanka



in the contract hire market, for which the group supplies vehicle hire and management services

In homes, the downturn in the UK market persisted throughout 1990 as high mortgage rates continued. A wide range of sales incentives, which enabled unit sales to be maintained at the 1989 level, was adopted The group is withdrawing from the luxury housing and retirement homes market by closure or disposal of its specialist housing businesses

Property development in the UK has continued to be adversely affected by the lack of investment demand in the property market, although tenant interest has held up reasonably well and a number of satisfactory lettings were achieved

The decision by the Environment Secretary to call in the revised Planning Application on Spitalfields, in which Balfour Beatty has a one third interest, will cause further delay to this important urban regeneration project The activities of Avatar, an associate company which has also been involved in urban regeneration, were severely cut back

The development programme has been significantly scaled down to take account of market conditions on the expectation that the current environment will persist throughout 1991 and probably into 1992

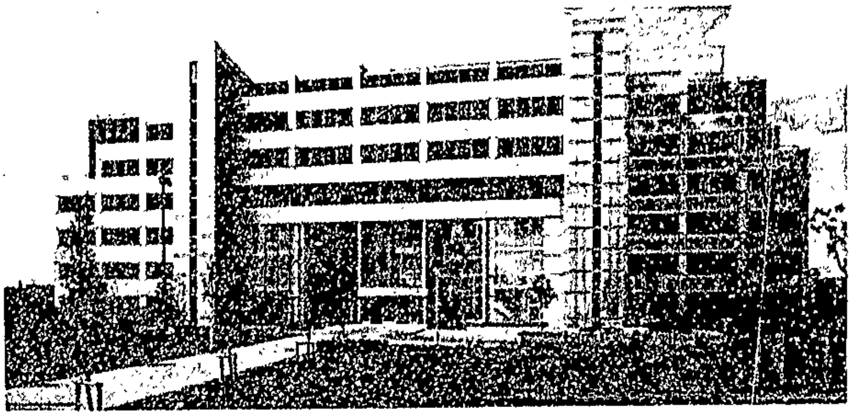
Contracting provides less immediate opportunities for European penetration than does manufacturing However, the foundations and contract hire companies established a presence in France, and a 40% shareholding was acquired in the Italian construction company COFEAL

In overseas construction the Samanalawewa hydro electric project in Sri Lanka advanced towards completion. Work started on a further contract for the major waste water project in Cairo and continued progress was made on the Kanzanci-Gumusova toll road in Turkey. The company, in joint venture, has been awarded a major section of the Lesotho Highlands Water Development project.

Work progressed in the Far East, Middle East and Southern Africa. The 220kV Botswana-Zimbabwe overhead line interconnector was completed and satisfactory progress was made on the transmission line from Daya Bay in the People's Republic of China to Hong Kong, where work commenced on the Tuen Mun railway.

There was a substantial increase in the work secured by the group in North America and the Caribbean which included a number of building contracts in the Caribbean and a road bridge contract in New Jersey. The new cruise liner terminal in Nassau was completed during the year.

The first phase of a major development project in Atlanta, the Hartsfield Center, was successfully completed, and the first sales from residential developments in Georgia were achieved.



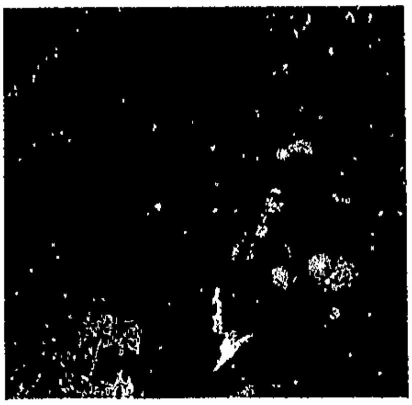
The new BBC Headquarters building at White City, London

BICC CABLES

BICC Cables made further strong progress in 1990; with sales and operating profits increased substantially. This reflected the continuing improvements in productivity in the UK, the strong performance of overseas subsidiary and associate companies and the full year impact of the 1989 acquisition of Brand-Rex.

During the second half of 1990, volumes and prices came under pressure in a number of sectors of the business as the UK economy weakened and markets in Italy and Spain became less buoyant. This trend has continued into 1991, but the impact on profitability is being offset by control of costs, the benefits of rationalisation, including that with Sterling Greengate, and the increasing synergy between the European businesses. This is enabling the group to reduce its exposure to the fluctuations in demand in individual markets. BICC Cables is well positioned for the post-1992 opening of public procurement within the European Community.

Optical Cable Installation, Newbury, UK



The power cable facility, Wrexham, UK

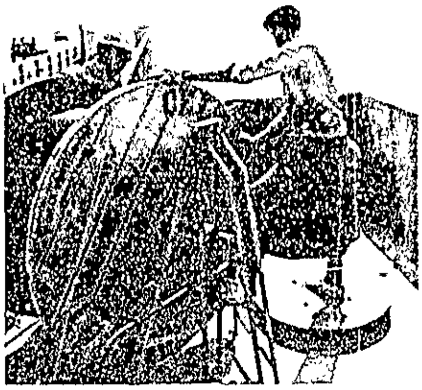
In **Energy Cables**, the Supertension Cables businesses had another outstanding year carrying out major contracts for the Public Utilities Board in Singapore, China Light and Power Company in Hong Kong, and SEEBOARD for the Channel Tunnel. The order book remains strong.

UK demand for Mains Cables continued at a high level in the year of privatisation of the Regional Electricity Companies. BICC Cables improved its market position and achieved substantial contracts from a number of RECs, British Rail, and London Underground, and for the 21kV power cabling for the Channel Tunnel.

The Prescot Aluminium Company, our overhead power line company, which is now wholly-owned, relocated to a modern building at Knowsley while satisfying a high level of demand from the National Grid Company and Scottish Hydro.

In Construction and Wiring demand remained strong for most of the year, although the house wiring sector was depressed. Investment in the develop-

Supertension cable testing at the Erith Technology Centre, UK



Power cable installation, Tagus River, Portugal

Wrexham Materials Technology Centre

ment of cables using low fire hazard zero-halogen materials used particularly in the marine industry for ship wiring and for mass transit, is bringing significant benefit. Modernisation of the Elastomeric Cables factory at Leigh was completed and new plant to make low fire hazard cables was commissioned at Wrexham.

In **Communications Cables** demand from British Telecom was at an exceptionally low level in the first half of the year but recovered in the second half and remains strong. BICC Cables has maintained a high share of orders for both metallic and optical cables. The supply of all the optical cable and passive components for the British Telecom fibre to the home trials at Bishops Stortford has been completed.

A new factory has been commissioned at Helsby which will enable BICC Cables to consolidate its position as a leading European supplier of data communication cables.

Brand Rex had a very successful year with strong sales of cables for the defence, transport, broadcasting and local area network markets.

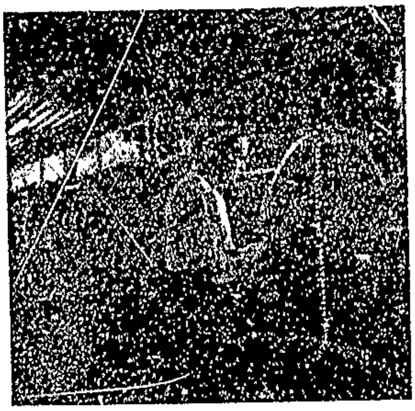
Optical Fibres, our joint venture with Corning, has maintained its position as the leading European supplier of high quality fibre and the largest production facility outside North America. Half the output is exported to continental Europe.

The market for fibre continues to grow rapidly and a £25 million investment almost to double capacity will be commissioned early in 1992. With worldwide demand currently outstripping supply and the likely introduction of local optical networks in the 1990s, the outlook for Optical Fibres is very encouraging.

BICC's **Metals** activities continued to perform well in a year of difficult copper market conditions.

Connollys, the winding wire company, strengthened its UK market leadership and expanded capacity. Fire Wires has largely offset reduced UK demand by increasing exports, and Inmco has


Low smoke and fume cables for the Channel Tunnel


Insulating power cables, Settimo, Italy

raised exports to over half total output. Thomas Bolton & Johnson and Prescot Rod Rollers are now wholly-owned.

The closure of the copper refinery was announced as a result of diminishing availability of raw materials and increasing availability of more economic supplies of refined copper.

Ceat Cavi Industrie had another successful year with strong demand from the Italian market, particularly in the first half. Important contracts for 150kV EPR insulated cables and 220kV oil filled cables have been obtained from ENEL and other major customers. An underwater 20kV cable was supplied and laid on the bed of Lake Trasimeno and a 10kV cable was installed at a depth of 100 metres to connect two offshore oil rigs in the Congo. Further export successes were achieved in Egypt, Iran, China and the Dominican Republic.

A significant achievement was the supply to SIP of the first experimental lengths of optical cables for the local network together with a complete package of accessories. This cable now links a SIP exchange with the Italian parliament building in Rome.

Investment projects were completed at the telecommunication cable factory at Ascoli and at the construction and wiring cable factory at Frosinone, both of which are efficient low-cost production units.

In **International Division**, GEGC in Spain achieved further growth with strong demand for telecommunication cable in the first three quarters of the year, but a sharp cut back by Telefonica in the final quarter has continued into 1991. Demand is expected to recover, albeit not to the very high level of early 1990. Spain remains an attactive market and GEGC is the market leader in power, construction and telecommunications cables

Cel-Cat in Portugal had a successful year, benefiting from strong demand for telecommunication cable and the recent modernisation which has greatly increased productivity. Telephone cable capacity is being expanded.

Central African Cables, in Zimbabwe, increased sales and profits, achieving a record performance.

Dubai Cable Company had a successful year with fully loaded capacity which is currently being expanded.

Power Cables Malaysia is enjoying strong demand and capacity to manufacture medium voltage polymeric insulated cables is being expanded.

Pakistan Cables achieved some growth under somewhat difficult circumstances.

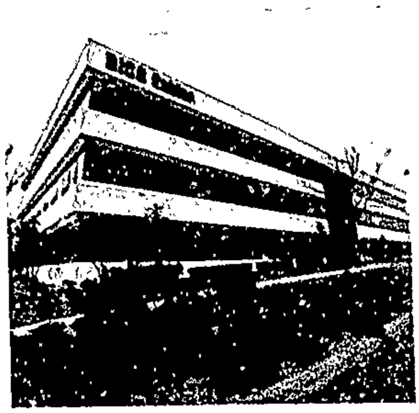
NORTH AMERICA CABLES

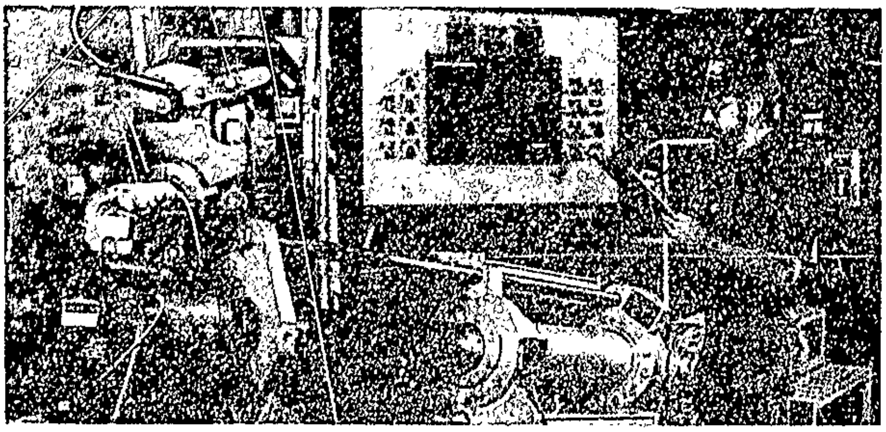
During 1990, the management of the Group's US and Canadian cable interests was brought together under a single line and the organisation was formalised and strengthened through the creation of BICC Cables Corporation. This organisation encompasses Phillips Cables in Canada and Cablec Corporation in the United States. The combined business is now one of the largest cablemakers in North America, well positioned to take advantage of free trade between the US and Canada and the progressive restructuring of the industry. Procurement, quality and technology management are now fully integrated across North America as a whole. Manufacturing, marketing, and administrative synergies are being actively pursued.

The consolidation process has coincided with a downturn in market conditions in North America. Canada fell into recession in mid-year with the US following shortly thereafter

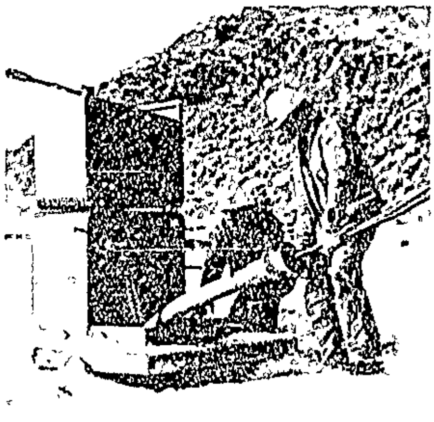
The power utility businesses in the US and Canada are significantly different. In Canada, Phillips' long-established relationships with the provincial power authorities, most notably Quebec, Saskatchewan and Ontario, are reflected in long-term contracts and strong provincial preferences. The investment plans of these authorities remain ambitious.

In the US, the utility market is fiercely competitive and at present relatively depressed. New construction activity is

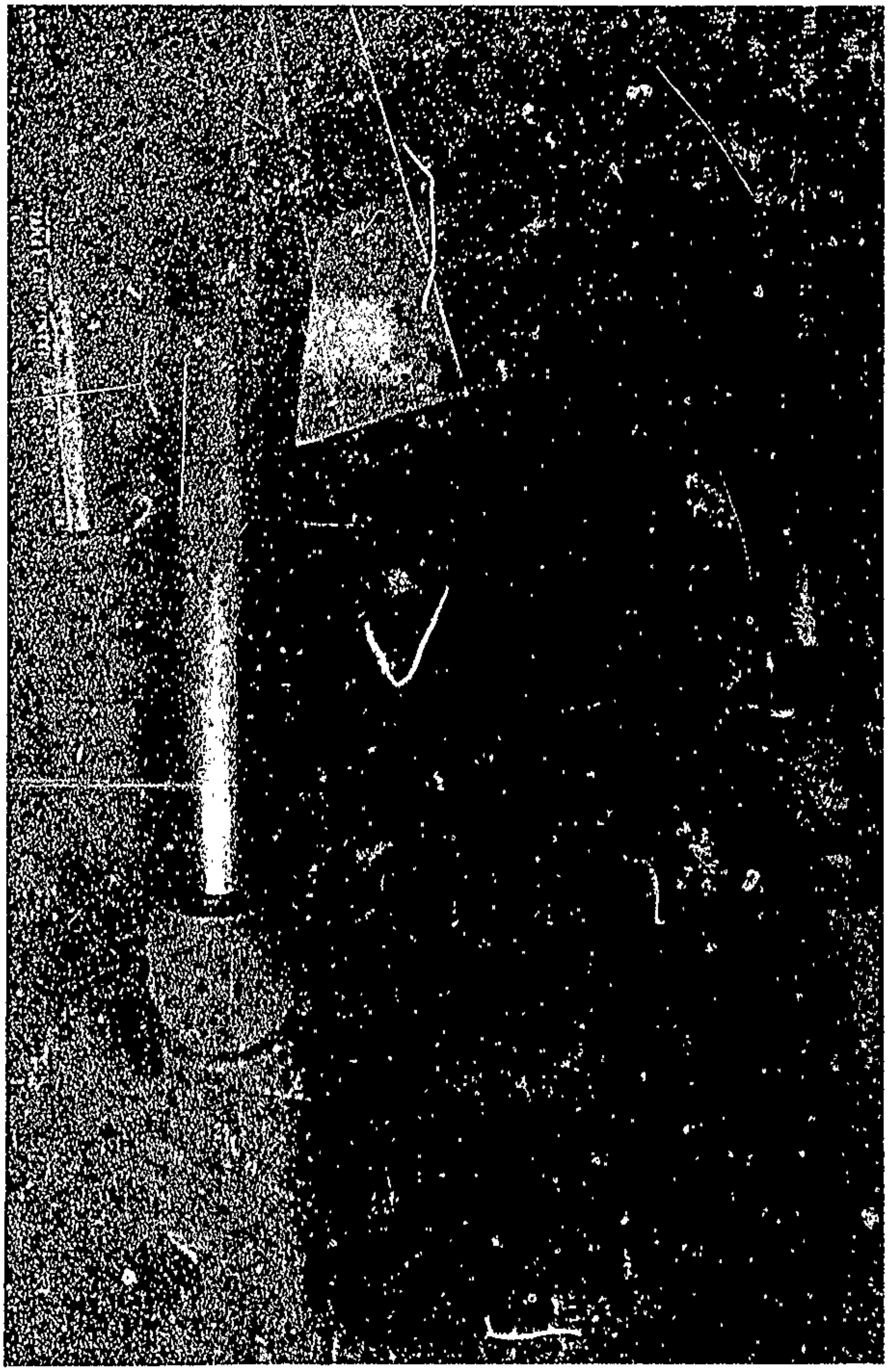

The new BICC Cables Corporation Headquarters, New York



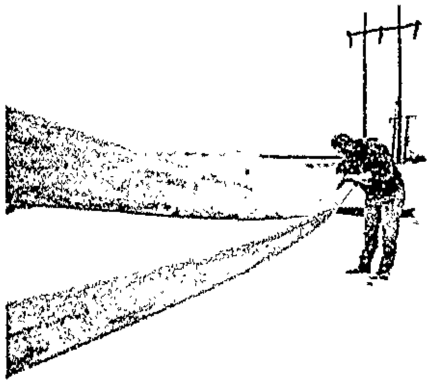
The CCV production line, Paducah, Kentucky



Power cable installation, Aspen, Colorado



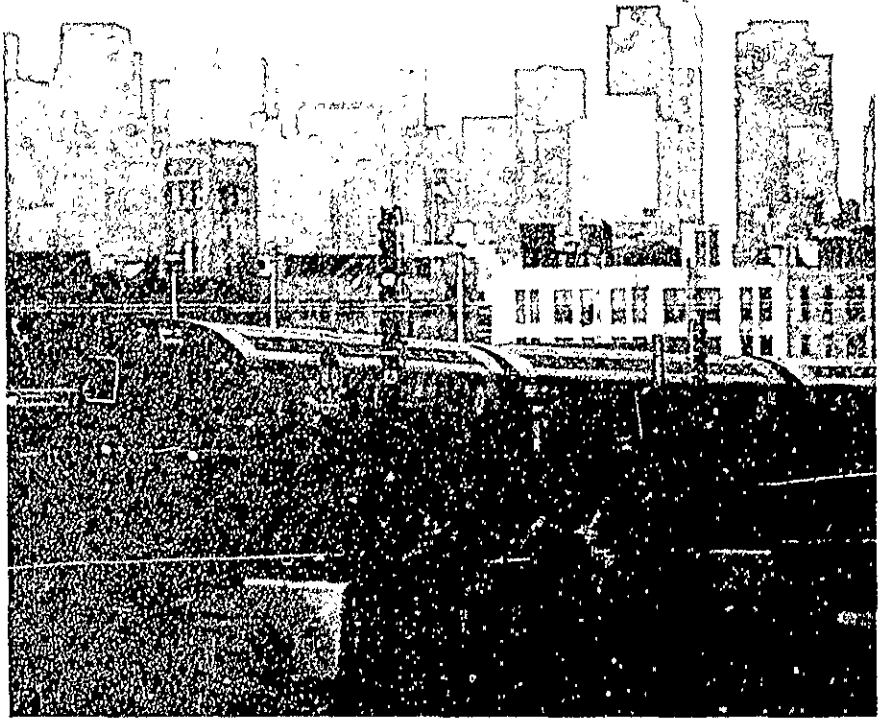
Control cable installation, Union Camp Paper Mill, South Carolina



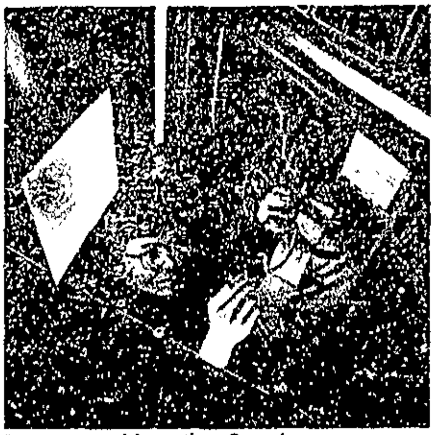
Power cable installation, Syncrude project, Canada

down significantly, reflecting the overall weakness of the economy. This is partially offset by programmes to replace and upgrade existing underground distribution and transmission cable systems. In the power generation sector, the market remains depressed and is not expected to recover until at least 1992 when pressures should increase to improve declining electricity reserve margins

The **industrial cables** market served in the US by the newly formed Cablec Continental Cables Company has tightened, dependent as it is on commercial and industrial construction. However, the military and petrochemical sectors are holding up and demand for mining cable grew along with the US coal industry. The formation of Cablec Continental will streamline marketing to industrial customers, improve the efficiency of administrative functions and optimise manufacturing. In Phillips, exports of teck and mining cable have been strong. There are



New York Transit Authority. Railroad and transit cables by Brand-Rex



Pyrotenax cable testing, Canada

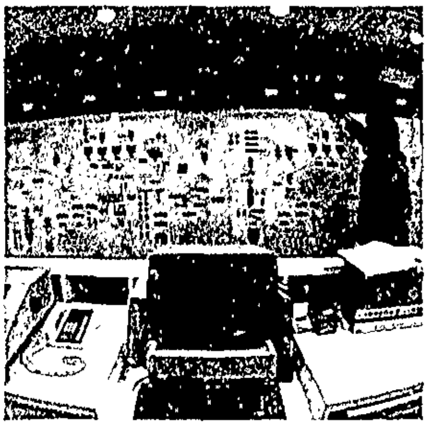
Steam/dry cure product test, Indianapolis Technology Centre

a number of crossborder marketing initiatives underway between Cablec Continental and Phillips and we look for the benefits to be realised in 1991.

The Phillips Telecom Cables division saw record profits with a continuing demand from Canada and good export orders from China, the UK, and Portugal.

The electronics sector saw slow growth with the pattern likely to continue in 1991. Brand Rex exploited its strong positions in military and shipboard cabling. This is a fragmented market in the US and BICC is determined to improve market share, where appropriate, by acquisition. A new 165,000 square foot plant is under construction in Jackson, Tennessee. It will handle a number of higher technology products such as fibre optic LANs and high temperature cables and will also enable penetration of the high volume standard electronic segment of the market.

Construction and wiring cable, manufactured in Toronto by Phillips, suffered from a serious downturn in



Control room, Indianapolis Polymers Plant

demand in mid-year, exacerbated by a three-month construction strike in Quebec and Ontario in the summer of 1990. With the US and Canadian markets converging, this business is being significantly streamlined to ensure that it remains competitive.

Phillips' Pyrotenax mineral-insulated products, with their fire and smoke resistant properties, performed well in Canada and the US, taking particular advantage of increasingly more stringent US building codes and new life support building systems.

Major progress was made at the Indianapolis Polymer Plant in both volume and technical advances. This facility is now fully commissioned and supplies superior polymer compounds to our North American plants. This year also saw the installation of new machinery in the adjacent Technology Centre to support material and process development for the next generation of high-performance polymer compounds.

RALASIA

rn in economic conditions in tensified as 1990 progressed. tition for the reduced market put essure on margins. A decline in i these circumstances, inevitable. ts for 1991 showing little sign of , the emphasis continues to be on t cutting and the establishment of actures as a major market force in asia and adjacent countries.

nufacturing facilities already l in New Zealand, Hong Kong, ina, as well as in Australia, ny produces to world speci ind can compete in many ects outside Australia. The centration is currently on Asia where, through its ring, merchandising and activities, MM can be a plier to the building and on industries.

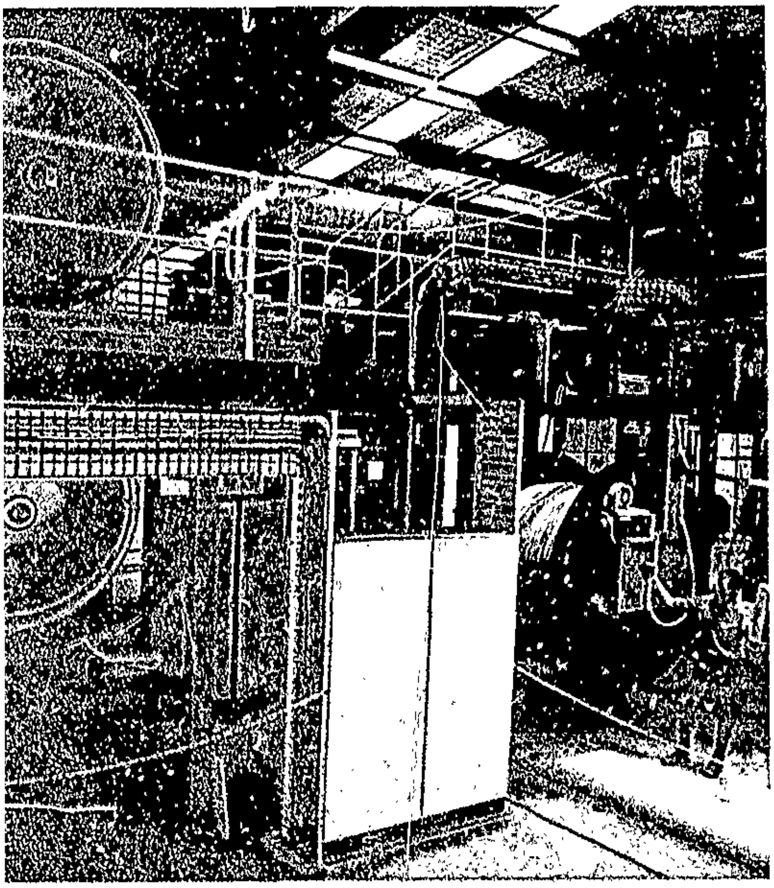
the domestic market difficulties, Metal Manufactures has continued to strengthen its position in cables, plastic pipes, metals and optical fibres. Its pre-eminence in these markets along with a number of rationalisation programmes will leave it excellently positioned for the inevitable upturn, whenever it arrives.

MM Cables had a successful 1990 based on its strong market position in Australia. The rationalisation begun in 1988 is nearing completion, with a reduced number of specialised plants, including the new telecommunications cable factory in Clayton which includes the largest optical fibre cable plant in Australasia. MM Cables is a clear market leader in this rapidly growing sector. A major quality improvement programme has achieved world class status for all of these plants.

Demand for optical fibres continues to be very strong. Following the acquisition of OWA's 20% share, MM is now a 50/50 partner with Corning in the largest fibre manufacturing plant in Australia. Domestic Australian usage is moving from the established inter-capital networks to the short-range exchange to customer networks. New Zealand continues to be a big user of fibre, while existing contracts in India and China for fibre and China and Thailand for optical fibre cable will be augmented as the Asian nations continue to expand and modernise their communication networks.

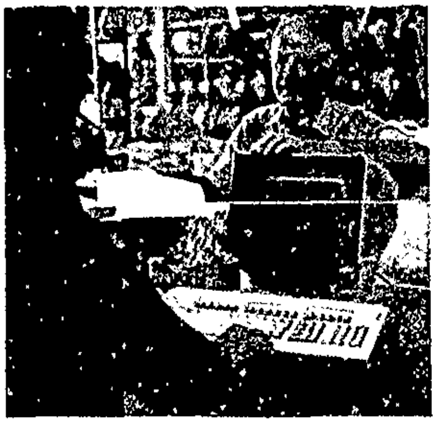
A much reduced demand for copper tube has seen MM Metals consolidating and streamlining its manufacturing and marketing facilities. This includes the integration of the recent acquisitions, Ideal Tubes and Sear and Gunn, and modernising capacity at the main Port Kembla site.

Vinidex, the plastic pipe maker, had record sales and profits in 1990. During the year, the company became Australia's leading manufacturer of polyethylene pipes, invested $7 million in new plant in Smithfield, New South Wales, and introduced a number of new products including ULTRA-RIB, a high-strength sewer and storm water pipe.

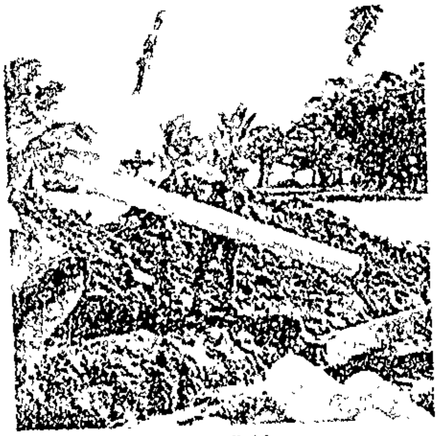


le sheathing line, MM Cables, Liverpool, NSW

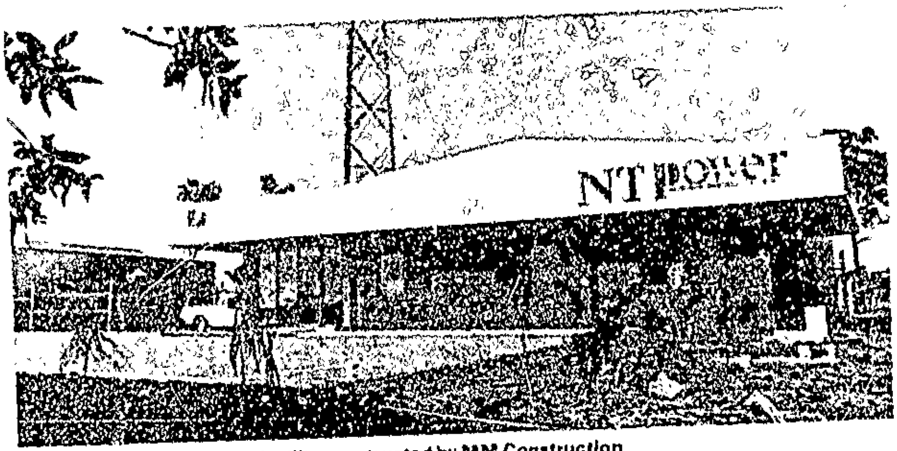
New optical cable facility, Melbourne



A modernised MM merchandising branch



Ultra-Rib sewer pipe by Vinidex



Northern Territories Power facility constructed by MM Construction

International development included higher volumes in Hong Kong and new business through a joint venture in China as well as large orders in Indonesia, Thailand, Burma and the Pacific Islands.

MM Merchandising is one of the top two national wholesalers of electrical products in Australia. Trading conditions, dependent largely on the severely depressed construction sector, were difficult. Computerisation of branch offices and improving control systems continues and a major rationalisation of the branch structure and product mix is under way.

MM Construction had another difficult year incurring losses in a depressed marketplace and from a number of problem contracts. The disposal of Haden (air-conditioning) and Elrail (railway engineering) will allow concentration on building and power contracting and major sub-contracting. A number of new contracts were won, most notably for an Advanced Manufacturing Technology Centre at Lidcombe.

BICC TECHNOLOGIES

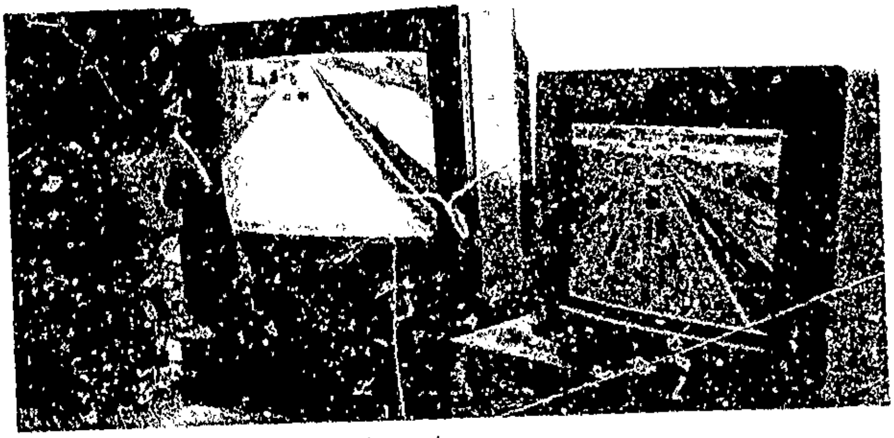
The benefits of the reorientation of BICC Technologies undertaken over the last two years are now beginning to appear. Profits were up with organic growth in sales being approximately balanced out by disposals. The completion of the disposals programme now leaves the group in a position to concentrate on its four key businesses; communications, controls, systems and electronics, are all increasingly well-positioned in international marketplaces.

BICC Technologies' expenditure on research and product development continues to increase. This year, three major product introductions have taken place: IMRAK, an innovative packaging and cabinet product line for electronic equipment; INFINITY, a new building automation system which integrates controls with industry standard local area networks and personal computers and FDDI networking products conforming to the internationally accepted standards in high-speed fibre optic data communications systems.

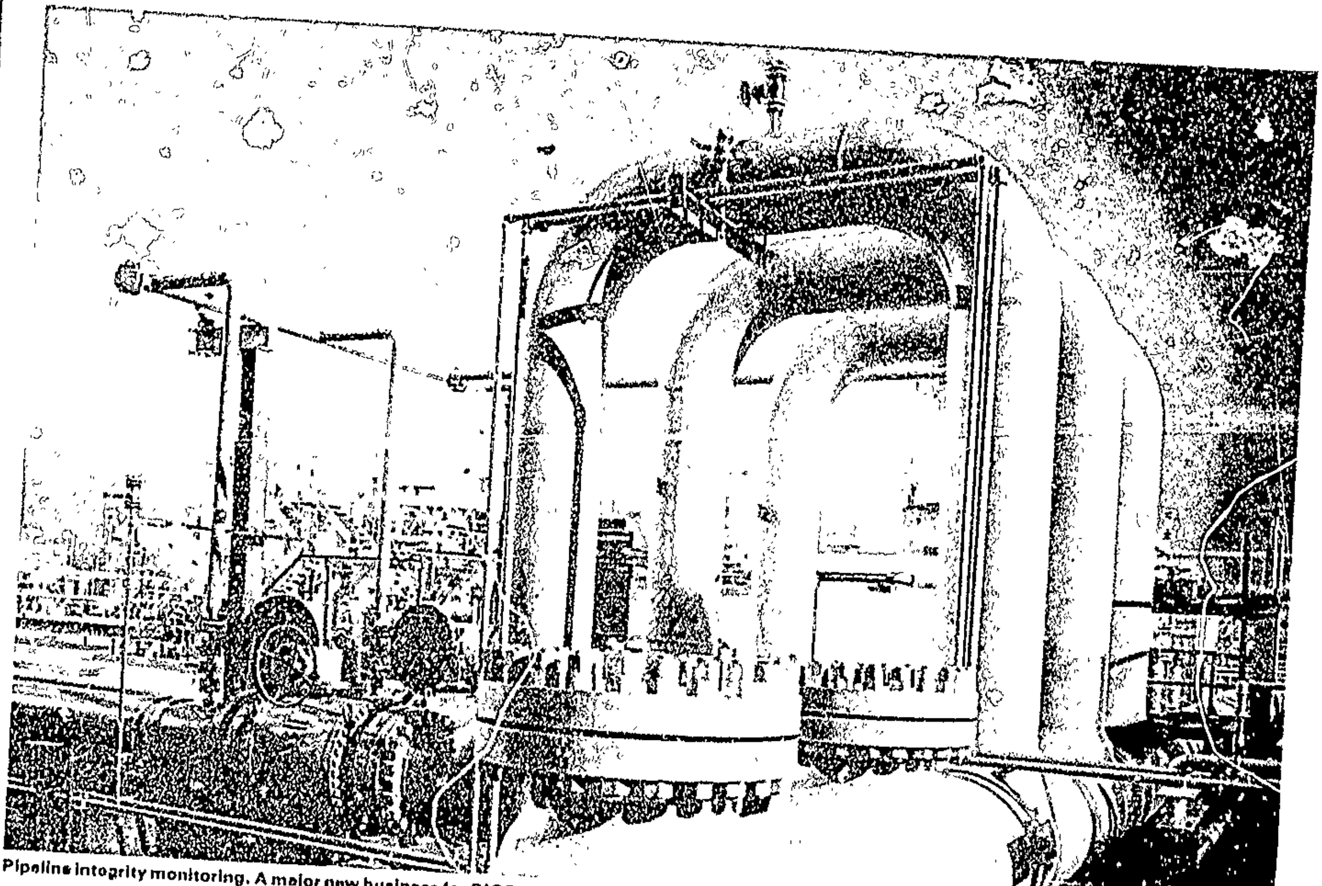
The private data communications market continues to grow strongly, particularly in Europe and North America. BICC Technologies has a strong position in the fibre interconnect market and in local area networks, in terms of both products and systems, where ISOLAN is a market leader.

In the UK, BICC Data Networks received the Queen's Award for Exports. In the US, BICC Communications acquired the rights to an innovative infra-red local area network technology which will result in major product introductions in 1991.

The group's building control interests have continued to grow despite a world-wide downturn in construction activity.



BICC Traffic. Motorway monitoring and control


Pipeline integrity monitoring. A major new business for BICC Technologies


Award winning enclosures from BICC Vero

In the US, Canada and the UK, Andover Controls provides both products and end user systems design and installation and has increased its turnover substantially in two years. Its new INFINITY product found early acceptance with MIT Lincoln Labs and "Mall of America," in Minneapolis.

The group has grown its **information systems** activity rapidly during the year supplying turnkey computer design, installation and software solutions to major commercial and industrial users. Among new customers are Glaxo and Whitbread.

Transmitton's business in control systems had a better year, but reduced expenditure from British Coal was a particular problem. The UK industrial market held firm, and the increased emphasis on environmental issues is creating new opportunities in pipeline integrity monitoring systems and in the transportation and water sectors.

BICC-Vero Electronics remained one of the top three electronic packaging companies in Europe with more than half of its profits coming from outside the UK. Although the UK market has felt the impact of the general economic downturn, operations in Germany, France and Italy have performed well with strong positions in the telecommunications and information systems markets. Investment in manufacturing automation supported the successful IMRAK launch resulting in substantial growth in this sector, while the continued marketing of the total packaging range has grown the OEM business with good customer relationships established with ICL and Ericsson in particular.


Network system and controls for Chemical Bank by BISS

DIRECTORS

SIR WILLIAM BARLOW, FEng
Chairman. Age 66. A Chartered Engineer. A non-executive director from 1981 to 1984 and Chairman since the end of 1984. Non-executive director of Racal Telecom, Chairman of Ericsson and SKF UK, and President of ORGALIME, the liaison group of the European mechanical, electrical and metalworking industries.

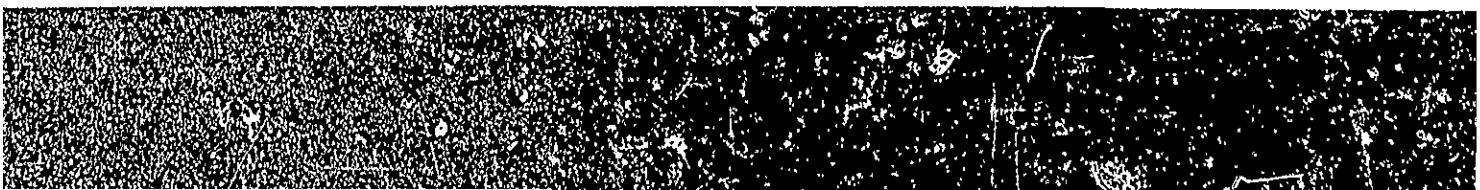
ROBIN BIGGAM
Chief Executive. Also Chairman of Balfour Beatty. Age 52. A Chartered Accountant. Joined BICC as Managing Director in February 1986 and became Chief Executive in January 1987. Previously a director of Dunlop Holdings and ICL.

RONALD HENDERSON
Finance Director. Age 45. A Chartered Accountant. Appointed a director in February 1990. Joined the Group as Finance Director, Balfour Beatty in 1987. Formerly with Brown & Root and Arthur Andersen.

ROGER BEXON, CBE*
Age 64. A director since 1985. He is Chairman of Laporte and Goal Petroleum having previously been Deputy Chairman and a Managing Director of British Petroleum. He is also a director of Astec (BSR) and Lazard Brothers & Company.

RT HON SIR GEOFFREY HOWE, QC, MP*
Age 64. Appointed a director in January 1991. A Member of Parliament since 1964. Chancellor of the Exchequer 1979 to 1983, Secretary of State for Foreign and Commonwealth Affairs 1983 to 1989, and Deputy Prime Minister 1989 to 1990. A non-executive director of Glaxo Holdings.

PRINCE NICOLO PIGNATELLI*
Age 67. A director since 1988. A director, formerly President of Merck, Sharp & Dohme Europe. Formerly Executive Vice President of Fiat responsible for international and defence interests.



SUMMARY GROUP BALANCE SHEET

At 31 December	1990 £m	1989 £m
Fixed assets		
Tangible assets	424	441
Investments	90	71
	514	512
Current assets		
Stocks	573	572
Debtors	649	671
Cash, deposits and investments	282	163
	1,504	1,406
Creditors: amounts falling due within one year		
Borrowings	(129)	(138)
Other	(940)	(1,016)
Net current assets	435	252
Total assets less current liabilities	949	764
Creditors: amounts falling due after more than one year		
Borrowings	(118)	(113)
Other	(53)	(12)
Provisions for liabilities and charges	(113)	(107)
	(284)	(232)
	665	532
Capital and reserves		
Called-up share capital	139	138
Share premium account	51	52
Revaluation reserves	27	40
Other reserves	16	18
Profit and loss account	136	137
	369	385
Convertible capital bonds	177	—
Minority interests	119	147
	665	532

The Summary Financial Statement set out above was approved by the board of directors on 5 March 1991 and was signed on its behalf by

William Barlow
Chairman

William Barlow

Notes to the Summary Financial Statement

1. This statement is a summary only of information contained in the Company's annual accounts and directors report. It does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Company or of the Group. For further information the full annual accounts, the auditors' report on those accounts and the directors' report should be consulted. Any shareholder receiving this summary is entitled to demand from the Company, free of charge, a copy of the Company's last full accounts and reports.

2. The Auditors have issued an unqualified audit report on the full annual accounts which contained no statement therein under Section 237(2) or (3) of the Companies Act 1985.

3. Information on the activities of the Group, important post-balance sheet events and future developments in the business is given in the Chief Executive's Review on pages 6 to 23.

Auditors' Report

In our opinion the summary financial statement of BICC plc is consistent with the full annual accounts and directors' report for the year ending 31 December 1990 and complies with the requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

Arthur Andersen & Co

Arthur Andersen & Co
Chartered Accountants
London
5 March 1991

Financial Calendar

1991	
9 April	Annual General Meeting
30 June	Debenture stock interest payable
1 July	Convertible capital bond interest payable
1 July	Final 1990 ordinary dividend and preference dividends payable
21 August*	Announcement of 1991 half year results
31 December	Debenture stock interest payable
1992	
1 January	Convertible capital bond interest payable
2 January*	Interim 1991 ordinary dividend and preference dividends payable

*provisional dates

Registered number
395820

Registered office
Devonshire House
Mayfair Place
London W1X 5FH
Telephone 071-629 6622
Telex 23463 BICC G
Fax 071-409 0070

Registrars
Barclays Registrars Ltd
Bourne House
34 Beckenham Road
Beckenham BR3 4TU
Telephone 081-650 4866

Solicitors
Linklaters & Paines

Stockbrokers
Cazenove & Co
Hoare Govett

ERIC CLARK

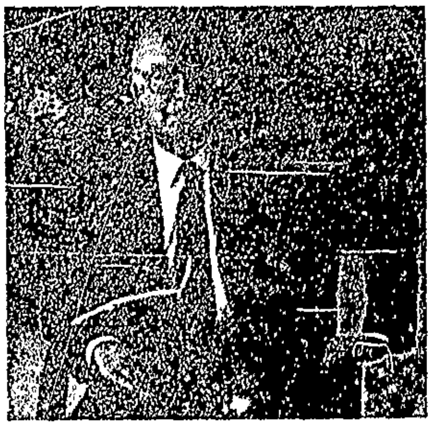
Chairman and Managing Director, BICC Cables. Age 56. A Physicist. A director since 1985. Formerly Managing Director of Plessey Telecommunications and Office Systems.

DAVID CAWTHRA, FEng

Chief Executive, Balfour Beatty. Age 48. A Chartered Civil Engineer. A director since February 1988. Previously Managing Director of Balfour Beatty Construction Limited, which he joined from Tarmac in 1979.

HARRY SCHELL

Chairman and Chief Executive Officer, BICC Cables Corporation. Age 56. An Engineer. A director since November 1989. Prior to the creation of Cablec Corporation (now part of BICC Cables Corporation) he was President and Chief Executive Officer of Phelps Dodge Cable and Wire Company and Phelps Dodge Copper Products Corporation.



HRH THE DUKE OF KENT, KG, GCMG, GCVO, ADC, FRS*

Age 55. A director since 1981. President of the Engineering Council he is also Vice Chairman of the British Overseas Trade Board and a non-executive director of Vickers.

CHRISTOPHER REEVES*

Age 55. A director since 1982. Vice Chairman, Merrill Lynch International. A director of Allianz International Insurance Company. Formerly Deputy Chairman and Chief Executive, Morgan Grenfell Group.

THE VISCOUNT WEIR*

Age 57. A director since 1976. He is Chairman of The Weir Group, Vice Chairman of St James' Place Capital and a director of Canadian Pacific. Formerly a director of the Bank of England and British Steel.

* Non-executive directors. All non-executive directors are members of the Audit Committee, of which Lord Weir is Chairman, and the Compensation & Appointments Committee.

Honorary President, THE LORD McFADZEAN, KT

SUMMARY GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 December	1990 £m	1989 £m
Turnover	3,890	3,792
Profit before interest	212	230
Net interest payable	(29)	(29)
Profit on ordinary activities before taxation	183	201
Taxation	(57)	(63)
Profit on ordinary activities after taxation	126	138
Minority interests and preference dividends	(16)	(22)
Attributable profit before extraordinary items	110	116
Extraordinary items	(17)	—
Attributable profit for the year	93	116
Ordinary dividends	(53)	(49)
Retained profit transferred to reserves	40	67

	p	p
Earnings per ordinary share before extraordinary items	40·2	46·3
Dividends per ordinary share	19·25	19·00

Associated undertakings

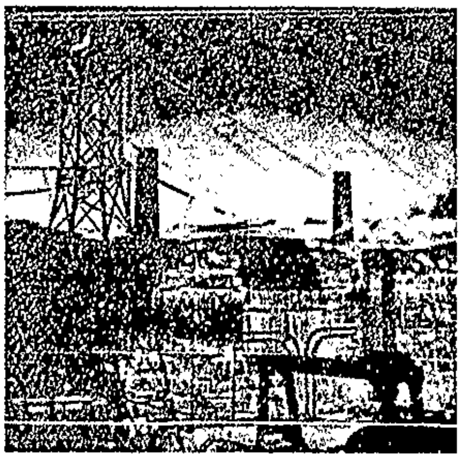
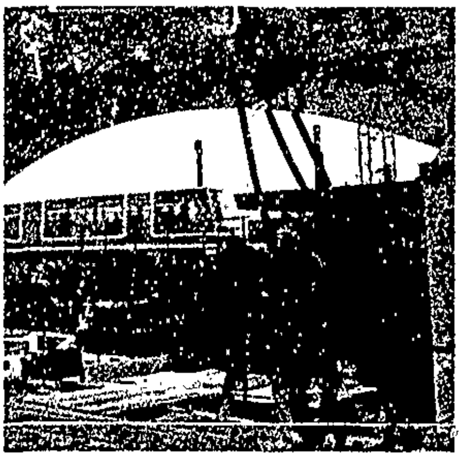
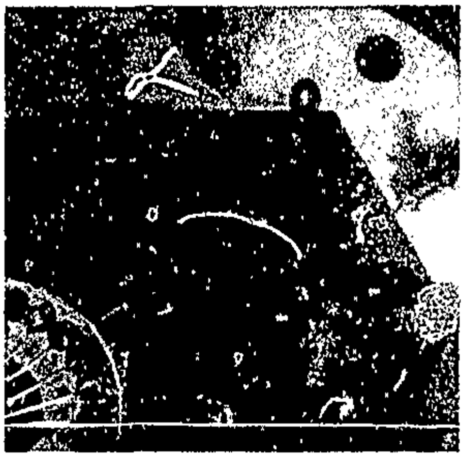
Turnover includes £335m (1989: £330m) and profit before tax includes £22m (1989: £22m) of the Group's share of the results of associated undertakings.

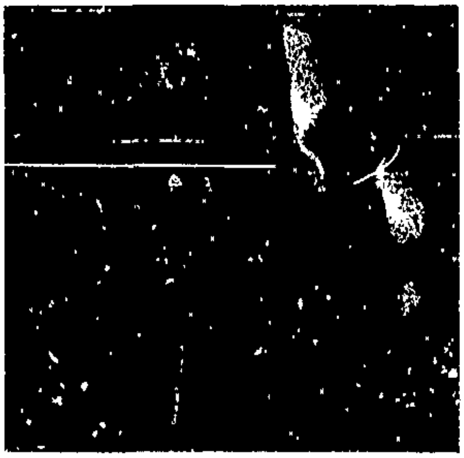
Directors' emoluments

The emoluments of the directors were £1·4m (1989: £1·5m).

BICC Group

DIRECTORS' REPORT AND ACCOUNTS 1990

ENGINEERING TOMORROW'S WORLD

Contents

DIRECTORS' REPORT

For the year ended 31 December 1990

Activities

The Annual Report and Summary Financial Statement reports on operations during 1990, the principal activities of the Group, future developments in the business and significant changes which have occurred or which are likely.

Dividend

The directors recommend a final dividend on ordinary shares of 13·25p per share, making, with the interim dividend of 6·0p, a total dividend for 1990 of 19·25p. It is proposed that the retained profit of £40·3 million be carried to reserves.

Research and development

The Board considers that research and development continues to play a vital role in the Group's success. Further details are given in the section headed Technology in the Chief Executive's Review on page 7 of the Annual Report and Summary Financial Statement.

Directors

Brief biographical details of the present directors of the Company are set out on page 19. Mr R. F. Morgan and Mr S. Wainwright retired at the Annual General Meeting on 10 April 1990 and did not seek re-election. Pursuant to the Articles of Association Sir Geoffrey Howe who was appointed a director on 8 January 1991 retires at the Annual General Meeting and being eligible offers himself for re-election. HRH The Duke of Kent, Mr D. W. Cawthra and Mr C. R. Reeves retire by rotation and being eligible offer themselves for re-election.

Sir Geoffrey Howe, The Duke of Kent and Mr Reeves are non-executive directors and have no service contracts.

Mr Cawthra has a service contract which is terminable by the Company on 52 weeks' notice.

No directors were materially interested in contracts of significance with the Group except as indicated in Note 32 on page 14. Interests of directors in the share and loan capital of the Company and its subsidiaries are also set out in Note 32.

Employment

During 1990 there was continued emphasis on total quality and customer service with considerable supporting training effort being expended worldwide and at every level of the organisation. Interest in language training remained high and more training was offered, some on a small group and some on an individual basis. A number of young engineers began participating in an exchange programme between Italian and UK cable-making facilities. Group Training Centre, which is already accredited by a number of UK professional institutions, is now offering EuroPACE (European Programme of Advanced Continuing Education) programmes.

The Group newspaper, relaunched as BICC Group World, is carrying articles with a much wider geographical spread and interest. This publication is supplemented by a wide variety of magazines, newspapers, bulletins and other material, much of it locally orientated, for employees in all BICC's operations.

Every year, since its inception in 1981, we have been able to report great interest in our SAYE option scheme and this has been sustained. A proposal to renew the scheme will be put to the Annual General Meeting.

Wherever practicable we have continued to provide opportunities for the disabled.

The UK Youth Training School remained in operation.

Share capital

Details of fully paid ordinary shares issued by the Company during 1990 are set out in note 22 on page 11.

As at 15 February 1991 the Company had been notified of the following interests in 3% or more of the ordinary share capital of the Company requiring to be disclosed under Part VI, Companies Act 1985, Barclays Bank plc, 14,561,522 shares (5·3%), Fornara SpA, 10,183,648 (3·7%), Norwich Union Fund Managers Ltd, 9,670,195 (3·5%), and Scottish Widows Group, 8,351,000 (3·0%).

Barclays Bank plc, Norwich Union Fund Managers Ltd and Scottish Widows Group have stated that their interests are not beneficial.

General information

In 1990 the Group contributed £0·3m to UK charities. The Company is not a close company for taxation purposes.

As permitted by the Companies Act 1985 (as amended) the Group has purchased insurance cover for directors and officers against liabilities in relation to their companies.

Auditors

Arthur Andersen & Co have indicated their willingness to continue as auditors.

Annual General Meeting

Resolutions will be put to the Annual General Meeting to amend the Memorandum and Articles of Association, to renew the share option schemes and to renew the directors' authorities to issue share capital and to make scrip dividend election offers. A full explanation of the resolutions is contained in the Chairman's letter to shareholders dated 15 March, enclosed with this Report, and the resolutions are set out in the Notice of Meeting, on page 6 of the letter.

By order of the Board,

S. F. Murray
Secretary
London
5 March 1991

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 December	Notes	1990 £m	1989 £m
Turnover	1 & 2	3,890	3,792
Group share of sales by associated undertakings		(335)	(330)
		3,555	3,462
Cost of sales		(2,953)	(2,850)
Gross profit		602	612
Administrative expenses		(248)	(237)
Distribution expenses		(172)	(169)
Share of profits less losses of associated undertakings		22	22
Other operating income, net		8	2
Profit before interest	1 & 3	212	230
Net interest payable	6	(29)	(29)
Profit on ordinary activities before taxation		183	201
Taxation	7	(57)	(63)
Profit on ordinary activities after taxation		126	138
Minority interests and preference dividends	8	(16)	(22)
Attributable profit before extraordinary items		110	116
Extraordinary items	9	(17)	—
Attributable profit for the year	10	93	116
Ordinary dividends	11	(53)	(49)
Retained profit transferred to reserves	24	40	67

		p	p
Earnings per ordinary share before extraordinary items	12	40·2	46·3
Dividends per ordinary share	11	19·25	19·00

BALANCE SHEETS

At 31 December	Notes	BICC Group 1990 £m	BICC Group 1989 £m	BICC plc 1990 £m	BICC plc 1989 £m
Fixed assets					
Tangible assets	14	424	441	112	87
Investments	15	90	71	157	259
		514	512	269	346
Current assets					
Stocks	16	573	572	92	82
Debtors	17	649	671	177	155
Cash, deposits and investments	18	282	163	173	60
		1,504	1,406	442	297
Creditors: amounts falling due within one year					
Borrowings	20	(129)	(138)	(62)	(40)
Other	19	(940)	(1,016)	(175)	(160)
Net current assets		435	252	205	97
Total assets less current liabilities		949	764	474	443
Creditors: amounts falling due after more than one year					
Borrowings	20	(118)	(113)	(11)	(10)
Other		(53)	(12)	(27)	—
Provisions for liabilities and charges	21	(113)	(107)	(5)	(4)
		(284)	(232)	(43)	(14)
		665	532	431	429
Capital and reserves					
Called-up share capital	22	139	138	139	138
Share premium account	24	51	52	51	52
Revaluation reserves	24	27	40	2	2
Other reserves	24	16	18	8	10
Profit and loss account	24	136	137	231	227
		369	385	431	429
Convertible capital bonds	26	177	—	—	—
Minority interests	27	119	147	—	—
		665	532	431	429

On behalf of the Board

William Barlow
R. A. Henderson
Directors

William Barlow
Ronald Henderson

5 March 1991

GROUP SOURCE AND APPLICATION OF FUNDS

For the year ended 31 December	1990 £m	1989 £m
Funds generated from operating activities		
Profit before interest	212	230
Associated undertakings	(50)	(5)
Depreciation	73	65
Capital expenditure, net of disposals	(103)	(80)
Extraordinary items expended	(5)	(9)
Working capital (increase)/*decrease:*		
Stocks	(49)	(65)
Debtors	(26)	(102)
Other creditors and provisions	62	114
Exchange adjustments	—	5
Operating cash flow	114	153
Net interest payable	(29)	(29)
Taxation paid	(58)	(66)
Dividends paid:		
by BICC plc	(51)	(36)
to minority shareholders	(13)	(14)
Funds generated/(absorbed) by activities	(37)	8
Acquisitions	(49)	(232)
Disposals	36	14
Amounts due on acquisitions/disposals	(13)	47
Issue of ordinary shares and minority convertible capital	4	161
Issue of convertible capital bonds, net of expenses	173	—
Minority redeemable capital	(4)	2
Net cash flow	110	—
Exchange on opening net borrowings	13	(18)
Movement in net borrowings	123	(18)

The movements in net borrowings are the differences between the opening and closing balance sheet items for cash, deposits and borrowings. Profit before interest, depreciation and interest are at average rates of exchange; other movements are at year end rates of exchange.

PRINCIPAL ACCOUNTING POLICIES

1 Basis of accounting
The accounts have been prepared under the historical cost convention modified for the revaluation of certain fixed assets.

The accounts comply with Statements of Standard Accounting Practice (SSAP) except that turnover includes the Group's share of sales of associated undertakings to reflect the Group's management influence in these undertakings.

The directors consider this exception is required to ensure the accounts give a true and fair view and neither they nor the auditors consider it significant in the context of the overall Group performance.

2 Basis of consolidation
The consolidated accounts include the audited accounts of the Company and its subsidiary undertakings made up to 31 December, together with the Group's share of associated undertakings.

Goodwill arising on consolidation, representing the excess of purchase consideration over the fair value of the net tangible assets acquired, is written off against reserves in the year of acquisition.

The Group's share of the net assets of contracting joint ventures, when it has a significant influence, is included under each relevant heading within the balance sheet.

3 Overseas currencies
The results of overseas subsidiary and associated undertakings are translated at the average rates of exchange for the year. The assets and liabilities of such undertakings are translated at the year end rates. Exchange differences on the opening net assets and results for the year are dealt with in reserves.

Unless fixed by contract the results and net assets of other overseas activities are translated at year end rates of exchange and exchange differences are taken to the profit and loss account except those arising on long-term intra-group loans which are taken to reserves.

4 Turnover
Turnover represents amounts invoiced to outside customers, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced. Turnover includes the Group's share of sales by associated undertakings and joint ventures and excludes value added tax. Export turnover includes work carried out abroad relating to materials supplied by, and engineering services rendered by, UK group companies and includes intra-group sales.

5 Profit recognition on contracts
Profit on contracting activities is taken as work progresses. Unless a more conservative approach is necessary, the percentage margin on each individual contract is the lower of margin earned to date and that forecast at completion, taking account of agreed claims. Profit is recognised on property developments when they are subject to a substantially unconditional contract for sale and on housebuilding on completion of the sale of individual houses. Full provision is made for all known or expected losses at completion immediately such losses are forecast on each contract. Profit is not taken on contracts in certain overseas territories where it is considered that restrictions on repatriation may arise. Profit for the year includes settlement of claims arising on contracts completed in prior years.

6 Tangible fixed assets
Except for land, the cost or valuation of tangible fixed assets is depreciated over the expected useful life, on a straight line basis at rates of 2·5% for buildings, or the life of the lease if that is less than 40 years, and 4% to 33% for plant and equipment, including that used in research and development.

Assets held under finance leases are treated as tangible fixed assets; depreciation is provided accordingly and the deemed capital element of future rentals is included under borrowings. Deemed interest, calculated on a reducing balance basis, is charged as interest payable over the period of the lease. The rental costs arising from operating leases are charged against profit before interest as they arise.

7 Investments
Associated undertakings are included at the Group's share of net tangible asset values, plus net loans due from such undertakings, less amounts written off. The excess of attributable net tangible assets of associated undertakings over their cost is included in the Group's revaluation reserve. Other Group investments are stated at cost plus loans, less amounts written off.

The Company's investments are stated at cost plus net loans to such undertakings less amounts written off.

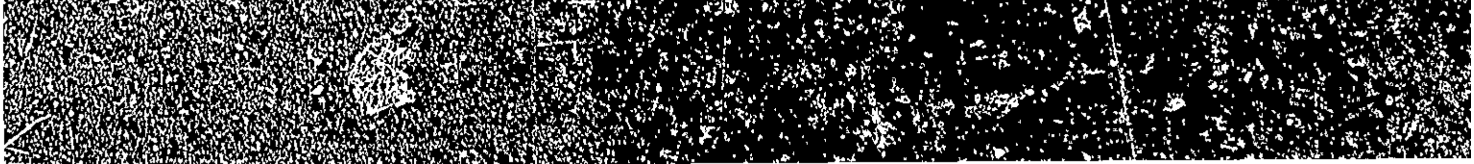
8 Stocks
Manufacturing work in progress and all stocks are valued at the lower of cost and net realisable value. Cost comprises raw material and conversion costs including depreciation and production overheads.

Unbilled contract work in progress, land, property developments not subject to a substantially unconditional contract for sale and housebuilding are valued at the lower of cost (including interest on external borrowings directly related to specific development projects) and estimated sales value. Provision for all known or expected losses at completion and applications for progress payments are deducted from cost to the extent of cost on each contract. If a provision exceeds the cost, the excess is included in provisions. If applications for progress payments exceed net cost, the excess is included in other creditors as advance progress applications.

9 Deferred taxation
Deferred taxation is provided using the liability method at the rates ruling at the year end. Timing differences arising from capital allowances are fully recognised since the directors consider such differences will reverse in the foreseeable future. Unrecovered advance corporation tax on dividends paid and proposed is deducted from UK deferred taxation up to a maximum amount equivalent to $^{25}/_{33}$ths thereof, the balance is written off.

Provision is not made for taxation which would be payable if the retained profits of overseas subsidiary and associated undertakings were remitted to the UK, or which would arise on any excess of the sale proceeds over the cost of land and buildings if they were to be sold at their revalued amounts.

10 Extraordinary items
Extraordinary items represent those items which derive from events outside the ordinary activities of the Group and which are not expected to recur.



NOTES TO THE ACCOUNTS

1 PERFORMANCE BY GROUP COMPANY

	Turnover		Profits	
	1990 £m	1989 £m	1990 £m	1989 £m
Balfour Beatty	1,811	1,610	32·8	46·1
BICC Cables	954	866	110·2	87·4
Australasia	641	763	32·6	53·1
North America Cables	365	435	26·2	37·9
BICC Technologies	166	173	9·8	5·6
Intra group trading	(47)	(65)		
	3,890	3,792	211·6	230·1

2 TURNOVER BY DESTINATION

	1990 £m	1989 £m
Continental Europe	405	338
Australasia	633	762
North America	441	522
Africa	45	51
Near and Middle East	63	55
Western Asia and Far East	139	127
South and Central America	3	3
Total overseas	1,729	1,858
United Kingdom	2,161	1,934
	3,890	3,792
UK exports	215	228

3 PROFIT BEFORE INTEREST

	1990 £m	1989 £m
Profit before interest is stated after charging:		
Depreciation	73·3	64·8
Hire charges for plant and equipment	27·5	24·3
Other operating lease rentals	42·9	34·0
Research and development expenditure	25·0	21·8
Auditors' remuneration of which BICC plc was £0·4m (1989: £0·4m)	2·2	2·1

Companies acquired in 1990 have contributed £1·5m to profit before interest and £33m to turnover.

Share of profits of associated undertakings include £0·4m (1989: £2·7m) arising in listed companies.

4 EMPLOYEES

	1990 £m	1989 £m
Employee costs during the year amounted to:		
Wages and salaries	656·2	615·3
Social security costs	61·6	54·6
Other pension costs	11·1	8·0
	728·9	677·9

	1990	1989
The average weekly number of employees was as follows:		
Balfour Beatty	20,313	20,421
BICC Cables	9,897	9,704
Australasia	7,780	8,328
North America Cables	3,583	4,036
BICC Technologies	2,617	3,355
Corporate	189	191
	44,375	46,035

5 DIRECTORS' EMOLUMENTS

	1990 £m	1989 £m
The remuneration of directors of BICC plc was:		
Fees as directors	·091	·098
Other emoluments	1·269	1·334
Pensions to directors and past directors	·033	·031
	1·393	1·463

The emoluments of the Chairman were £179,571 (1989: £158,049). The emoluments of the highest paid director were £229,514 (1989: £280,652).

Other directors received emoluments, excluding pension fund contributions, in respect of duties wholly or mainly discharged in the United Kingdom within the following ranges:

	1990	1989		1990	1989
£210,001 to £215,000	–	1	£40,001 to £45,000	–	1
£175,001 to £180,000	1	1	£35,001 to £40,000	1	–
£145,001 to £150,000	–	1	£20,001 to £25,000	–	1
£140,001 to £145,000	1	–	£15,001 to £20,000	5	5
£ 80,001 to £85,000	1	–	£ 5,001 to £10,000	1	–

Emoluments do not include rights granted under share options.

6 NET INTEREST PAYABLE

	1990 £m	1989 £m
Loans and overdrafts repayable within five years		
by instalments	1·1	1·8
other than by instalments	32·3	29·6
Lease finance	3·3	4·6
Other loans	3·2	3·8
Convertible capital bonds	8·6	—
	48·5	39·7
Interest receivable	(19·5)	(10·2)
	29·0	29·5

7 TAXATION

	1990 £m	1989 £m
UK		
Corporation tax at 35%	45·0	34·5
Double taxation relief	(13·7)	(4·8)
	31·3	29·7
Deferred taxation	3·1	(0·8)
Advance corporation tax written back	(9·1)	(5·7)
	25·3	23·2
Associated undertakings	0·5	2·2
	25·8	25·4
Overseas		
Main charge	23·8	36·6
Deferred taxation	0·1	(2·0)
	23·9	34·6
Associated undertakings	7·1	2·5
	31·0	37·1
	56·8	62·5

Taxation has been reduced by prior year adjustments of £2·6m (1989: £1·3m) including advance corporation tax written back of £1·0m (1989: £0·5m). The overseas tax charge has benefited from tax losses which are now utilised and tax deductions for goodwill.

8 MINORITY INTERESTS AND PREFERENCE DIVIDENDS

	1990 £m	1989 £m
Minority interests	16·1	21·6
Preference dividends	0·1	0·1
	16·2	21·7

9 EXTRAORDINARY ITEMS

	1990 £m	1989 £m
Losses on discontinuances of businesses	(24·7)	(2·6)
Disposals of and provisions against investments		
— Profits	23·7	2·7
— Losses	(12·6)	—
Adjustments to prior year provisions	2·0	(0·3)
	(11·6)	(0·2)
Net taxation	0·6	0·8
Amount applicable to minority interests	(1·3)	(0·2)
Advance corporation tax written off	(4·1)	(0·8)
	(16·5)	(0·2)

Goodwill of £0·4m (1989: £12·6m) relating to disposals of subsidiary and associated undertakings was written off to reserves in the year of acquisition.

Profits on disposals of investments includes £3·6m in respect of acquisitions on which merger relief was claimed in the last three years.

10 ATTRIBUTABLE PROFIT FOR THE YEAR

	1990 £m	1989 £m
Dealt with by BICC plc	56·0	65·0
Retained by subsidiary undertakings	44·0	50·0
Retained by associated undertakings	(7·0)	1·2
	93·0	116·2

Under s228 of the Companies Act 1985 no profit and loss account is presented for BICC plc.

11 ORDINARY DIVIDENDS

	1990 Per share p	1990 Amount £m	1989 Per share p	1989 Amount £m
Interim payable	6·00	16·4	5·75	15·1
Final proposed	13·25	36·2	13·25	36·0
	19·25	52·6	19·00	51·1
Pre-acquisition proportion relating to shares issued for acquisitions		—		(2·2)
		52·6		48·9

12 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on the attributable profit before extraordinary items of £109·5m (1989: £116·4m) and on the weighted average number of shares in issue during the year of 272·3m (1989: 251·6m).

On a 'nil distribution' basis earnings per ordinary share would decrease by 3·3p to 36·9p (1989: 2·3p to 44·0p).

13 OVERSEAS CURRENCIES

As a result of the change in the value of sterling against other currencies, performance in 1990 has been reduced relative to the average rates of exchange in 1989 by the following amounts:

	£m
Turnover	91·3
Profit before interest	5·6
Profit before taxation	4·3
Profit after taxation	2·8
Attributable profit for the year	1·5
Earnings per ordinary share	0·5p

Principal average exchange rates were:	1990	1989
Australian $	2·29	2·08
Canadian $	2·08	1·76
US $	1·79	1·66
Italian Lira	2,130	2,241

14 TANGIBLE FIXED ASSETS

(a) Movements — BICC Group

	Land and buildings £m	Plant and equipment: Purchased £m	Plant and equipment: Leased £m	Assets in course of construction £m	Total £m
Cost or valuation:					
At 1 January 1990	179·3	537·0	81·4	17·0	814·7
Exchange adjustments	(16·0)	(44·2)	(5·1)	(2·0)	(67·3)
Fair value adjustment	(11·1)	—	—	—	(11·1)
Additions	16·2	82·1	0·8	15·6	114·7
Disposals	(8·5)	(38·7)	(8·5)	—	(55·7)
Businesses					
– sold	(1·9)	(7·2)	—	(0·2)	(9·3)
– acquired	3·3	13·4	0·7	—	17·4
At 31 December 1990	151·3	542·4	69·3	30·4	803·4
Depreciation:					
At 1 January 1990	30·2	296·5	46·6	—	373·3
Charge for the year	4·4	60·0	8·9	—	73·3
Exchange adjustments	(2·2)	(24·9)	(1·9)	—	(29·0)
Disposals	(3·0)	(34·2)	(7·0)	—	(44·2)
Businesses					
– sold	(0·5)	(3·5)	—	—	(4·0)
– acquired	1·0	8·4	0·5	—	9·9
At 31 December 1990	29·9	302·3	47·1	—	379·3
Net book value at 31 December 1990	131·4	240·1	22·2	30·4	424·1
Net book value at 31 December 1989	149·1	240·5	34·8	17·0	441·4

(b) Movements — BICC plc

	Land and buildings £m	Plant and equipment: Purchased £m	Plant and equipment: Leased £m	Assets in course of construction £m	Total £m
Cost or valuation:					
At 1 January 1990	32·5	141·4	33·3	3·1	210·3
Additions	6·1	21·8	—	1·5	29·4
Disposals	(1·9)	(12·0)	(1·7)	—	(15·6)
Intra-group transfers	6·4	14·4	1·1	3·7	25·6
At 31 December 1990	43·1	165·6	32·7	8·3	249·7
Depreciation:					
At 1 January 1990	12·8	88·3	22·5	—	123·6
Charge for the year	1·3	13·9	2·4	—	17·6
Disposals	(1·8)	(10·8)	(1·7)	—	(14·3)
Intra-group transfers	1·3	9·0	0·6	—	10·9
At 31 December 1990	13·6	100·4	23·8	—	137·8
Net book value at 31 December 1990	29·5	65·2	8·9	8·3	111·9
Net book value at 31 December 1989	19·7	53·1	10·8	3·1	86·7

continued

14 TANGIBLE FIXED ASSETS *continued*

(c) Analysis of net book value of land and buildings

	BICC Group 1990 £m	BICC Group 1989 £m	BICC plc 1990 £m	BICC plc 1989 £m
Freehold	122·8	142·6	25·9	18·1
Long leasehold — over 50 years unexpired	6·3	3·6	3·3	1·1
Short leasehold	2·3	2·9	0·3	0·5
	131·4	149·1	29·5	19·7

(d) Valuations

Tangible fixed assets include the following amounts at valuation:

	Years of valuation	BICC Group: Land and buildings £m	BICC Group: Plant and equipment £m	BICC plc: Land and buildings £m
At 31 December 1990				
	1958-86	1·8	—	0·1
	1989	36·8	—	—
Total at valuation		38·6	—	0·1
Depreciation		(1·0)	—	—
Net book value		37·6	—	0·1
At 31 December 1989				
	1958-86	3·6	9·3	0·1
	1989	48·9	—	—
Total at valuation		52·5	9·3	0·1
Depreciation		(0·7)	(6·7)	—
Net book value		51·8	2·6	0·1

Original cost, and depreciation based on cost, of tangible fixed assets included at valuation:

	BICC Group: Land and buildings £m	BICC Group: Plant and equipment £m	BICC plc: Land and buildings £m
At 31 December 1990			
Original cost	8·1	—	—
Depreciation based on cost	(2·8)	—	—
Net	5·3	—	—
At 31 December 1989			
Original cost	13·3	8·7	—
Depreciation based on cost	(4·1)	(7·2)	—
Net	9·2	1·5	—

17 DEBTORS

	BICC Group		BICC plc	
	1990 £m	1989 £m	1990 £m	1989 £m
Amounts falling due within one year				
Trade and other debtors	493·5	532·8	93·5	93·9
Amounts due from subsidiary undertakings	—	—	64·8	54·0
Amounts due from associated undertakings	3·6	13·3	1·1	1·4
Amounts recoverable on contracts	40·2	42·2	2·1	—
Contract retentions	38·2	36·7	1·8	1·5
Prepayments and accrued income	35·2	20·5	10·5	4·0
	610·7	645·5	173·8	154·8
Amounts falling due after more than one year				
Trade and other debtors	7·7	2·4	2·6	0·2
Contract retentions	30·4	22·8	0·4	0·5
	38·1	25·2	3·0	0·7
	648·8	670·7	176·8	155·5

A secured loan of £8,600 was made in 1979 under the Company's housing scheme to Mr and Mrs D. W. Cawthra before Mr Cawthra was appointed a director of BICC plc. The loan subsisted at the same level throughout 1990 and interest was paid at a variable rate corresponding to current building society rates.

18 CASH, DEPOSITS AND INVESTMENTS

	1990 £m	1989 £m
Cash at bank and in hand	41·1	51·0
Bank deposits	237·6	111·9
Government bonds	3·0	—
	281·7	162·9

Cash at bank and deposits includes the Group share of amounts held by contracting joint ventures of £21·1m (1989: £40·8m).

£80m (1989: nil) of bank deposits are protected until 1992 from a fall in interest rates below an average of 12·7%.

19 OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	BICC Group		BICC plc	
	1990 £m	1989 £m	1990 £m	1989 £m
Trade and other creditors	389·0	428·1	59·7	56·9
Advance progress applications	163·4	129·2	—	—
Amounts due to subsidiary undertakings	—	—	15·7	9·6
Amounts due to associated undertakings	6·9	2·6	—	0·2
Corporate taxation	52·9	65·8	22·2	19·7
VAT, payroll taxes and social security	33·0	27·3	8·3	6·0
Dividends on ordinary shares	52·3	50·8	52·3	50·8
Accruals and deferred income	240·7	246·1	17·1	16·8
Due on acquisitions	2·0	65·6	—	—
	940·2	1,015·5	175·3	160·0

20 BORROWINGS

	BICC Group		BICC plc	
	1990 £m	1989 £m	1990 £m	1989 £m
7¾% debenture stock 1990/95 secured by floating charge	8·8	8·8	8·8	8·8
Other secured loans	3·5	16·2	—	2·6
7½% US$ unsecured debenture 2011	25·9	31·1	—	—
	38·2	56·1	8·8	11·4
Unsecured borrowings at fluctuating rates under committed facilities (expiry date):				
Italian Lira loans (1991 to 2005)	36·2	54·2	—	—
US$ loan (1995)	30·1	12·4	—	12·4
	66·3	66·6	—	12·4
Other facilities				
Australian $ loans 1991	35·6	27·5	—	—
Other loans repayable up to 1996	5·5	9·6	2·0	—
Bank overdrafts and short term loans	69·7	63·4	60·7	22·7
	177·1	167·1	62·7	35·1
Finance leases	31·6	27·9	1·2	3·1
	246·9	251·1	72·7	49·6
Borrowings and drawings under committed facilities are repayable in the following periods:				
Amounts falling due after more than one year:				
Over five years				
— by instalments	43·0	38·6	—	0·2
— other than by instalments	—	8·8	—	8·8
Two to five years	61·2	42·8	10·0	0·8
One to two years	13·5	22·9	1·2	0·3
Amounts falling due within one year	129·2	138·0	61·5	39·5
	246·9	251·1	72·7	49·6
Borrowings comprise:				
Bank borrowings	149·1	156·3	60·7	35·1
Other borrowings and finance leases	97·8	94·8	12·0	14·5
	246·9	251·1	72·7	49·6

Unutilised committed borrowing facilities expiring 1993 or later amounted to £323m (1989: £177m).

Group borrowings repayable by instalments, any part of which is repayable after five years, are £43·1m (1989: £40·7m).

£50m (1989: £94m) of Group borrowings are protected by arrangements expiring between 1991 and 1994 from a rise in interest rates above an average of 12·1% (1989: 11·3%). Other arrangements covering the period 1992 to 1997 convert fixed rate interest on £75m into floating rate.

21 PROVISIONS FOR LIABILITIES AND CHARGES

Movements in provisions were as follows

BICC Group	Deferred taxation £m	Advance corporation tax £m	Acquisition provisions £m	Other provisions £m	Total £m
At 1 January 1990	1·1	1·5	13·6	91·4	107·6
Subsidiaries sold/acquired	(6·7)	–	4·1	0·9	(1·7)
Profit before extraordinary items	3·2	(9·1)	–	19·3	13·4
Extraordinary items	(3·3)	4·1	–	21·5	22·3
Exchange adjustments	(0·5)	–	(0·9)	(4·1)	(5·5)
Utilised	–	25·2	(4·9)	(26·5)	(6·2)
Provided on dividends in these accounts	–	(17·4)	–	–	(17·4)
At 31 December 1990	(6·2)	4·3	11·9	102·5	112·5

Other provisions principally comprise reorganisation and extraordinary items, certain overseas employment obligations and contract and insurance provisions.

BICC plc	Deferred taxation £m	Advance corporation tax £m	Other provisions £m	Total £m
At 1 January 1990	–	(20·7)	24·5	3·8
Profit and loss account	1·1	(4·3)	11·7	8·5
Utilised	0·2	20·0	(10·5)	9·7
Provided on dividends in these accounts	–	(17·4)	–	(17·4)
At 31 December 1990	1·3	(22·4)	25·7	4·6

The provision for UK deferred taxation is based on a corporation tax rate of 35%.

Advance corporation tax of £32·8m (1989: £37·7m) has been written off in BICC Group to date and is available for offset against tax on future UK profits.

The BICC Group provision for deferred taxation comprises:

	1990 UK £m	1990 Overseas £m	1989 UK £m	1989 Overseas £m
Excess of taxation allowances over depreciation	4·3	7·8	16·0	8·5
Unrelieved trading losses	(1·5)	–	–	(0·1)
Other, including short term timing differences	(8·9)	(7·9)	(18·1)	(5·2)
	(6·1)	(0·1)	(2·1)	3·2
	(6·2)		1·1	

22 SHARE CAPITAL

	Authorised 1990 £m	Authorised 1989 £m	Issued and fully paid 1990 £m	Issued and fully paid 1989 £m
4·2% first cumulative preference stock units of £1 each	0·9	0·9	0·9	0·9
3·85% second cumulative preference stock units of £1 each	1·5	1·5	1·5	1·5
Ordinary shares of 50p each — authorised 370m (1989: 300m) issued 273·1m (1989: 271·5m)	185·0	150·0	136·5	135·8
	187·4	152·4	138·9	138·2

	Number of shares	Consideration £m
Ordinary shares issued during the year fully paid for:		
Share options	973,935	2·8
Scrip dividends	407,295	1·7
Acquisitions	176,160	0·6
	1,557,390	5·1

23 SHARE OPTIONS

Under the 1981 savings-related share option scheme, options over 1,953,364 ordinary shares were granted at 370p per share on 5 June 1990 and are normally exercisable in the period from July 1995 to January 1996.

Under the 1984 executive share option scheme, options were granted over 1,623,000 ordinary shares at prices between 398p and 406p between 10 and 21 May 1990, and are exercisable in the period from May 1993 to May 2000.

At 31 December share options outstanding were as follows:

Year of issue	Subscription prices	Normally exercisable in periods to	Number of shares 1990	Number of shares 1989
1981 Savings-related share option scheme				
1984	240p	January 1990	–	37,282
1985	230p	January 1991	168,221	596,508
1986	335p	January 1992	361,347	412,432
1987	295p	January 1993	1,807,250	1,951,691
1988	280p	January 1994	1,176,926	1,273,700
1989	450p	January 1995	686,080	750,800
1990	370p	January 1996	1,939,757	–
1984 Executive share option scheme				
1984	207p	September 1994	178,000	183,000
1985	240p	March 1995	11,000	11,000
1986	355p	April 1996	128,000	128,000
1987	325p	April 1997	243,000	734,000
1987	325p	May 1997	–	37,000
1988	325p	April 1998	1,323,000	1,356,000
1988	335p	September 1998	464,000	464,000
1989	485p	May 1999	265,000	265,000
1990	398p	May 2000	1,413,000	–
1990	400p	May 2000	190,000	–
1990	406p	May 2000	10,000	–

24 RESERVES

(a) BICC GROUP	Share premium account £m	Revaluations: Tangible fixed assets £m	Revaluations: Investments in associated undertakings £m	Other £m	Profit and loss account £m	Total £m
At 1 January 1990	51·7	16·3	24·1	17·6	136·6	246·3
Premium on ordinary shares issued, net of expenses	3·7	–	–	–	–	3·7
Expenses in connection with the convertible capital bonds	(4·4)	–	–	–	–	(4·4)
Retained profit for year	–	–	(7·5)	–	47·8	40·3
Exchange adjustments	–	(2·6)	(3·0)	(1·1)	(11·8)	(18·5)
Transfers	–	–	(0·5)	(0·7)	1·2	–
Goodwill	–	–	–	–	(37·7)	(37·7)
At 31 December 1990	51·0	13·7	13·1	15·8	136·1	229·7
		26·8				

Cumulative goodwill on acquisitions, after merger relief and net of disposals, written off to *Group reserves amounts to £214m (1989: £176m).*

(b) BICC plc	Share premium account £m	Revaluation of tangible fixed assets £m	Special Reserve £m	Other £m	Profit and loss account £m	Total £m
At 1 January 1990	51·7	1·6	1·5	8·5	227·8	291·1
Premium on ordinary shares issued, net of expenses	3·7	–	–	–	–	3·7
Expenses in connection with the convertible capital bonds	(4·4)	–	–	–	–	(4·4)
Retained profit for the year	–	–	–	–	3·4	3·4
Exchange adjustments	–	–	–	–	(1·9)	(1·9)
Transfers	–	–	(1·5)	(0·7)	2·2	–
At 31 December 1990	51·0	1·6	–	7·8	231·5	291·9
			7·8			

The profit and loss account of BICC plc is wholly distributable.

25 ACQUISITIONS

The principal acquisitions during the year, the consideration including costs and the associated goodwill were as follows:

	Consideration and costs £m	Fair value of assets acquired £m	Goodwill £m
Grupo Espanol General Cable	29·2	7·3	21·9
Other acquisitions	9·9	7·1	2·8
	39·1	14·4	24·7
Prior year adjustments	2·0	(11·0)	13·0
	41·1	3·4	37·7

Adjustments have been made to reflect the fair value of assets acquired in 1990 as follows:

	Net tangible assets acquired £m	Fair value adjustments £m	Fair value of assets acquired £m
Fixed assets			
– tangible	7·4	–	7·4
– investments (net)	(1·2)	–	(1·2)
Stocks	7·0	–	7·0
Debtors	13·2	–	13·2
Creditors	(4·9)	–	(4·9)
Acquisition provisions	–	(2·1)	(2·1)
Taxation	(0·5)	–	(0·5)
Minority interests	3·4	–	3·4
Net borrowings	(7·9)	–	(7·9)
	16·5	(2·1)	14·4

A 25·7% interest in Grupo Espanol General Cable ("GEGC") was acquired on 17 July 1990 for an amount based on a multiple of 7·5 times an average of after tax profits for 1990 and 1991, to be satisfied in cash in 1992, taking the Group's interest up to 45·7%, with an arrangement existing to acquire a further 3·3% in 1992.

In addition, BICC plc has granted options, exercisable in 1992 or early 1993, to the vendor management of GEGC under which they have the right to sell to BICC plc some or all of their remaining 51% interest in GEGC at a price based on a multiple of 12·5 times an average of after-tax profits for 1990 and 1991.

26 CONVERTIBLE CAPITAL BONDS

On 20 July 1990 a wholly owned subsidiary undertaking of BICC plc issued by way of rights to BICC plc ordinary shareholders £177·1m of 10·75% Convertible Capital Bonds maturing 2020. *The bonds have a par value of £1 each and are convertible at the* option of the holder at any date after 1 July 1992 into exchangeable redeemable preference shares of the issuer which will then be immediately exchanged for new BICC plc ordinary shares. The effective conversion price is 510p per BICC plc ordinary share subject to adjustment in certain circumstances. Payments under the bonds (and preference shares) are guaranteed by BICC plc on a subordinated basis.

The net proceeds of the bonds have been loaned to BICC plc and are included in BICC plc's loans due to subsidiary undertakings as set out in Note 15(b).

27 MINORITY INTERESTS

Minority interests include £32·6m (1989: £44·7m) redeemable preference capital of a subsidiary undertaking guaranteed by BICC plc with dividend rates between 8·5% and 9·9% redeemable between 1992 and 1998.

28 PENSIONS

The Group, through Trustees, operates a number of pension schemes throughout the world, the majority of which are of the defined benefit type. In addition, the Group contributes to a number of union operated schemes.

Contributions to the schemes are charged to the profit and loss account so as to spread the cost of providing pensions over employees' working lives with the Group. Contributions are determined in accordance with independent actuarial advice.

The total cost to the Group was £11·1m (1989: £8·0m), of which £5·4m (1989: £3·7m) related to overseas schemes.

At the date of the latest valuations of the principal defined benefit schemes the actuarial value of the assets of those schemes amounted to £781m and exceeded the benefits which had accrued to members after allowing for expected future increases in earnings. The latest actuarial valuation of the main UK scheme was carried out by independent actuaries at 5 April 1989 using the projected unit method and disclosed a surplus of assets over past service liabilities of 38% which is being used to improve benefits for members and to reduce company contributions over a period of 12 years. The principal actuarial assumptions of the main UK scheme are for new investment returns to exceed inflation by 4% and for dividends to grow at ½% beneath the rate of inflation. Due to uncertainty over the ruling of the European Court on retirement ages no alteration has been made to actuarial assumptions.

The excess of pension costs charged in the accounts over amounts paid to schemes of £3·8m (1989: £1·0m) is included in creditors.

29 CAPITAL COMMITMENTS

Expenditure authorised which has not been provided for in the accounts:

	BICC Group 1990 £m	BICC Group 1989 £m	BICC plc 1990 £m	BICC plc 1989 £m
Tangible fixed assets:				
Contracts placed	30·9	31·6	7·5	10·5
Contracts authorised but not yet placed	21·9	32·2	7·2	8·3
Investments:				
Grupo Espanol General Cable	–	14·0	–	14·0
Other	2·1	2·0	–	–

In addition up to £15m (1989: £20m) may be payable dependent on the future profits of certain acquisitions.

BICC *has also granted options to the vendor management* of GEGC under which they have the right to sell some or all of their interests in GEGC as set out in Note 25.

On 15 January 1991 BICC plc issued 2·6m ordinary shares and paid £5·7m cash for the acquisition of BRN Holding Sarl.

30 FINANCIAL COMMITMENTS

Operating lease rentals payable in 1991 (1990) comprise:

	1990		1989	
	Land and buildings £m	Other tangible fixed assets £m	Land and buildings £m	Other tangible fixed assets £m
BICC Group				
Leases terminating:				
within one year	1·5	5·7	1·7	3·9
between one and five years	5·2	32·2	9·0	21·8
in five years or more	10·5	0·6	10·3	0·1
	17·2	38·5	21·0	25·8
BICC plc	3·1	2·9	4·5	2·5

31 CONTINGENT LIABILITIES

Contingent liabilities which are not expected to give rise to any material loss, include:

	BICC Group		BICC plc	
	1990 £m	1989 £m	1990 £m	1989 £m
Discounted receivables	3·3	4·0	–	–
Uncalled capital on investments	–	–	0·8	0·8
Guarantees of subsidiary undertakings and other support	0·4	0·5	119·2	120·9

In addition the Group and BICC plc has supported the borrowings of certain associated undertakings as set out in Note 15 and the capital of subsidiary undertakings as set out in Notes 26 and 27

BICC plc and certain subsidiary undertakings have, in the normal course of business, entered into counter indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of the Group's share of certain contractual obligations of associated undertakings. BICC plc has guaranteed the property lease commitments of a former subsidiary undertaking amounting to US$1·6m per annum until 2050.

32 DIRECTORS' INTERESTS

(a) The interests of directors in the ordinary share capital of the Company were:

	At 31 December 1990		At 1 January 1990	
	Holdings	Options	Holdings	Options
Sir William Barlow	8,828	39,000	8,828	39,000
R. Boxen	460	–	446	–
R. A. Biggam	10,930	182,000	10,930	188,000
D. W. Cawthra	13,446	120,000	13,446	141,000
E. Clark	1,190	139,918	1,190	137,000
R. A. Henderson (appointed 6 February 1990)	1,016	109,000	–	62,000
HRH The Duke of Kent	1,521	–	1,451	–
N. Pignatelli	–	–	–	–
C. R. Reeves	1,283	–	1,283	–
H. C. Schell	–	100,000	–	–
The Viscount Weir	1,166	–	1,166	–

(b) The following directors had an interest in the 10·75% Convertible Capital Bonds 2020 issued by BICC Capital Finance Limited a wholly owned subsidiary undertaking of the Company:

	At 31 December 1990	At 1 January 1990
Sir William Barlow	28,738	–
R. A. Biggam	7,104	–
D. W. Cawthra	5,000	–
E. Clark	773	–
R. A. Henderson	650	–
HRH The Duke of Kent	973	–
C. R. Reeves	833	–

Information relating to the terms of conversion of the bonds is set out in note 26.

No rights to subscribe for shares in the Company were granted to, or exercised by, any director during the year except as follows: R. A. Biggam 37,000 exercised and 31,000 granted; D. W. Cawthra 21,000 exercised; E. Clark 2,918 granted; R. A. Henderson 37,000 exercised and 84,000 granted and H. C. Schell 100,000 granted.

Other than the interests shown above, no director was interested in the share or loan capital of the Company or any subsidiary undertaking of the Company

All interests at the dates shown, or dates of appointment if later, are beneficial and there were no changes between 1 January 1991 and 5 March 1991

Under the terms of the acquisition of Cablec Corporation (now part of BICC Cables Corporation), Mr H. C. Schell is interested in an arrangement for further payments of up to US$2·6m dependent on the profits of BICC Cables Corporation, of which US$1·0m is payable in respect of 1990.

PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

AT 31 DECEMBER 1990

	Country of incorporation or registration	Group equity holding %	Total issued share capital (note ii) £m
BALFOUR BEATTY			
Balfour Beatty Ltd * †			
Balfour Beatty Canada Ltd	Canada		
Balfour Beatty Inc	USA		
Clarke Homes Ltd			
Cruickshank & Partners Ltd *	Scotland		
Devonport Management Ltd *		29·9	1·0
Dutco Balfour Beatty (Pte) Ltd	UAE	49·0	–
EMJ Engineers Inc	USA		
Haden Building Services Ltd *			
Heery International Inc	USA	50·0	–
Homehurst Ltd		50·0	–
Knightsbridge Residential Ltd		50·0	·
PT Balfour Beatty Sakti Indonesia	Indonesia	49·0	0·7
Spitalfields Holdings Ltd		33·3	–
Stent Foundations Ltd			
Valley Park Homes Ltd		25·0	–
WasteChem Ltd		60·0	
Zubair Kilpatrick LLC	Oman	49·0	0·4
BICC CABLES			
BICC Cables Ltd * †			
Ceat Cavi Industrie Srl *	Italy		
C.E.L.-C.A.T. Fabrica Nacional de Condutores Eléctricos S.A.R.L. * *	Portugal	60·7	
Central African Cables Ltd * *	Zimbabwe	75·4	
Dubai Cable Company (Pte) Ltd	UAE	40·0	5·7
Grupo Espanol General Cable *	Spain	45·7	2·9
Optical Fibres *		50·0	–
Pakistan Cables Ltd * *	Pakistan	49·7	0·6
Power Cables Malaysia Sdn Bhd	Malaysia	40·0	1·5
Sterling Greengate Cable Co Ltd *			
Temco Ltd *			
Thomas Bolton & Johnson Ltd *			
AUSTRALASIA (Note v)			
Metal Manufactures Ltd * * † (Note vi)	Australia	61·6	
Associated British Cables Ltd	New Zealand		
Kilpatrick Green Pty Ltd	Australia		
Optical Waveguides Australia Pty Ltd	Australia	50·0	–
Vinidex Tubemakers Pty Ltd	Australia	50·0	1·2
NORTH AMERICA CABLES			
BICC Cables Corporation †	USA		
Phillips Cables Ltd * *	Canada	81·2	
BICC TECHNOLOGIES			
BICC Technologies Ltd * †			
Andover Controls Corporation	USA		
BICC-Vero Electronics GmbH	West Germany	99·1	
BICC-Vero Electronics Ltd *			
BICC-Vero Electronics SA	France		
Demo Armadi Racks SpA	Italy		
CORPORATE			
BICC Capital Finance Ltd *	Jersey		
BICC Finance BV *	Netherlands		
BICC Holdings Australia Ltd	Australia		
BICC Overseas Investments Ltd *			
BICC USA Inc	USA		
Delphian Insurance Company Ltd *	Isle of Man		
Thames Power Ltd *		45·0	–

NOTES

i) Subsidiary and associated undertakings whose results did not, in the opinion of the directors, materially affect the profit or the assets of the Group are not shown. † Indicates a principal group company with operating divisions as set out on pages 2 and 3 of the Annual Report and Summary Financial Statement.

ii) Total issued share capital is shown for associated undertakings.

iii) Unless otherwise stated 100% of the equity capital is owned and companies are registered in England. The principal operations of each company are conducted in its country of incorporation.

iv) * Indicates held directly by BICC plc and * * indicates that the equity capital is listed on an overseas stock exchange.

v) All equity capital (other than that of Metal Manufactures Ltd) is held by and the interest shown is that of Metal Manufactures Ltd.

vi) The Group's equity holding in Metal Manufactures Ltd will reduce to 55·7% on the conversion of its outstanding convertible preference capital. Conversion is at the option of the holder and any share not converted by [illegible] March 1999 will automatically convert on that date.

PRINCIPAL JOINT VENTURES

The Group carries out a number of its larger construction contracts in joint venture with other contractors so as to share resources and risk. The principal construction joint ventures in progress, which the Group proportionately consolidates, are given below. All are 50% shared.

Channel Tunnel Mechanical & Electrical — Folkestone, UK
Limehouse Road Link — London, UK
Daya Bay Transmission Line — China
THORP Reprocessing Facility — Sellafield, UK
Istanbul-Ankara Road — Turkey

AUDITORS' REPORT

To the members of BICC public limited company

We have audited the accounts on pages 2 to 15 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen & Co

Arthur Andersen & Co
Chartered Accountants

London
5 March 1991

GROUP FIVE YEAR SUMMARY

	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
Profits					
Turnover	3,890	3,792	2,947	2,489	2,143
Profit before interest	212	230	173	136	114
Interest	(29)	(29)	(17)	(8)	(13)
Profit before taxation	183	201	156	128	101
Profit after taxation	126	138	110	82	62
Attributable profit before extraordinary items	110	116	89	64	45
Capital employed					
Capital and reserves	369	385	307	297	290
Convertible capital bonds	177	—	—	—	—
Minority equity interests	86	102	91	76	94
Net borrowings/redeemable capital	(2)	133	113	43	23
	630	620	511	416	407
Cash flow					
Funds generated/(absorbed) by activities	(37)	8	2	37	42
Acquisitions	(49)	(232)	(174)	(141)	(34)
Disposals	36	14	50	10	32
Amounts due on acquisitions/disposals	(13)	47	—	—	—
Issue of ordinary shares and minority convertible capital	4	161	62	71	45
Issue of convertible capital bonds, net of expenses	173	—	—	—	—
Exchange on opening net borrowings/redeemable capital	21	(18)	(10)	3	—
(Increases)/reductions in net borrowings/redeemable capital	135	(20)	(70)	(20)	85
Statistics					
Earnings per ordinary share	40·2p	46·3p	38·4p	29·8p	22·7p
Dividends per ordinary share	19·25p	19·00p	16·00p	13·00p	11·75p
Profit before interest: turnover	5·4%	6·1%	5·9%	5·5%	5·3%
Profit before interest: average capital employed	34%	41%	37%	33%	26%
Gearing — net borrowings/redeemable capital: shareholders', bondholders' and minority equity funds	—	27%	28%	12%	6%

SHAREHOLDER INFORMATION

Analysis of ordinary shareholders

AT 31 DECEMBER 1990	Number of shareholders		Millions of shares	
	Total	%	Total	%
CLASSIFICATION BY SIZE OF SHAREHOLDING				
Number of shares				
1 to 1,000	21,671	64·5	10·4	3·8
1,001 to 10,000	10,817	32·2	22·3	8·2
10,001 to 50,000	565	1·7	13·7	5·0
50,001 to 100,000	169	0·5	12·6	4·6
100,001 to 200,000	151	0·4	21·8	8·0
Over 200,000	239	0·7	192·3	70·4
	33,612	100·0	273·1	100·0
CLASSIFICATION BY SHAREHOLDER				
Individuals	29,535	87·9	56·5	20·7
Banks, unit trusts and nominee companies	3,158	9·4	142·8	52·3
Insurance companies	267	0·8	45·2	16·6
Pension funds	50	0·1	8·7	3·2
Investment trusts	134	0·4	4·2	1·5
Other shareholders	468	1·4	15·6	5·7
	33,612	100·0	273·1	100·0

Number of shareholders at 31 December 1989 33,519

Financial Calendar

1991

9 April	Annual General Meeting
30 June	Debenture stock interest payable
1 July	Convertible capital bond interest payable
1 July	Final 1990 ordinary dividend and preference dividends payable
21 August*	Announcement of 1991 half year results
31 December	Debenture stock interest payable

1992

1 January	Convertible capital bond interest payable
2 January*	Interim 1991 ordinary dividend and preference dividends payable

* provisional dates

Registered number
395826

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Mayfair Place
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Telex 23463 BICC G
Fax 071-409 0070

Registrars
Barclays Registrars Ltd
Bourne House
34 Beckenham Road
Beckenham BR3 4TU
Telephone 081-650 4866

Solicitors
Linklaters & Paines

Stockbrokers
Cazenove & Co
Hoare Govett

DIRECTORS

SIR WILLIAM BARLOW, FEng
Chairman. Age 66. A Chartered Engineer. A non-executive director from 1981 to 1984 and Chairman since end of 1984. Non-executive director of Racal Telecom, Chairman of Ericsson and SKF UK, and President of ORGALIME the liaison group of the European mechanical, electrical and metalworking industries.

ROBIN BIGGAM
Chief Executive. Also Chairman of Balfour Beatty. Age 52. A Chartered Accountant. Joined BICC as Managing Director in February 1986 and became Chief Executive in January 1987. Previously a director of Dunlop Holdings and ICL.

ROGER BEXON, CBE*
Age 64. A director since 1985. He is Chairman of Laporte and Goal Petroleum having previously been Deputy Chairman and a Managing Director of British Petroleum. He is also a director of Astec (BSR) and Lazard Brothers & Company.

DAVID CAWTHRA, FEng
Chief Executive, Balfour Beatty. Age 48. A Chartered Civil Engineer. A director since February 1988. Previously Managing Director of Balfour Beatty Construction Limited, which he joined from Tarmac in 1979.

ERIC CLARK
Chairman and Managing Director, BICC Cables. Age 56. A Physicist. A director since 1985. Formerly Managing Director of Plessey Telecommunications and Office Systems.

RONALD HENDERSON
Finance Director. Age 45. A Chartered Accountant. Appointed a director in February 1990. Joined the Group as Finance Director, Balfour Beatty in 1987. Formerly with Brown & Root and Arthur Andersen.

RT HON SIR GEOFFREY HOWE, QC, MP*
Age 64. Appointed a director in January 1991. A Member of Parliament since 1964. Chancellor of the Exchequer 1979 to 1983, Secretary of State for Foreign and Commonwealth Affairs 1983 to 1989, and Deputy Prime Minister 1989 to 1990. A non-executive director of Glaxo Holdings.

HRH THE DUKE OF KENT, KG, GCMG, GCVO, ADC, FRS*
Age 55. A director since 1981. President of the Engineering Council he is also Vice Chairman of the British Overseas Trade Board and a non-executive director of Vickers.

PRINCE NICOLO PIGNATELLI*
Age 67. A director since 1988. A director, formerly President of Merck, Sharp & Dohme Europe. Formerly Executive Vice President of Fiat responsible for international and defence interests.

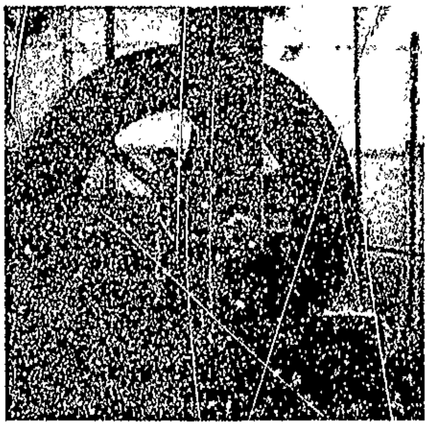
CHRISTOPHER REEVES*
Age 55. A director since 1982. Vice Chairman, Merrill Lynch International. A director of Allianz International Insurance Company. Formerly Deputy Chairman and Chief Executive, Morgan Grenfell Group.

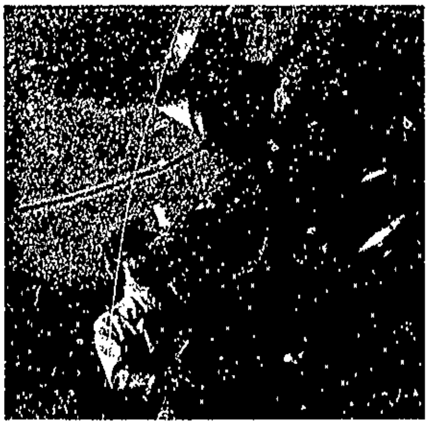
HARRY SCHELL
Chairman and Chief Executive Officer, BICC Cables Corporation. Age 56. An Engineer. A director since November 1989. Prior to the creation of Cablec Corporation (now part of BICC Cables Corporation) he was President and Chief Executive Officer of Phelps Dodge Cable and Wire Company and Phelps Dodge Copper Products Corporation.

THE VISCOUNT WEIR*
Age 57. A director since 1976. He is Chairman of The Weir Group, Vice Chairman of St James' Place Capital and a director of Canadian Pacific. Formerly a director of the Bank of England and British Steel.

* Non-executive directors. All non-executive directors are members of the Audit Committee, of which Lord Weir is Chairman, and the Compensation & Appointments Committee.

Honorary President, THE LORD McFADZEAN, KT






Balfour Beatty