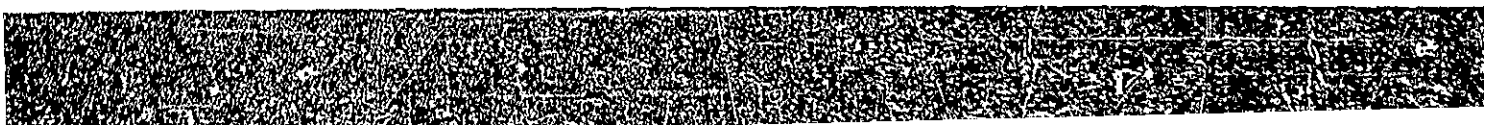
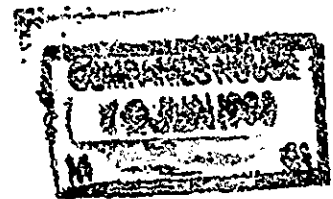


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TT GROUP PLC is an industrial holding company whose subsidiaries are well-established in their own industries and have a reputation for supplying quality products and a high standard of service.

The Directors of TT Group intend to maintain the growth of its existing businesses by capital investment and market leadership and to increase the scope of the Group operations by acquiring manufacturing and distribution companies with a dominant position in their specific markets.





GROUP PLC

DIRECTORS

T. H. REED (Chairman) — Non executive

J. W. NEWMAN — Executive

N. D. SHIPP — Executive

S. W. A. COMONTE — Executive

D. G. ASHTON DAVIES — Executive

M. R. EKE — Executive

M. J. MALLETT — Non executive

GROUP SECRETARY

M. G. LEIGH ACMA

REGISTERED OFFICE

Clive House
12 - 18 Queens Road
Weybridge
Surrey KT13 9XB

BANKERS

MIDLAND BANK plc
Weybridge

NATIONAL WESTMINSTER BANK plc
Letchworth

AUDITORS

GRANT THORNTON
28 Kenwood Park Road
Sheffield S7 1NG

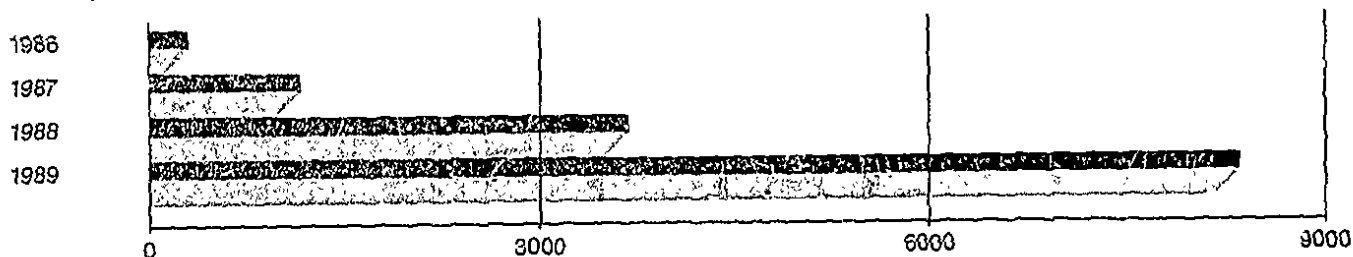
REGISTRARS

ROYAL BANK OF SCOTLAND plc
P.O. Box 435
Owen House
8 Bankhead Crossway North
Edinburgh E11 4BR

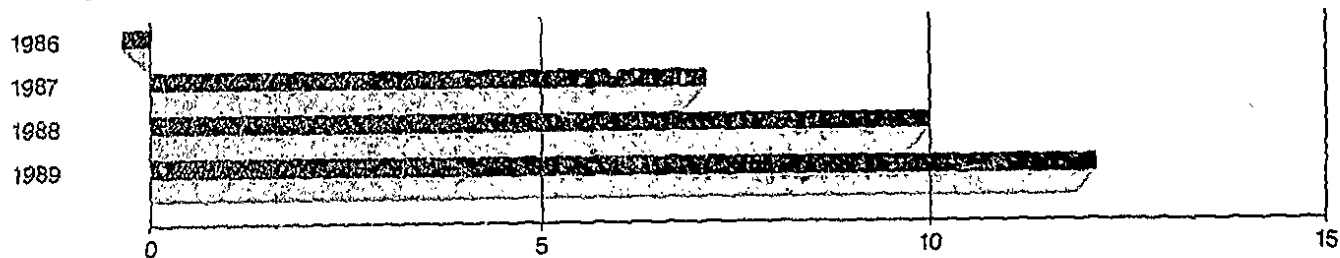
FINANCIAL HIGHLIGHTS

	1989 £'000	1988 £'000
TURNOVER	60,913	28,047
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	8,422	3,583
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	3,418	1,770
SHAREHOLDERS' FUNDS	30,364	27,269
<hr/>		
EARNINGS PER SHARE	12.3p	10.0p
DIVIDENDS PER SHARE (NET)	4.0p	3.0p

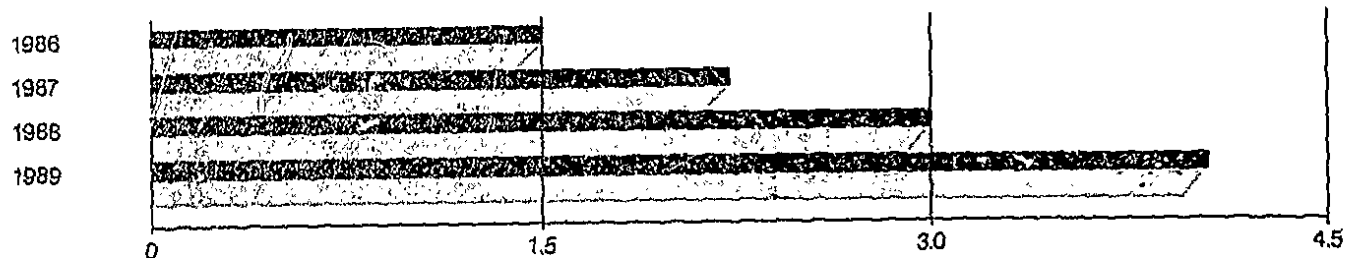
Pre-tax profits £000



Earnings per share p



Dividends per share (net) p



CHAIRMAN'S STATEMENT

Year ended 30 December 1989

RESULTS FOR THE YEAR

The Group achieved further significant growth in 1989 as a result of organic growth from the existing businesses, and a full year's contribution from Beatson Clark plc.

For the financial year to 30 December 1989 pre-tax profits rose to £8.42 million from £3.58 million on a turnover of £60.91 million compared with £28.05 million.

Newship Manufacturing Limited, now TTG Manufacturing Limited, was acquired in May 1989 and is included for eight months. Its principal subsidiaries are Burgess Architectural Products Limited, a leading manufacturer of metal suspended ceiling systems and acoustic telephone enclosures, and James Gibbons Format Limited, a manufacturer of architectural ironmongery.

TT Group PLC's earnings per share has increased 23 per cent. from 10p to 12.3p in the year and a final dividend of 2.5p (net) is proposed making 4.0p (net) for the full year compared with 3.0p (net) for the previous year.

TRADING

As a result of the acquisition of Newship Manufacturing Limited (now TTG Manufacturing Limited) the Group activities have been organised into three divisions:

- (i) PACKAGING, which includes Beatson Clark plc and United Packaging PLC;
- (ii) INDUSTRIAL, which includes Deltight International Limited and Bintcliffe Turner Limited; and
- (iii) BUILDING SERVICES, which includes Burgess Architectural Products Limited and James Gibbons Format Limited.

PACKAGING DIVISION

Following the acquisition of Beatson Clark plc in August 1988, a series of steps was taken to reduce the cost structure, improve productivity and enhance profitability. These measures included the re-location of administration and sales functions into the larger manufacturing site at Rotherham, disposing of the old head office, rationalising the distribution system and a number of other cost reduction exercises. These steps have been effective and the company now has a realistic cost base.

Beatson Clark plc has a dominant position in the supply of glass containers for the pharmaceutical industry, but has been weak in other areas, such as the food and drink industries. Having identified a number of new product areas, the company tended successfully for new business which came on stream towards the end of the year. These additional sales not only helped the encouraging results for 1989 but will support growth for the company in 1990.

United Packaging PLC continued to maintain its share of the growing pallet stretch wrap film market. In line with its policy of manufacturing a larger proportion of its product range, a second blown-film line was installed during the year. However, delays in delivery and commissioning problems had an initial adverse effect on margins. The sale of pallet stretch wrap machines, which were below expectations during the year, have shown signs of improvement and better results for 1990 are expected.

Twine and Cordage Manufacturing Co (Private) Limited has enjoyed another successful year in Zimbabwe, with an improvement in profitability. Of particular note was a dramatic increase in order intake for its range of haberdashery products which has continued strongly into 1990. The company is well placed to

Increase profits again this year with the expectation of further growth in all the markets for its products.

INDUSTRIAL DIVISION

Deltight International Limited saw growth in nut manufacture and the sale of pre-packed fastenings. The company's administration was reorganised, supported by new senior management appointments, which brought about a more efficient operation. The company already enjoyed British Standards approval for its Pembroke plant, and was successful in extending this approval during the year, to its Midlands operation.

In 1990 Deltight expects new business from overseas sales and also from its pre-packed fastening section.

As a result of a continued policy of investment in CNC machining centres, the performance of Bintlcliffe Turner Limited improved as the year progressed with a strong and sustained performance in the second half. Sales of the specialised and patented captive nut range (Flangeform) continued to grow, particularly in the United States.

Bintlcliffe Turner Limited entered 1990 with a record order book. This is a direct result of the policy of continued investment in new machinery, thereby enabling the company to become increasingly competitive and obtain a larger share of the profitable aerospace market, coupled with the increased overseas demand for the Flangeform range of nuts.

BUILDING SERVICES DIVISION

During 1989, both Burgess Architectural Products Limited and James Gibbons Format Limited experienced, in most areas, an increased UK demand for architecturally specified products for interior finishes. Concurrently, both companies continued to

strengthen their overseas trading position and Burgess won major first-time contracts for acoustic telephone hoods for Telecom New Zealand and metal ceilings for marine projects in Greek shipyards.

During the year both companies achieved British Standards approval registration (BS 5750 Part II) with Burgess Architectural Products Limited becoming the first manufacturer of metal ceilings and telephone enclosures to receive this award.

Burgess Architectural Products Limited showed a useful improvement in profitability over the previous year and enters 1990 with further potential for growth in both UK and overseas markets. James Gibbons Format Limited has several important developments underway which will be realised later in 1990 and should provide continued growth in the nineties.

EMPLOYMENT

I would like to take this opportunity of thanking all the employees of the Group for the significant contribution which they have made during the year. Their skills and dedication are essential to the future success of the Group.

FUTURE PROSPECTS

The current year has seen the Group performing in line with budget. The Group has low gearing and is well placed to take advantage of further acquisition opportunities.

On 30 March 1990 the Company announced an offer for Crystalate Holdings plc. This will be considered by shareholders at a duly convened extraordinary general meeting.

TIMOTHY REED
Chairman

12 April 1990

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the Group for the year ended 30 December 1989.

1 GROUP ACTIVITIES AND DEVELOPMENTS

(a) Activities

During the year TT Group PLC was a holding company providing management services to subsidiaries the activities of which are set out on page 25.

(b) Developments—1989

On 18 May, the shareholders in Extraordinary General Meeting approved the acquisition of Newship Manufacturing Limited, now TTG Manufacturing Limited, the proposed one for one capitalisation issue and other proposals as set out in the circular to shareholders dated 25 April.

On 15 June, a subsidiary company sold its shareholding in Unipak Srl—a joint venture company in Italy.

(c) Developments—1990

On 30 March, the company announced an offer for Crystalate Holdings plc.

2 RESULTS AND DIVIDENDS

The results for the year are shown in the group profit and loss account on page 8.

A final ordinary dividend of 2.5p is recommended by the Directors making a total ordinary dividend for the year of 4.0p. After this payment, and the preference dividends of £2,000, there is £3,418,000 available to be added to reserves.

3 FUTURE PROSPECTS

The future prospects of the Group are referred to in the Chairman's Statement.

4 TANGIBLE FIXED ASSETS

Additions and disposals of fixed assets during the year are summarised in note 11 on page 15.

5 SHARE OPTIONS

- (a) **Executive Scheme**—this scheme for senior executives was approved at an Extraordinary General Meeting on 30 November 1984. On 8 June 1989 options over 442,000 ordinary shares were granted. The total of options outstanding at the date of this report is 520,000 ordinary shares. The share options on 78,000 ordinary shares are exercisable on or after 26 August 1991 at a price of 118p per share and on 442,000 ordinary shares on or after 8 June 1992 at a price of 126p per share.
- (b) **SAYE Scheme**—this scheme for all qualifying employees was approved at an Extraordinary General Meeting on 30 November 1984. No options are outstanding at the date of this report.
- (c) **United Packaging PLC Scheme**—outstanding options on United Packaging PLC ordinary shares were converted to options on 250,914 ordinary shares in TT Group PLC on acquisition. All of these options are outstanding at the date of this report. The share options are exercisable on or after 17 December 1989 at a price of 127p per share.

- (d) **Beatson Clark plc Scheme**—outstanding options on Beatson Clark plc ordinary shares were converted to options on 103,040 ordinary shares in TT Group PLC on acquisition, of which 71,040 share options are outstanding at the date of this report. The share options are exercisable on or after 3 July 1989 at a price of 68p per share.

6 DIRECTORS AND THEIR INTERESTS

Directors who held office on 30 December 1989 together with their respective interests in the shares of the company, are:—

	at 30 December 1989			at 31 December 1988 ⁽¹⁾ or date of appointment		
	Beneficial	Other	Options	Beneficial	Other	Options
T. H. Reed	51,086	92,680	—	22,168	49,230	—
J. V. Newman	11,593,678	—	—	3,648,148	—	—
N. D. Shipp	11,593,678	—	—	3,648,148	—	—
S. W. A. Comonte	2,000	—	136,000	1,000	—	18,000
D. G. Ashton Davies— appointed 1 June 1989	—	—	120,000	—	—	120,000
M. R. Eke	2,000	—	136,000	1,000	—	18,000
M. J. Mallett	606,730 ⁽²⁾	—	—	431,504	—	—
D. M. Saunders— resigned 31 December 1989	850,084	—	—	425,042	—	—

⁽¹⁾ The interests of the Directors at 31 December 1988 have not been adjusted to reflect the one for one capitalisation issue effected on 19 May 1989.

⁽²⁾ 600,000 ordinary shares are held through Ayre Mallett & Co. Limited.

No change has occurred in the above interests between the end of the financial year and the date of this report.

The options referred to above were granted by Mepstar Finance Limited on 15 September 1987 and under the TT Group PLC Executive Share Option Scheme on 26 August 1988 and 8 June 1989. None of the other Directors of the Company has been granted any options over ordinary shares of the Company under the share option schemes of the Group.

No Director had any interest in any contract subsisting during or at the end of the year which was significant.

Under the Articles of Association, Mr. J. V. Newman and Mr. S. W. A. Comonte retire and being eligible, offer themselves for re-election. Neither of these Directors has service contracts with the Company.

Mr. D. G. Ashton Davies having been appointed since the last Annual General Meeting retires and, being eligible, offers himself for re-election.

7 NON EXECUTIVE DIRECTORS

T. H. Reed, 49, was appointed to the Board of the Company in 1973 and was appointed non executive Chairman in 1974. Mr. Reed is a partner in Dibb Lupton Broomhead, solicitors based in Sheffield and Leeds.

REPORT OF THE DIRECTORS *Continued*

M. J. Mallett, 58, was appointed to the Board of the Company in 1984. Mr. Mallett is Chairman of Record Holdings plc, Yorkshire Radio Network plc, Coated Electrodes International plc and Ayre Mallett & Co. Limited.

8 SUBSTANTIAL SHAREHOLDINGS

In compliance with Section 198 of the Companies Act 1985, the following have notified interests in the ordinary share capital of the Company.

	Ordinary Shares as at 12 April 1990	% of the Allotted Ordinary Share Capital
J. W. Newman	11,593,678	23.87
N. D. Shipp	11,593,678	23.87
Friends Provident Life Office	2,580,000	5.31

Additionally, each of Newship Industries Limited and Newship Investments plc have notified interests, pursuant to the above section, in 6,601,984 ordinary shares of 25p each (13.60%). The shares in which Mr. J. W. Newman is interested are as to 7,333,296 such shares the same shares as those in which Mr. N. D. Shipp is interested, and vice versa. The shares in which Mr. J. W. Newman and Mr. N. D. Shipp are interested include those in which Newship Investments plc and Newship Industries Limited are interested. The shares in which Newship Industries Limited is interested are the same shares as those in which Newship Investments plc is interested.

So far as can be ascertained, no other person or corporation holds or is beneficially interested in any substantial part of the share capital of the Company.

9 DISAPPLICATION OF PRE-EMPTION RIGHTS

At the Extraordinary General Meeting held on 18 May 1989, shareholders passed a resolution empowering the Directors, to a limited extent, to issue shares for cash otherwise than to existing shareholders in proportion to their existing holdings. It is now necessary to renew this authority and the Directors are proposing a resolution, set out in full on page 26 which, if passed, would empower them to issue shares up to a nominal amount of £952,275 for cash otherwise than pro rata to existing shareholders without further authority from shareholders. Such nominal amount has been calculated assuming the full acceptance of the offer by the Company for the ordinary share capital of Crystalate Holdings plc announced on 30 March 1990. The resolution includes provision for that nominal amount to be reduced to the extent that, when the resolution is passed, the offer has not been successful. This resolution is proposed in accordance with the requirements that companies should renew such authorities from shareholders on an annual basis and which limit the amount of shares which are the subject of such authorities to five per cent. of a company's issued ordinary share capital.

10 PURCHASE OF OWN SHARES

Also at the Extraordinary General Meeting held on 18 May 1989, shareholders passed a resolution authorising the Company to make market purchases of its own shares subject to certain conditions. That authority, which has not been exercised, will expire at the commencement of the Annual General Meeting. The Directors therefore propose that it is renewed. The Company will only make such purchases if the board is satisfied that it would be in the best interests of the Company to do so and that such purchases would result in an increase in the earnings per share attributable to ordinary shareholders. The maximum number of shares for which such authority is sought is ten per cent. of the Company's issued share capital assuming full acceptance of the offer by the Company for Crystalate Holdings plc. The resolution includes provision for that maximum number to be reduced to the extent that, when the resolution is passed, the offer has not been successful. The resolution is set out in full on page 27.

11 COMPENSATION PAYMENT

On 31 December 1989 Mr. D. M. Saunders resigned as a director of your Company after some five years' service. The Directors propose that such service is recognised by a compensation payment of £10,000. Shareholders' authority for that payment will be sought by the resolution set out on page 27.

12 EXECUTIVE SHARE OPTION SCHEME AMENDMENTS

Shareholders' approval will be sought by the resolution set out on page 27 for the amendment of the Executive Share Option Scheme by increasing the maximum number of shares which may be comprised in options to five per cent. of the Company's issued share capital, again assuming full acceptance of the offer for Crystalate Holdings plc but with provision to cover the event of less than full acceptance at the time when the resolution is passed, and by permitting options to be issued to executives up to two years prior to their normal retirement date.

13 SUBSCRIPTIONS AND DONATIONS

During the year the Group contributed £23,000 for charitable purposes. There were no political contributions.

14 HEALTH AND SAFETY

It is the Group's policy to take all reasonable steps to ensure the health and safety of its employees at work and where appropriate, the general public who come into contact with the Group or its products.

15 EMPLOYEES

The Board of Directors recognises the importance of the development of employee involvement throughout the Group based on good communication and working relationships. This is achieved through normal contacts with subsidiary companies and in meetings with all levels of employees which assist the employees to become more aware of factors affecting the performance of the Group.

The Group gives equal opportunities to disabled persons whenever possible, both in recruitment and career development.

16 CLOSE COMPANY STATUS

The Company is not a close company for the purposes of the Income and Corporation Taxes Act, 1988.

17 AUDITORS

In accordance with Section 384(1) of the Companies Act 1985 a resolution proposing the re-appointment of Grant Thornton as auditors to the Company will be put to the Annual General Meeting.

12 April 1990.

By Order of the Board

M. G. LEIGH

Group Secretary

GROUP PLC

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 December 1989

	Note	1989 £000	1988 £000
TURNOVER	2	60,913	28,047
Cost of sales		<u>(41,610)</u>	<u>(19,496)</u>
GROSS PROFIT		19,303	8,551
Net operating expenses	3	<u>(10,056)</u>	<u>(4,910)</u>
OPERATING PROFIT		9,247	3,641
Interest	4	<u>(825)</u>	<u>(58)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXTRAORDINARY ITEM	5	8,422	3,583
Taxation	7	<u>(2,812)</u>	<u>(1,019)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND BEFORE EXTRAORDINARY ITEM		5,610	2,564
Minority shareholders' interests		(44)	(48)
Extraordinary item	8	<u>(204)</u>	<u>246</u>
PROFIT FOR THE YEAR		5,362	2,762
Dividends	9	<u>(1,944)</u>	<u>(992)</u>
RETAINED PROFIT FOR THE YEAR	19	<u><u>3,418</u></u>	<u><u>1,770</u></u>
Earnings per share before extraordinary item and after preference dividends (calculated on average numbers of shares in issue during the year of 45,346,222) (1988—25,109,110*)		12.3p	10.0p*

*Restated following the one for one capitalisation issue in May 1989.

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

The principal accounting policies of the Group are set out below and have remained unchanged from the previous year.

(a) **Consolidation**

The Group accounts consolidate the accounts of the Company and its subsidiaries shown on page 25. In accordance with the exemption given by Section 228(7) of the Companies Act 1985 the Company has not presented its own profit and loss account.

(b) **Turnover**

Turnover is the net amount receivable in the ordinary course of business for goods supplied as a principal and for services provided.

(c) **Tangible Fixed Assets**

Depreciation is calculated to write down the cost or valuation of tangible fixed assets over their estimated useful lives on a straight line basis as follows:

Freehold buildings	50 years
Plant, machinery, vehicles and moulds	Between 2 years and 25 years on cost or valuation according to type of assets

Depreciation is charged with effect from date of purchase.

No depreciation has been provided on freehold land.

Assets held under finance leases, which give rights approximating to ownership, have been included in tangible assets as if they had been purchased and are depreciated over the shorter of the asset life or lease period. The corresponding capital element of the leasing commitments is included as appropriate under creditors due within or after one year. Rentals payable are apportionable between interest which is charged to profit and loss account and capital, which reduces the outstanding obligation.

(d) **Stocks**

Stocks are valued at the lower of cost and net realisable value.

(e) **Deferred Taxation**

Deferred taxation is the taxation attributable to timing differences between results computed for taxation purposes and results as stated in the accounts. No provision is made for deferred taxation where there is a reasonable probability of the tax not falling due for payment in the foreseeable future.

(f) **Purchased Goodwill**

Goodwill, being the amount by which the purchase price exceeds the fair value of assets and liabilities on the acquisition of subsidiary companies, is written off to reserves in the year of acquisition.

(g) **Operating Leases**

The Group charges operating leases to the profit and loss account on a straight line basis over the lease term.

(h) **Foreign Currencies**

Foreign currency balances are translated at the rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions.

Profits and losses of overseas subsidiaries are translated at the average rates applicable to the accounting period. Exchange differences on the restatement of the net investment in overseas subsidiaries and the difference between the profit and loss account translated at the average rate and the closing rate are recorded as movements on reserves.

(i) **Research and Development**

Research and development expenditure is charged as an expense in the period in which it is incurred.

(j) **Government Grants**

Grants received and receivable are deducted from the relevant expenditure.

(k) **Pension Schemes**

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The pension costs charged against profits are based on an actuarial method and actuarial assumptions designed to provide the anticipated pension costs over the service lives of the employees in the scheme, in a way that seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll in the light of current actuarial assumptions. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

NOTES TO THE ACCOUNTS

1 Accounting for acquisitions

TTG Manufacturing Limited (formerly Newship Manufacturing Limited) is accounted for as a wholly owned subsidiary in accordance with the principles of acquisition accounting from 18 May 1989.

2 Turnover	1989	1988
Turnover by geographical location was:	£000	£000
United Kingdom	50,120	21,938
Africa	3,415	3,063
Europe	3,214	2,068
Other	4,164	978
	<u>60,913</u>	<u>28,047</u>

The analysis of turnover by activity was:

	£000	£000
Industrial	7,246	6,389
Packaging	44,532	21,658
Building services	9,135	—
	<u>60,913</u>	<u>28,047</u>

3 Net operating expenses

	£000	£000
Sales and distribution costs	5,834	2,866
Administration costs	4,503	2,239
	<u>10,337</u>	<u>5,105</u>
Less: Other operating income	(281)	(195)
	<u>10,056</u>	<u>4,910</u>

4 Interest

	1989 £000	1988 £000
Interest payable:		
On bank loans, overdrafts and other loans repayable within five years	828	343
On hire purchase contracts	1	3
	<u>829</u>	<u>346</u>
On borrowings repayable after more than five years	122	34
	<u>951</u>	<u>380</u>
Interest receivable	(126)	(322)
	<u>825</u>	<u>58</u>

5 Profit on ordinary activities before taxation and extraordinary item

The profit for the year is stated after charging the following:

	£000	£000
Depreciation of tangible assets—owned	3,145	1,205
—finance leases	105	71
Audit fees	89	56
Hire of plant and equipment—operating lease rentals	99	61
—other	214	20
Directors' emoluments:		
Management remuneration	288	22
	<u>288</u>	<u>22</u>

The analysis of operating profit by activity was:

	£000	£000
Industrial	1,389	1,244
Packaging	7,467	2,790
Building services	1,368	—
Other activities	(977)	(393)
	<u>9,247</u>	<u>3,641</u>

6 Employees

The average number of employees including directors by activity of the Group during the year was:

	No.	No.
Industrial	189	167
Packaging	1,051	1,073
Building services	251	—
Other activities	16	2
	<u>1,507</u>	<u>1,242</u>

NOTES TO THE ACCOUNTS *Continued***6 Employees (Continued)**

The aggregate emoluments for the year were:	1989	1988
	£000	£000
Wages and salaries	14,743	5,837
Employer's social security charges	1,187	471
Employer's pension contributions	356	158

In the UK the number of employees of the Group, other than directors, whose remuneration excluding pension contributions fell within the following range was:

	No.	No.
£30,001—£35,000	3	1
£35,001—£40,000	3	1
£40,001—£45,000	3	1
£60,001—£65,000	1	—

The directors' emoluments for executive services excluding pension contributions contained in the above details:

	£000	£000
Chairman	9	8
Highest paid director	71	8
Other directors	No.	No.
£0—£5,000	—	4
£5,001—£10,000	2	2
£25,001—£30,000	1	—
£35,001—£40,000	1	—
£40,001—£45,000	1	—
£70,001—£75,000	1	—

The services of Messrs. Newman, Shipp, Eke and Comonte in 1988 were provided by Newship Group Limited for an agreed fee of £120,000.

7 Taxation	£000	£000
UK corporation tax at 35%	2,747	1,009
Deferred taxation	(99)	(127)
Overseas taxation	164	137
	<u>2,812</u>	<u>1,019</u>

8 Extraordinary item

The extraordinary item (net of tax) in 1989 arises as a result of the agreement of the completion accounts prepared on the disposal of the assets and liabilities of Beatson Plastics Limited in 1988.

9 Dividends

	1989		1988	
	p per share	£000	p per share	£000
Preference	5.25	2	5.25	2
Ordinary—Interim	1.50	728	1.00*	190
—Final	2.50	1,214	2.00*	800
		<u>1,944</u>		<u>992</u>

* Restated following the one for one capitalisation issue in May 1989.

10 Intangible assets

	Group £000
Balance as at 1 January 1989	9
Disposal of Unipak Srl	<u>(9)</u>
Balance as at 30 December 1989	<u>—</u>

11 Tangible assets

(a) Group	Freehold Land and Buildings £000	Plant and Equipment £000	Total £000
Cost/Revaluation as at 1 January 1989	14,280	28,176	42,456
Additions	41	3,534	3,575
Relating to companies acquired	1,056	1,905	2,961
(Disposals)	(2,531)	(2,694)	(5,225)
Exchange translation differences	61	1	62
Cost/Revaluation as at 30 December 1989	<u>12,907</u>	<u>30,922</u>	<u>43,829</u>
<i>Depreciation as at 1 January 1989</i>	2,545	13,962	16,507
Charge for the year	336	2,914	3,250
Relating to companies acquired	88	1,164	1,252
(Disposals)	(469)	(2,419)	(2,888)
Exchange translation differences	—	6	6
Depreciation as at 30 December 1989	<u>2,500</u>	<u>15,627</u>	<u>18,127</u>
Net book amounts:			
At 30 December 1989	<u>10,407</u>	<u>15,295</u>	<u>25,702</u>
At 31 December 1988	<u>11,735</u>	<u>14,214</u>	<u>25,949</u>

The net book amount of £25,702,000 (1988 £25,949,000) includes an amount of £618,000 (1988 £453,000) in respect of plant and equipment held under finance leases.

The analysis of cost and valuation included in the above is as follows:

	£000	£000	£000
Valuation in 1980	7,943	7,985	15,928
Cost	<u>4,964</u>	<u>22,937</u>	<u>27,901</u>
Cost/Revaluation	<u>12,907</u>	<u>30,922</u>	<u>43,829</u>

NOTES TO THE ACCOUNTS *Continued*

11 Tangible assets (Continued)

(b) Company

	Plant and Equipment		Net Book
	Cost	Depreciation	Value
	£000	£000	£000
As at 1 January 1989	112	11	101
Additions	59		
Charge for the year		34	
As at 30 December 1989	<u>171</u>	<u>45</u>	<u>126</u>

12 Investments

(a) Trade Investments—Group

This comprises holdings of listed ordinary shares. The value of the investments is not materially different from the value stated in the accounts.

(b) Investments in Group Companies

	Company
	£000
Balance as at 1 January 1989	27,948
Acquisitions during the year	3,978
Balance as at 30 December 1989	<u>31,926</u>

The principal trading subsidiary companies are set out on page 25.

The detail of shares issued on acquisitions during the year is set out in Note 18(b) on page 19.

13 Stocks

	Group	
	1989	1988
	£000	£000
Raw materials, consumables and loose tools	3,366	3,302
Work in progress	1,269	341
Finished goods and goods for resale	8,453	8,041
	<u>13,088</u>	<u>11,684</u>

14 Debtors	Group		Company	
	1989 £000	1988 £000	1989 £000	1988 £000
Trade debtors	14,215	10,287	32	—
Other debtors	420	627	33	31
Prepayments and accrued income	661	454	75	2
Deferred finance charges	28	63	—	—
Amounts due by subsidiaries	—	—	24	4
Corporation tax	—	—	27	—
	<u>15,324</u>	<u>11,431</u>	<u>191</u>	<u>37</u>
Due after more than one year:				
Other debtors	—	66	—	—
	<u>15,324</u>	<u>11,497</u>	<u>191</u>	<u>37</u>

15 Creditors: amounts falling due within one year

	£000	£000	£000	£000
Bank loans, overdrafts and mortgage	1,961	6,398	15	—
Obligations under finance leases and hire purchase agreements	188	161	—	—
Trade creditors	8,582	5,963	—	—
Amounts due to subsidiaries	—	—	895	1,523
Corporation tax	2,936	1,536	—	—
Other creditors including taxation and social security	5,652	1,605	2,253	127
Accruals	2,087	3,263	807	1,195
Dividends	1,214	800	1,214	800
	<u>22,620</u>	<u>19,726</u>	<u>5,184</u>	<u>3,645</u>
Taxation and social security included in other creditors	1,630	1,305	17	56

Certain bank loans and overdrafts are secured by a floating charge on current assets, excluding trade debtors, together with fixed charges on trade debtors and certain land and buildings within the Group.

NOTES TO THE ACCOUNTS *Continued*

16 Creditors: amounts falling due after more than one year	Group	
	1989 £000	1988 £000
Bank loan and mortgage	1,354	931
Obligations due under finance leases and hire purchase agreements	254	269
Corporation tax	179	107
Other creditors	122	—
	<u>1,909</u>	<u>1,307</u>
Repayable between 1 and 2 years		
— Bank loans and mortgage	205	137
— Obligations due under finance leases and hire purchase agreements	128	105
— Corporation tax	179	107
— Other creditors	6	—
Repayable between 2 and 5 years		
— Bank loans and mortgage	709	447
— Obligations due under finance leases and hire purchase agreements	126	164
— Other creditors	26	—
Repayable after 5 years		
— Bank loans and mortgage	440	347
— Other creditors	90	—

The bank loans and mortgage are secured by a fixed charge on the land and buildings pertaining to the facility. These borrowings are repayable by instalments, the rate of interest applicable on the mortgage is 12½ per cent. and on the loans is between 1½ per cent. and 2¾ per cent. over bank base rate.

17 Provision for liabilities and charges

Deferred Taxation	Group			
	Amount Provided		Potential Liability	
	1989 £000	1988 £000	1989 £000	1988 £000
Accelerated capital allowances	3,342	3,270	4,987	5,012
Unrelieved losses	(70)	—	(70)	(96)
	<u>3,272</u>	<u>3,270</u>	<u>4,917</u>	<u>4,916</u>

There are unrelieved tax losses of approximately £762,000 not utilised against the deferred tax provision noted above and available for relief against future profits in certain subsidiaries.

The difference between the full potential liability for deferred tax and the amount provided represents a contingent liability at the balance sheet date.

18 Share capital

	Group and Company			
	1989		1988	
	Authorised	Allotted called up and fully paid	Authorised	Allotted called up and fully paid
	£000	£000	£000	£000
5.25 per cent. Cumulative Preference Shares of £1	—	—	50	47
Ordinary Shares of 25p	16,250	12,140	6,800	5,002
	<u>16,250</u>	<u>12,140</u>	<u>6,850</u>	<u>5,049</u>

- (a) During the year the authorised share capital of the Company was increased to £16,250,000 by the creation of 37,800,000 additional ordinary shares of 25p each and the cancellation of 50,000 5.25 per cent. cumulative preference shares of £1 each.
- (b) On 18 May 1989 4,257,382 ordinary shares of 25p each in the company were allotted in connection with the acquisition of Newship Manufacturing Limited, now TTG Manufacturing Limited.
- (c) On 19 May 1989 24,264,512 ordinary shares of 25p each were allotted as a result of the one for one capitalisation issue approved by shareholders in general meeting.
- (d) 32,000 ordinary shares of 25p each were allotted as a result of options exercised under the rules governing the Executive Share Option Scheme.
- (e) On 31 July 1989 47,200 5.25 per cent. cumulative preference shares of £1 each were redeemed by the Company at a price of 109p per share.

19 Reserves	Total	Share Premium	Retained Profit	Merger Reserve	Capital Redemption Reserve
	£000	£000	£000	£000	£000
(a) Group					
At 1 January 1989	22,220	1,490	3,023	17,707	—
Transfer re-capitalisation issue	(6,066)	(1,490)		(4,576)	
Premium on shares issued	14	14			
Retained profit for year	3,418		3,418		
Exchange losses	(13)		(13)		
Arising on the acquisition of Newship Manufacturing Limited, now TTG Manufacturing Limited	(1,345)			(1,345)	
Repayment of preference share capital	(4)			(51)	47
At 30 December 1989	<u>18,224</u>	<u>14</u>	<u>6,428</u>	<u>11,735</u>	<u>47</u>

Group retained profit includes £640,000 in respect of Newship Manufacturing Limited, now TTG Manufacturing Limited.

NOTES TO THE ACCOUNTS *Continued*

19 Reserves (Continued)

	Total	Share Premium	Retained Profit	Merger Reserve	Capital Redemption Reserve
(b) Company	£000	£000	£000	£000	£000
At 1 January 1989	19,684	1,490	487	17,707	—
Transfer re-capitalisation issue	(6,066)	(1,490)		(4,576)	
Premium on shares issued	14	14			
Retained profit for year	2,636		2,636		
Arising on the acquisition of Newship Manufacturing Limited, now TTG Manufacturing Limited	(1,345)			(1,345)	
Repayment of preference share capital	(4)			(51)	47
At 30 December 1989	<u>14,919</u>	<u>14</u>	<u>3,123</u>	<u>11,735</u>	<u>47</u>

The premium on the shares allotted referred to in Note 18 (d) has been credited to the share premium.

In accordance with the relief permitted under Section 131 of the Companies Act 1985, the premium arising on the issue of shares in respect of the acquisition of Newship Manufacturing Limited, now TTG Manufacturing Limited has been credited to merger reserve.

20 Guarantees and financial commitments

A subsidiary company has guaranteed the overdraft of a fellow subsidiary. The amount outstanding is approximately £3,000 (1988 £28,000).

21 Contingent liability

Apart from deferred taxation shown in Note 17 the Company and Group have no other contingent liabilities.

22 Capital expenditure

	Group	
	1989	1988
	£000	£000
Commitments were:		
Contracted for	315	447
Authorised but not contracted for	403	83

23 Leasing commitments

At 30 December 1989 the Group had commitments due within one year in respect of operating leases as follows:

(a) Group	Land and buildings £000	Other £000	Total £000
Operating lease payments—due to terminate within one year	—	31	31
—due to terminate between 2 and 5 years	33	251	284
—after five years	96	14	110
	<u>129</u>	<u>296</u>	<u>425</u>
(b) Company	£000	£000	£000
Operating lease payments—due to terminate within one year	—	3	3
—due to terminate between 2 and 5 years	30	19	49
	<u>30</u>	<u>22</u>	<u>52</u>

24 Pension schemes

(a) Defined Benefit Schemes

The Group operates eight pension schemes to provide benefits to members based on their final remuneration. These schemes are broadly associated with each principal subsidiary of the Group. The schemes are set up under Trust and their assets are therefore independent from those of the Group.

Pension costs are assessed in accordance with the advice of qualified actuaries using recognised actuarial methods. Actuarial valuation of the various schemes took place between October 1986 and April 1988, (although in the case of four schemes, which are new schemes set up since the acquisition of the subsidiaries, no formal actuarial valuation has yet taken place, although contributions to these schemes are based on actuarial advice).

The principal assumptions used by the actuaries to the schemes were that the investment returns would be 1% and 2% higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 5% per annum.

The total UK contributions paid by the Group in respect of the year ended 30 December 1989 was £356,000 (1988 £158,000). The combined market valuations at actuarial date of the schemes operated by the Group was £15 million representing between 70% and 200% of the benefits accrued to the members of the various schemes. The transfer values at the commencement of new schemes was £900,000 and represented 100% of the benefits accrued to transferring members, after allowing for expected future increases in annual salaries.

(b) Defined Contribution Schemes

The Group operates two defined contribution schemes for the benefit of members. The assets of the schemes are administered by trustees in funds independent from those of the Group.

25 Approval of accounts

The Accounts were approved by the Directors on 12 April 1990.

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS

for the year ended 30 December 1989

	1989		1988	
	£000	£000	£000	£000
Source of funds				
Profit on ordinary activities before taxation and extraordinary item		8,422		3,583
Extraordinary item	(204)		246	
Minority interests	(44)		(48)	
Exchange rate adjustments	(13)		(186)	
		<u>(261)</u>		<u>12</u>
		8,161		3,595
Adjustments not involving the movement of funds				
Depreciation	3,250		1,276	
Profit on sale of fixed assets	(116)		(12)	
Minority interest	10		(16)	
Exchange rate adjustments	(56)		139	
		<u>3,088</u>		<u>1,387</u>
Funds from other sources				
Net (costs)/proceeds of share issue (acquisitions)	(280)		18,077	
Net proceeds of share issue (option scheme)	21		48	
Net proceeds from investment transactions	148		6	
Sale of tangible fixed assets	2,474		163	
Book value of sale of businesses*	64		6,237	
		<u>2,427</u>		<u>24,531</u>
Application of funds				
Purchase of businesses*	2,198		21,813	
Purchase of fixed assets	3,575		2,054	
Dividends paid	1,530		517	
Tax paid	1,461		539	
Redemption of share capital	51		—	
Purchase of investments	2,846		—	
		<u>(11,661)</u>		<u>(24,923)</u>
		<u>2,015</u>		<u>4,590</u>
Movements in working capital				
Stocks		(479)		308
Debtors		711		3,058
Creditors		(1,943)		6,633
Overdraft and cash balances		<u>3,726</u>		<u>(5,409)</u>
		<u>2,015</u>		<u>4,590</u>

* Summary of acquisitions and disposals in 1989.

	Acquisitions		Disposals	
	£000	£000	£000	£000
Fixed assets	1,709	13		
Stocks	1,883	—		
Debtors	3,116	62		
Cash	15	5		
Creditors	(4,525)	(62)		
	<u>2,198</u>	<u>64</u>		
Shares issued			10,516	—
Goodwill arising on acquisition			(10,796)	—
Cash			2,478	28
Loss on disposal			—	36
			<u>2,198</u>	<u>64</u>

AUDITORS' REPORT


Report of the auditors to the members of TT GROUP PLC

We have audited the accounts set out on pages 8 to 22 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 30 December 1989 and of the profit and source and application of funds of the Group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON

Sheffield



12 April 1990

FIVE YEAR RECORD

	30 Dec 1989	31 Dec 1988	26 Dec 1987	27 Dec 1986	28 Dec 1985
	£000	£000	£000	£000	£000
Turnover	<u>60,913</u>	<u>28,047</u>	<u>16,746</u>	<u>10,916</u>	<u>11,741</u>
Profit before exceptional item	8,422	3,583	1,153	73	590
Exceptional item	—	—	(54)	(44)	(153)
Taxation	<u>(2,812)</u>	<u>(1,019)</u>	<u>(140)</u>	<u>(56)</u>	<u>(25)</u>
Profit/(Loss) after taxation and before extraordinary item	5,610	2,564	959	(27)	412
Minority shareholders' interests	(44)	(48)	—	—	—
Extraordinary item	(204)	246	(136)	(289)	—
Dividends	<u>(1,944)</u>	<u>(992)</u>	<u>(328)</u>	<u>(141)</u>	<u>(78)</u>
RETAINED PROFIT/(LOSS)	<u>3,418</u>	<u>1,770</u>	<u>495</u>	<u>(457)</u>	<u>334</u>
Earnings per ordinary share — pence	12.3	10.0	7.0	(0.3)	3.7
Ordinary dividend — pence	4.0	3.0	2.0	1.5	1.5
CAPITAL EMPLOYED					
Fixed assets	28,510	26,068	4,560	2,265	1,741
Net current assets less creditors falling due after more than one year	<u>1,854</u>	<u>1,201</u>	<u>3,000</u>	<u>552</u>	<u>2,317</u>
	<u>30,364</u>	<u>27,269</u>	<u>7,560</u>	<u>2,817</u>	<u>4,058</u>

Note:

Comparative figures are re-stated to achieve consistency with the Group accounting treatment adopted for acquisitions and the capitalisation issue of one for one ordinary shares of 25p each in May 1989.

PRINCIPAL COMPANIES IN THE GROUP

TT GROUP PLC
Weybridge, Surrey

Holding company
Group management services

Industrial Division

BINTCLIFFE TURNER LIMITED
Sevenoaks, Kent

Designer and manufacturer of precision components and fasteners for the electronics and aerospace industry.

DELTIGHT INTERNATIONAL LIMITED
Willenhall, West Midlands

A leading manufacturer of industrial fasteners providing a wide range of high quality nuts, machine screws and washers.

QUALFIN LIMITED
Wolverhampton, West Midlands

Specialist anodiser and polisher.

Packaging Division

BEATSON CLARK plc
Rotherham, South Yorkshire

Founded in 1751 and acquired by TT Group in 1988. A leading supplier of glass containers to the pharmaceutical, chemical, food and drinks industries.

PONT PACKAGING BV
Holland

European distributor of glass and plastic containers and closures.

UNITED PACKAGING PLC
Bradford, West Yorkshire

Manufacturer and distributor of stretch wrap packaging systems and stretch wrap film and natural and polypropylene twines.

TWINE & CORDAGE MFG CO (PRIVATE) LIMITED
Harare, Zimbabwe

The leading manufacturer of twine, threads and plastic strappings in Central Africa.

Building Services Division

BURGESS ARCHITECTURAL PRODUCTS LIMITED
Hinckley, Leicestershire

Over fifty years' experience in acoustic and environmental engineering. A leading manufacturer of metal suspended ceiling systems and acoustic telephone enclosures.

JAMES GIBBONS FORMAT LIMITED
Wolverhampton, West Midlands

Business founded in 1670 and company acquired by TT Group in 1989. A leading manufacturer of architectural ironmongery, supplying high quality door, bathroom and cloakroom fittings for commercial and public buildings.

All companies, except Pont Packaging BV and Twine & Cordage Manufacturing Co (Private) Limited, are incorporated and operate in Great Britain and have a share capital consisting solely of ordinary shares wholly owned ultimately by TT Group PLC.

Pont Packaging BV, incorporated and operating in Holland, is wholly owned ultimately by TT Group PLC.

Twine & Cordage Manufacturing Co (Private) Limited ultimately 75.1% owned by TT Group PLC is incorporated and operates in Zimbabwe.

NOTICE OF MEETING

Notice is hereby given to the Ordinary Shareholders of TT Group PLC that the Annual General Meeting will be held at the Tallow Chandlers Hall, 4 Dow Gate Hill, London, EC4R 2SH on 22 May 1990, at 12.00 noon for the following purposes:

1. To receive and adopt the Report of the Directors and Statement of Accounts for the year ended 30 December 1989.
2. To sanction the payment of a final dividend.
3. To re-elect as a Director Mr. J. W. Newman who retires by rotation. Mr Newman has no service contract with the company.
4. To re-elect as a Director Mr. S. W. A. Comonte who retires by rotation. Mr Comonte has no service contract with the company.
5. To re-elect as a Director Mr. D. G. Ashton Davies who retires, having been appointed since the last Annual General Meeting. Mr. Ashton Davies has no service contract with the company.
6. To re-appoint Grant Thornton as Auditors.
7. As special business to consider and, if thought fit, to pass the following resolutions of which resolutions (A) and (B) will be proposed as special resolutions.

Disapplication of pre-emption rights:

(A) THAT the Directors of the Company, for the period commencing on the date of the passing of this Resolution and expiring at the commencement of the Annual General Meeting of the Company to be held in the 1991 calendar year and at any time thereafter pursuant to any offer or agreement made by the Company before the expiry of this authority, in substitution for all existing authorities and powers relating to the allotment of equity securities (save for those granted by statute and save to the extent that the same may already have been exercised), be generally and unconditionally (save as hereinafter expressly otherwise stated) authorised to allot, or grant options over, or otherwise dispose for cash, out of the relevant securities which they are from time to time authorised to allot and as if Section 89(1) of the Companies Act 1985 ("the Act") did not apply to such allotment:

- (i) any number and amount of equity securities (as defined in Section 94 of the Act) pursuant to the Share Option Schemes of the Company and its subsidiaries;
- (ii) equity securities in connection with any rights issue to holders of equity securities (other than those holders with registered addresses outside the United Kingdom to whom an offer would, in the opinion of the Directors, be impracticable or unlawful in any relevant jurisdiction) in proportion to their respective entitlements (inter se) to such equity securities (subject only to such exclusions as the Directors shall deem necessary or expedient to deal with fractional entitlements); and
- (iii) any number and amount of equity securities (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to a maximum aggregate nominal amount of £952,275;

Provided that if at the time of passing this resolution £952,275 exceeds five per cent. of the share capital then in issue there shall be substituted for "£952,275", the amount of nominal capital equal to five per cent. of the share capital then in issue.

Purchase of own shares:

(B) THAT the Company be authorised, pursuant to the provisions of Article 57 of the Company's Articles of Association, in the period commencing on the date of this Resolution and expiring at the commencement of the Annual General Meeting of the Company to be held in the 1991 calendar year (except in relation to the purchase of shares the contract for which was concluded before such date and which might be executed wholly or partly after such date), to make market purchases of up to 7,534,000 ordinary shares of 25p each of the company at prices which shall not be lower than 25p per ordinary share nor greater than five per cent. above the average of the middle market quotations (as derived from The Stock Exchange Daily Official List) for each ordinary share of 25p of the Company for the ten business days immediately preceding the date of purchase;

Provided that if at the time of passing this resolution the number of 7,534,000 exceeds the number which would be equal to ten per cent. of the number of ordinary shares of 25p each of the Company then in issue there shall be substituted for "7,534,000" the number of ordinary shares of 25p each which would then be equal to such ten per cent.

Compensation payment:

(C) THAT the proposed payment of the sum of £10,000 to David Michael Saunders by way of compensation for loss of office be and is hereby approved.

Executive share option scheme amendments:

(D) THAT subject to the approval of The Inland Revenue (1) the maximum number of ordinary shares of 25p each in the Company which may be issued under the Company's Executive Share Option Scheme ("the Scheme") be increased to 3,767,000 and (2) the Directors be and are hereby authorised to make amendments to the Scheme as described in the Directors' Report presented to this meeting;

Provided that if at the time of passing this resolution the number of 3,767,000 exceeds the number which would be equal to five per cent. of the number of ordinary shares of 25p each of the Company then in issue there shall be substituted for "3,767,000" the number of ordinary shares of 25p each which would then be equal to such five per cent.

By Order of the Board

M. G. LEIGH

Group Secretary

12 April 1990

Ordinary Shareholders only are entitled to attend and vote at the Meeting and are entitled to appoint one or more proxies to attend and vote for them and a proxy need not be a member of the Company. Proxies, to be effective, must be lodged with the Company at least forty-eight hours before the time appointed for the Meeting.

A proxy card is enclosed

Registered in England No. 87249

FOLD TWO

BUSINESS REPLY SERVICE
Licence No. KT 2965

1



FOLD ONE

TT GROUP PLC
CLIVE HOUSE
12-18 QUEENS ROAD
WEYBRIDGE
SURREY
KT13 9BR

FOLD THREE