YULE CATTO

Annual
Report
and
Accounts
1992

Transplastix

Leaders in Light

SCREENBASE

UNILOCK

Doverstrand

NIELSEN

mtv

ARROW

BETTER PRODUCTS FOR A CLEANER WORLD

COXDOME

Harco

NYVA

NIJMEGEN

JET

dermaglen

DIMEX

Unilock HCP Ltd

Revertex

Autoclenz

WILLIAM COX

Plastics Stockholding

KIMMENADE BV

CONTENTS

DIRECTORS AND ADVISERS

Directors

Chairman

Lord Catto*†.
Joined the Board in 1971
He is a director of The General Electric Company plc and News International plc. Age 70

Executive Directors

A. Walker.
Joined Revertex Chemicals Ltd in 1972
He was appointed to the Board in 1986 and is Chief Executive. Age 46.

A.P. McLeish.
Joined Revertex Chemicals Ltd in 1980.
He was appointed to the Board in 1981 and is Finance Director. Age 53.

Non-Executive Directors

The Hon. A.G. Catto*.
Joined the Board in 1981 and is a managing director of Lazard Brothers & Co Ltd Age 40.

J.M. Hessels.
Joined the Board in 1990.
He is chairman of the managing board of Vendex International NV of The Netherlands. Age 50.

Tan Sri Dato' Seri Lee Loy Seng.
Joined the Board in 1979 and is chairman of Kuala Lumpur Kepong Bhd and a director of several quoted Malaysian companies. Age 71.

Lee Hau Hian.
Alternate director to Tan Sri Dato' Seri Lee Loy Seng. Age 39.

Lee Oi Hian*.
Joined the Board in 1981 and is managing director of Kuala Lumpur Kepong Bhd and a director of several quoted Malaysian companies. Age 42.

R. Mason Nelson†.
Joined the Board in 1989. He is a director of KLKI Holdings Ltd. Age 69.

A.E. Richmond-Watson†.
Joined the Board in 1978 and is deputy chairman of Morgan Grenfell Group plc Age 52.

P.B. Sawdy†.
Joined the Board in 1991. He is chairman of Costain Group plc and deputy chairman of Hoog Group plc
Age 61

* Member of Audit Committee
† Member of Remuneration Committee

Secretary
K.R.F. Bird, FCIS

Registered Office
Temple Fields
Harlow
Essex CM20 2BH
Registered No 98381

Auditors
Coopers & Lybrand

Solicitors
Herbert Smith

Merchant Bankers
Morgan Grenfell & Co Ltd

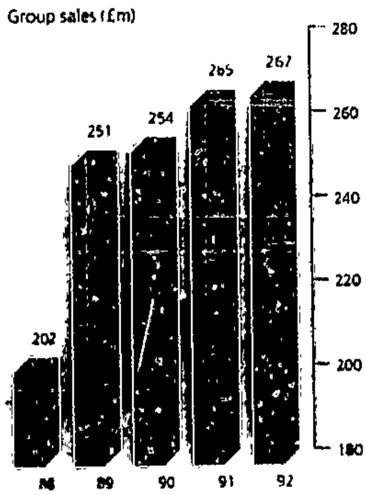
Bankers
Barclays Bank PLC
National Westminster Bank PLC

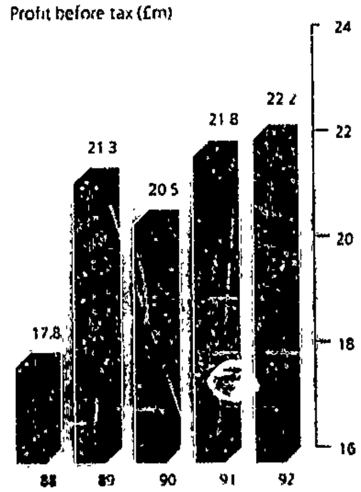
Registrars
Royal Bank of Scotland plc
Registrars' Department
Owen House, 8 Bankhead
Crossway North
Edinburgh EH11 4BR

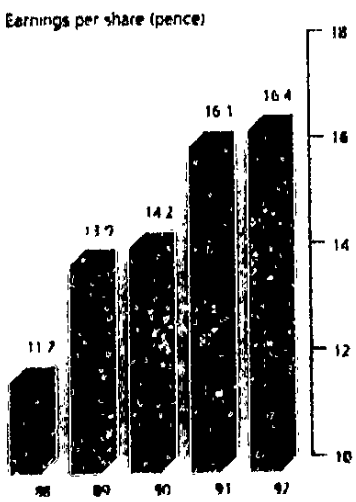
Stockbrokers
Barclays de Zoete Wedd Securities Ltd
S G Warburg Securities Ltd

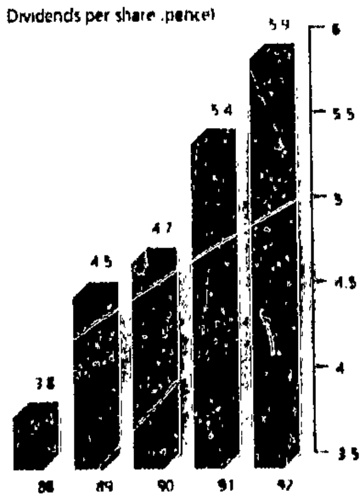
FINANCIAL HIGHLIGHTS

	Increase	1992 £000	1991 £000
Group sales	1%	267,426	264,925
Profit before taxation	2%	22,165	21,808
Attributable profit before extraordinary items	3%	14,264	13,910
Decrease in net borrowings		1,412	23,753
Earnings per share	2%	16 4p	16 1p
Dividends per share	9%	5 9p	5 4p









CHAIRMAN'S STATEMENT

The group has again achieved new records in sales, profits and earnings These figures were supported by strong cash generation I am sure that shareholders will agree that this sustained progress, albeit modest, represents a satisfactory outcome in the harsh economic conditions which persist in world markets The result marks the twelfth consecutive year of earnings' growth

Your directors are recommending an increased final dividend of 3 4p per ordinary share, making a total of 5 9p for 1992, 9.3% higher than the previous year's distribution As is customary, shareholders will be invited to take the final dividend in the form of new ordinary shares as an alternative to cash

Speciality chemicals enjoyed another successful year with higher sales and profits. New and improved product formulations and a drive for new customers boosted exports from the UK and our principal associate companies performed especially well with their plants operating at close to available capacity for much of the year Our Malaysian subsidiary maintained excellent progress in its domestic market but sales to some of the more important export markets were adversely affected by a shortage of hard currency. The Far Eastern economies, however, remain buoyant and our Malaysian operations are taking full advantage of the high economic growth rates in the Pacific Region Of the other chemical activities, our Belgian subsidiary advanced strongly through its energetic marketing of higher margin specialities. We are confident that the speciality chemicals division will continue to make good progress in the current year.

Our building product companies managed to maintain sales volumes but profit margins were affected by intense competition and results were further eroded by restructuring costs All our building product companies in the UK and Germany showed slight increases in profits but our Dutch subsidiaries had a generally difficult year. Whilst our internal targets reflect expectations of higher results in the current year, the trading uncertainties do not provide assurance that recovery will be uniformly sustained.

A feature of recent years has been the consistent cash flow from our operating activities In 1992, the cash inflow covered the financing of two acquisitions and additionally reduced the level of net borrowings at year end As a consequence of the lower average borrowings achieved during the year coupled with declining rates, interest payable showed a marked reduction The interest charge in 1992 was covered eleven times by operating profits

As reported in the Interim Statement we made two relatively small acquisitions in the first half of 1992. In February we purchased the assets, business and goodwill of Transplastix Ltd, a rooflight manufacturer, and in May we acquired two performance chemical companies, Midkem Ltd and Dimex International Ltd These activities were quickly and effectively integrated into our existing operations. More recently we have announced the acquisition of two adhesives companies in Malaysia, together with their joint venture company which manufactures synthetic resin emulsions

This is an exciting development which extends the range of our chemical interests and offers opportunities for expansion throughout the Far East

In February 1993 we introduced a Personal Equity Plan (PEP) scheme which will enable shareholders and employees to invest in Yule Catto shares whilst benefiting from the tax shelter which these schemes offer We hope that our established record of consistent growth combined with the tax efficiency of this scheme will attract new investors to the company.

Following the Report of the Cadbury Committee on Financial Aspects of Corporate Governance, the Board has been actively reviewing its arrangements and is adopting additional policies and procedures in accordance with the recommendations. We already comply with all principal requirements on Best Practice and have included a statement on directors' responsibilities as an addendum to the Financial Statements.

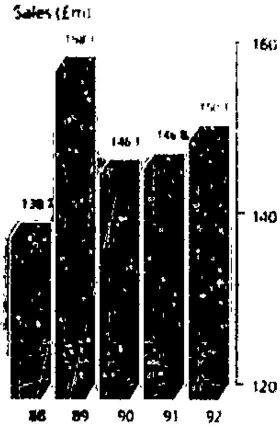
Our 1992 accounts have not been prepared according to Financial Reporting Standard 3, which is applicable to financial periods ending after 30th June, 1993. However, from a close examination of the standard and its application to our reported results we do not believe any material differences in profit or earnings would have arisen.

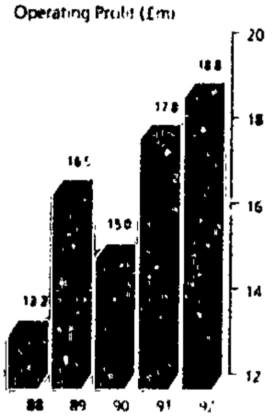
Whilst the present economic conditions preclude predictions of profitability your Board has confidence in the strategies being pursued and believes the growth prospects for the group are undiminished

In closing I should like to extend my warm appreciation to our employees, in many countries throughout the world, for their commitment and contribution to their own particular operating units and to the group's overall prosperity

CATTO
14th April, 1993

REVIEW OF OPERATIONS





Speciality Chemicals

With excellent performances from all principal companies the speciality chemicals division once again produced record results The trend established in recent years towards higher added value products was continued and after a 6% increase, operating profits reached £18 8 million representing a 12.5% margin on sales.

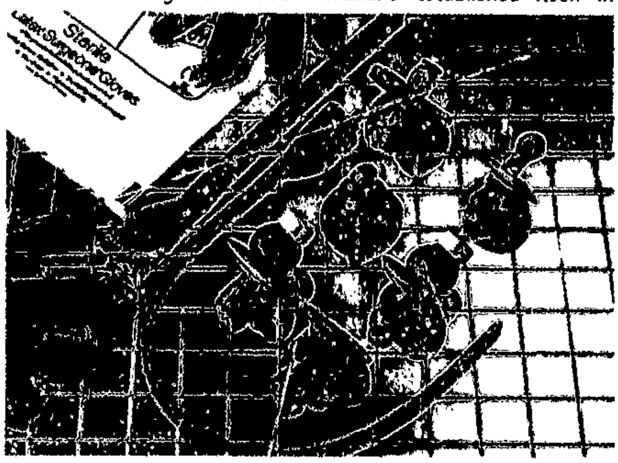
Given the depressed state of the UK and South African economies, the operations based in these areas looked to exports to increase volume sales and many new market opportunities have been identified. The major capital projects of recent years have increased manufacturing efficiencies and our businesses, all with strong management teams, are well placed in their respective sectors

The impressive rate of expansion of our synthetic products operation in Malaysia was maintained during 1992 and increased production capacities were quickly utilised The continuing strength of the Far Eastern economies gives grounds for anticipating further progress in the current year The recently purchased adhesives business is expected to make a significant contribution in future years

Natural rubber latices

An increasing number of manufacturers of dipped goods has established production facilities in South East Asia and for the first time Revertex (Malaysia) Sdn Bhd registered greater volume sales in the domestic market than in exports This pattern is likely to continue in 1993 as shortages of hard currency restrict our opportunities in the traditionally important East European countries Efforts continue to open up new markets and notable successes in 1992 were achieved in India, Turkey and Australia.

Our joint venture company in Thailand established itself in



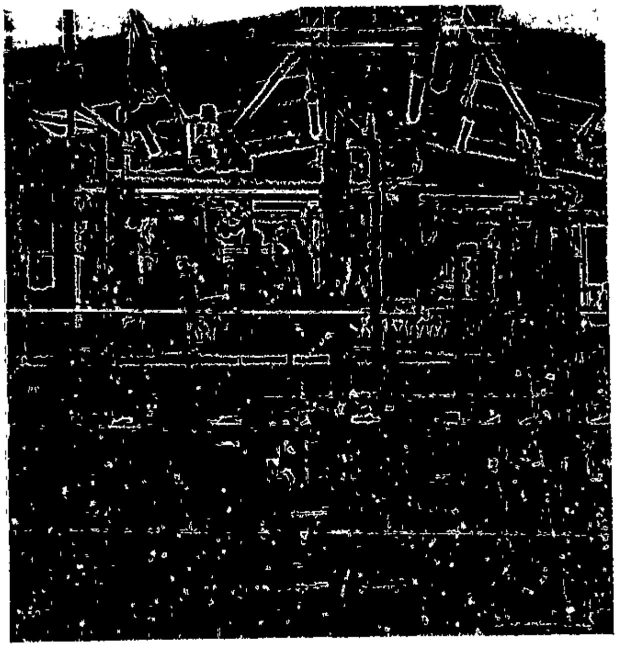
1992 and has built up a good core of business both with foreign companies manufacturing in the country and with domestic concerns. To date we have used our partner's production facilities under a toll manufacturing arrangement but the growing level of demand in the market has justified the construction of our own facility. The plant will shortly be commissioned by Revertex (Thailand) Ltd.

Synthetic rubber latices

This product group involving operations in the UK, Belgium and South Africa produced record profits as volumes were increased and the product mix favoured higher margin lines.

In the UK, Doverstrand Ltd increased volume sales by 6% with advances being made in both the home and all major export markets. Excellent yields enabled production to match these volumes.

Favourable raw material costs and reasonable selling prices combined to produce satisfactory margins which were backed up by tight control of cash, notwithstanding increased capital expenditure on environmental improvements.



Revertex Belgium SA made good progress with a switch in volumes away from compounds and into higher value specialities. 1993 is likely to be a year of consolidation as further growth is tempered by a slowdown in the Belgian economy.

The South African operation had a more difficult year with a consequent fall in profitability but useful progress was made in a number of areas.

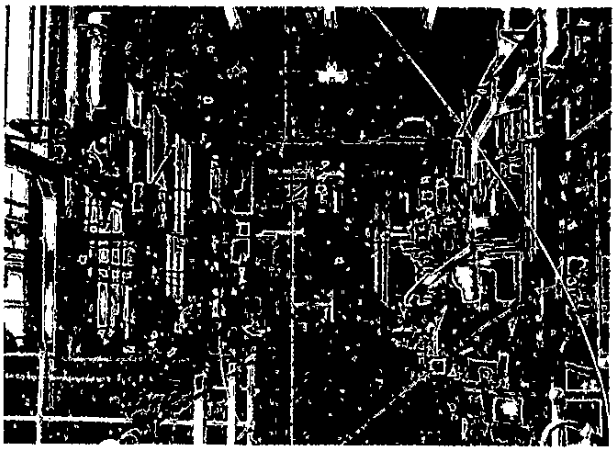
Emulsions

Given that over 80% of the sales of Harlow Chemical Co Ltd were to UK customers and that, almost without exception, the sectors supplied were in recession, a 7% overall increase in volumes represents an excellent performance. Better growth, albeit from a low base, was achieved in export sales

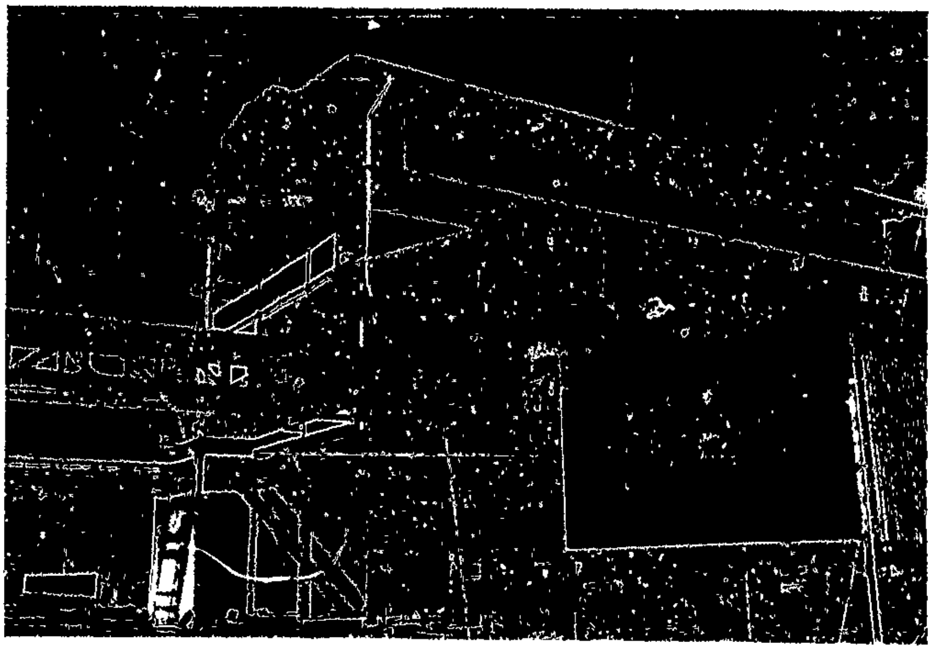
REVIEW OF OPERATIONS continued

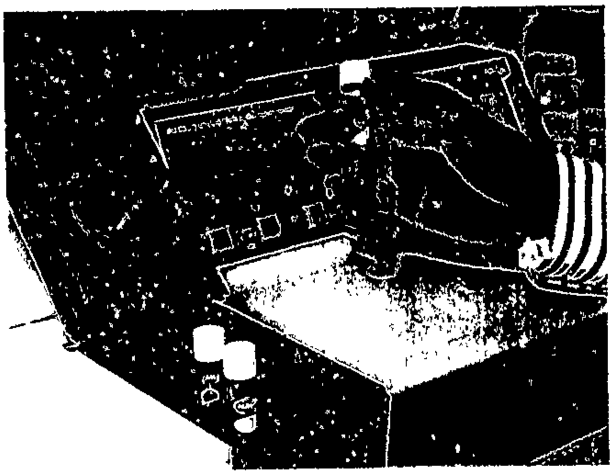
and the potential exists for further advances With all manufacture now centred on the Humberside plant, production efficiencies were improved contributing to a good profit performance

The commissioning, early in 1992, of a further reactor in Malaysia was fully justified by a 30% increase in sales volumes A strong commitment to technical service and customer satisfaction underlies this growth and should ensure further progress in 1993 Selective pricing protected margins during the year but increased competition, both from within Malaysia and, following recent reductions in tariffs, from imports will put an added premium on customer service and management skills



Our South African subsidiary benefited greatly from a strong final quarter after being held back earlier in the year by the generally weak economy and the impact of the drought which affected all aspects of commercial activity in South Africa. Whilst overall volumes failed to reach those achieved in 1991 the impact on profit was cushioned by the cost cutting measures which have been taken during the last two years Encouragingly, 1993 has started as 1992 ended and confidence is accordingly much higher





Other speciality products

Despite the weakness of the PVC industry, sales of our speciality grades of polyvinyl alcohol were strong in the second half of the year and the number of customers was substantially increased. With an enhanced capacity in Harlow, new products being developed, and the benefit of a lower value for sterling a good 1993 performance is anticipated.

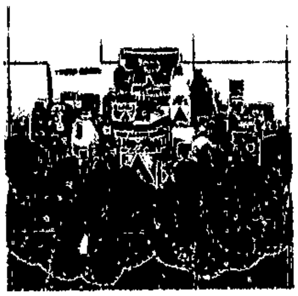
A 30% increase in volume sales of bactericides and fungicides was achieved by Bactria Laboratories Ltd in 1992. Over 30% of sales are now exports with Bactria products being marketed by our Malaysian and South African businesses and being sold directly into many other countries. The range of liquid polyelectrolytes manufactured and sold by [illegible] Chemicals Ltd found new applications during the year and several development projects are currently in progress.

In Malaysia, volume sales of alkyd and polyester resins increased by a further 8% with production at full capacity. Plans for a new manufacturing plant, costing Ringgit 8.5 million, were approved during 1992 and the construction is progressing well with commissioning anticipated in September this year. Maximum utilisation of production facilities was also required to meet a 20% increase in sales of plasticisers. Discussions are taking place with a prospective joint venture partner as the various options for the future expansion of this product group are considered.

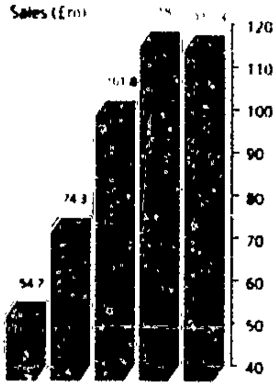
Consumer chemicals

The turnover of the core consumer chemical operation received a major boost in 1992 with the acquisition in May of Mollom Ltd and Dimex International Ltd. These companies were quickly integrated into the existing organisation, production has been transferred to the Yule Catto plant, administration systems have been standardised and management structures have been rationalised. This exercise has been completed without loss of turnover. In 1992 it was decided to promote the Nielsen brand through franchised mobile showrooms. This strategy has been successfully launched and there are currently twenty mobile showrooms in operation and national coverage will be accomplished later this year.

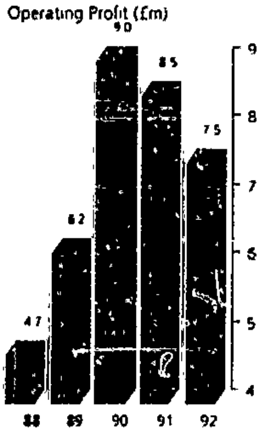
Autoclenz Ltd, the UK's leading car valeting service, had an excellent year increasing substantially its number of accounts. The REACT operation which carries out decontamination and related services for public authorities is expanding successfully and a number of additional services are being introduced. An expansion of the liquid filling operations helped Greenhill Chemical Products Ltd to increase sales volumes. Both Autoclenz and Greenhill have recently received BS 5750 accreditation, confirming their commitment to quality and customer service.



Sales (£m)



Operating Profit (£m)



Building Products

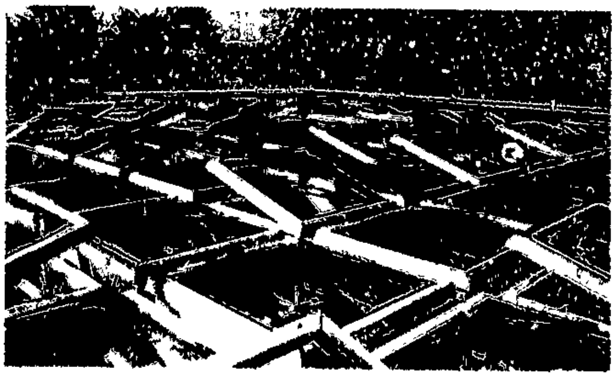
The decisive actions taken during 1991 to cut the cost base of our UK operations were rewarded in 1992 as, despite the majority of businesses recording lower sales, all companies reported increased profits. Trading conditions remained difficult throughout the year and only in recent months have we detected any signs of a sustainable recovery in certain industry sectors. Inevitably, those of our businesses which are more reliant upon new building or office relocation will have to wait longer for confidence to return to the market. The emphasis placed upon credit control throughout the division has reduced the impact of bad debts in 1992.

Our German companies continued to thrive in 1992 as some parts of the construction sector have remained immune, to date, from the economic slowdown being experienced in that country. Unfortunately, the same cannot be said of our Dutch operations where a marked contraction in activity levels in the second half of the year resulted in lower profits. In expectation of declining demand in this market during 1993, cost levels have been critically reviewed and employee numbers are being reduced across our businesses in the Netherlands.

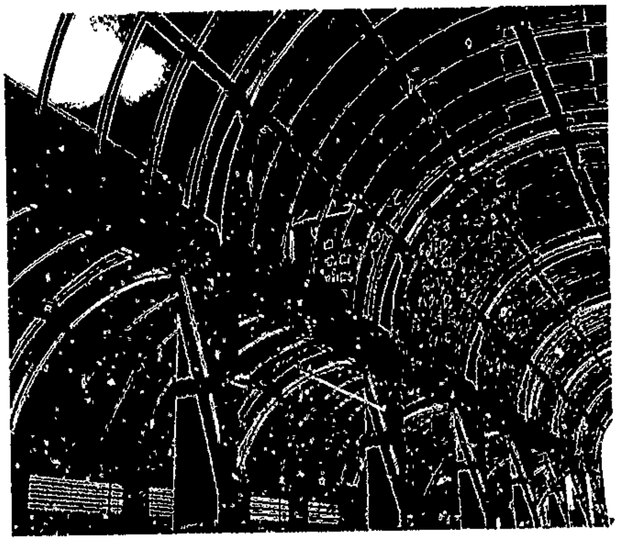
Rooflights and large area glazing

A common theme amongst the companies in this sector was the resilience of demand for standard products, including single rooflights, whereas larger projects involving design and installation capabilities were fewer in number as major investment decisions were deferred.

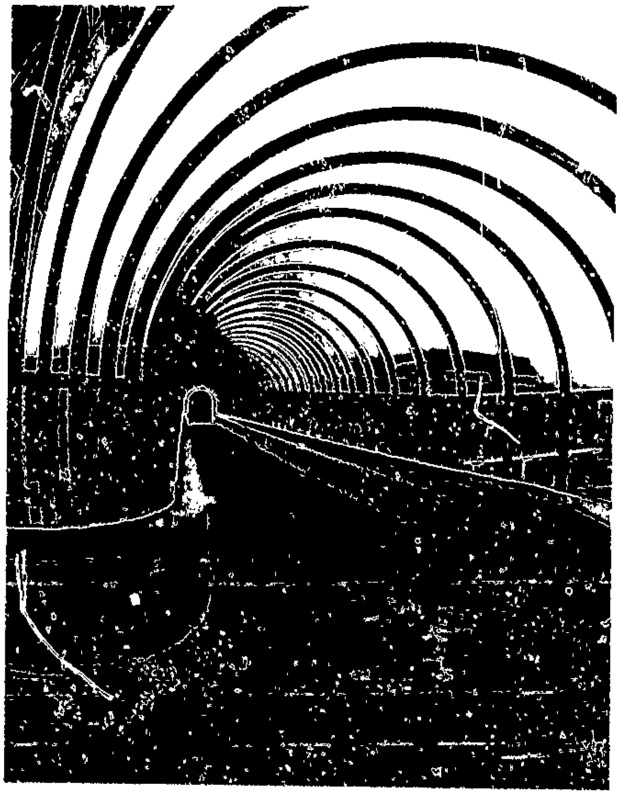
Coxdome Ltd, based in Hertfordshire, expanded significantly in 1992 with the purchase of the business and assets of Transplastix Ltd, a Northumberland based operation. The acquisition brought to Coxdome a complementary range of rooflights and a re-



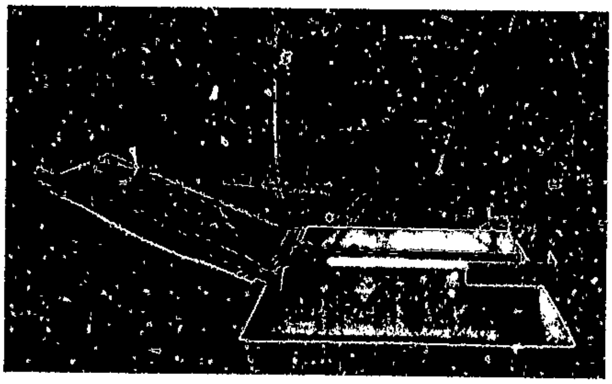
specified name in large area glazing. The rationalisation which followed inevitably involved redundancies as the number of production and office sites was reduced from five to two and common administration and computer systems were introduced. Coxdome's large area glass system Skyline, launched at the beginning of 1991 made further progress and sales doubled in 1992. It is also pleasing to note that, following the hiatus caused by the Gulf War, the company's exports rebounded, reaching record levels.



In the Netherlands, Bik Bouwprodukten BV, by reacting promptly to market shifts, achieved a very respectable result despite lower sales. An increasingly difficult home market was compounded by a 24% fall in export turnover. Buying efficiencies contributed to improved margins and overheads were significantly reduced whilst tight control of working capital resulted in excellent cash generation. Bik's two affiliates each had a reasonable, if unspectacular, year in 1992. Braat Delft Metaalconstructies BV ended the year with a good order book reflecting a trend towards the use of glass in architectural constructions. At the end of the year Braat sold its windows business which facilitated a beneficial reorganisation of the factory layout and resulted in a greater concentration on the core rooflight operation. Our German subsidiary, mtv Gerhard Roggemann GmbH, improved its overall profitability but margins failed to increase as planned due to a change in the mix of business with a greater incidence of refurbishment work.



NYVA Nijmegen started 1992 with a record order book but the rapid rise in activity levels highlighted both systems shortcomings and management deficiencies. The result was a difficult year for NYVA as a number of larger contracts failed to meet profit expectations. In recent months a fundamental rationalisation has been effected leading to a scaling down of the size of the company, the introduction of strict parameters governing the type of work to be undertaken and action plans to improve systems and controls where necessary. Proven senior managers have been seconded to the company to ensure that the return to satisfactory levels of profitability is achieved as rapidly as possible.



Some sectors of the German construction industry are still expanding and Jet Kunststofftechnik GmbH took full advantage in registering record results. Purchasing economies and better control over installation costs benefited margins whilst financing costs were improved by a good cash inflow. 1993 has started well and another strong performance is anticipated.

The group's associated company, William Cox Ireland Ltd, experienced, as expected, a more difficult trading climate. Whilst rooflight turnover in the Irish Republic held up well exports to Northern Ireland were depressed. The company's stockholding operation continued to expand, recording a 30% increase in sales.

Office partitioning systems
Greater manufacturing efficiencies and the increased flexibility resulting from the use of contract installation teams rather than its own employees enabled Unilock Ltd to increase profits despite a significant reduction in sales. The management team has demonstrated a good awareness of the requirements of the market and product development programmes initiated during the year should enable progress to be maintained. Costs in all areas were tightly controlled leading to improved margins and impressive cash generation.

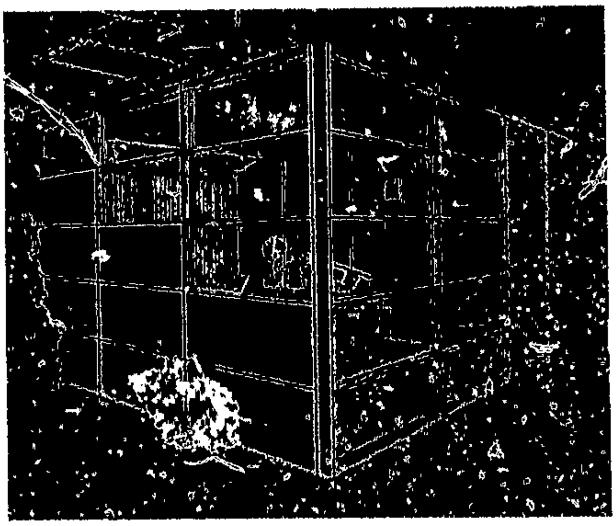
Unilock SA experienced a major downturn in the French commercial property market and consequently had a disappointing year with reduced turnover and with margins under pressure. Despite these problems it proved possible to increase substantially sales of Signature, the sophisticated partitioning system pre-fabricated by Unilock Ltd in the UK. In recent months the senior management of this operation has been strengthened and costs have been reduced in line with activity levels.

Further development of the product range and some excellent marketing initiatives enabled Screenbase Ltd to make good progress in 1992. In a depressed market the company managed to increase its presence and thereby record higher sales volumes. The management team was strengthened by two key sales management appointments and Screenbase enters 1993 in confident mood.

Other activities
All branches of Williaam Cox Plastics Stockholding Ltd contributed to a good profit performance. Despite the ever present risk of bad debts, and the aggressive pricing of competitors in some areas, margins were maintained and overheads were kept in check. The company continues to be cash generative and encouraging levels of activity have been noted in the first quarter of 1993.

Unilock HCP Ltd, with activities encompassing heating and cladding products together with raised access floors, is another group company which performed well in a difficult market. In February 1993, following an intensive research and development programme, the company launched an environmentally friendly cooling unit, Chill Beam, which should help to consolidate its position in the UK office heating and ventilation sector.

Of the three countries in which Kimmenade BV operates it was, not surprisingly, Germany where the best progress was made. Sales and profits both increased and this business enters 1993 with well defined targets and good expectations. Kimmenade Belgium NV had a satisfactory year but the Dutch operation, with a relatively high level of fixed costs, suffered from lower sales. On the credit side control over working capital levels was considerably improved.



REPORT OF THE DIRECTORS

Accounts

The directors submit their annual report and the audited financial statements for the year ended 31st December, 1992

Results and dividends

	£000
Attributable profit	14,264
Preference dividend	392
Interim dividend	2,120
Final dividend	2,887
Amount set aside to reserves	8,865

The interim dividend of 2.5p per share was paid on 18th November, 1992 The directors recommend a final dividend of 3.4p per share payable on 5th July, 1993 to those shareholders registered at the close of business on 4th May, 1993 A resolution will be proposed at the Annual General Meeting to obtain authority to offer to shareholders the opportunity to acquire additional shares instead of the cash dividend

Directors

The present membership of the Board is shown on page 2. Lord Catto attained the age of 70 years on 14th January, 1993 and special notice has been given that a resolution will be proposed for his re-election at the Annual General Meeting. Mr A. E Richmond-Watson and Mr J. M. Hessels who retire by rotation are also seeking re-election. None of the directors seeking re-election has a service contract None of the directors was materially interested in any contract with the company during the year.

The company has purchased and maintains insurance against directors' and officers' liabilities in relation to the company.

Share capital

During 1992, 22,026 ordinary shares were issued under the Yule Catto Savings-Related Share Option Scheme, 142,387 ordinary shares were issued under the Yule Catto Executive share option scheme and 118,486 ordinary shares were issued in lieu of cash dividends The total consideration received for shares issued under the share option schemes was £140,000 £288,000 of dividends were covered by the issue of shares.

Substantial shareholdings

As at 31st March, 1993, the following substantial interests (3% or more) in the company's ordinary share capital had been notified to the company

	Ordinary shares	Per cent of ordinary shares in issue
Kuala Lumpur Kepong Bhd	25,094,168	29 55
Lord Catto	4,572,286	5.38
National Westminster Bank PLC	3,556,262	4.19
Morgan Grenfell Group plc	2,975,944	3 50
The Prudential Corporation	2,886,841	3 40
Gartmore Investment Management Ltd	2,839,876	3 34
The Hon A G Catto	2,727,188	3 21

The interests shown for Lord Catto and the Hon A G Catto include shares held non-beneficially as set out in Note 10 to the financial statements The company has been informed that certain other of the above shareholdings are non-beneficial

Acquisitions
The acquisition of the business and assets of Transplastix Ltd in February 1992 has already been reported to shareholders as has the purchase in May 1992 of the entire issued share capital of Midkem Ltd and Dimex International Ltd, formerly part of the performance chemicals division of Ellis & Everard plc

In March 1993, an 80% interest in two adhesives companies and a resin manufacturing company was acquired by Revertex (Malaysia) Sdn Bhd for a consideration of Ringgit 23.7 million

Corporate Governance
The Board supports the recommendations of the Cadbury Committee on Financial Aspects of Corporate Governance. It is reviewing its policies and procedures to ensure full compliance with the Code of Best Practice. A statement of the Directors' Responsibilities in respect of the preparation of financial statements is given immediately above the Report of the Auditors on page 17.

Authority to allot shares for cash
Under the Companies Act 1985 the directors must periodically obtain a general authority from shareholders to allot the company's authorised but unissued share capital and to allot shares for cash otherwise than to existing shareholders pro rata to their holdings, the resolutions included in the Notice of Meeting will be recommended to shareholders at the Annual General Meeting.

The authority conferred by the Special Resolution will give a wider authority to allot and issue shares for cash but is limited to an aggregate nominal value equal to 5% of the allotted and fully paid ordinary share capital (£424,615). It is intended to seek renewal of this authority at each future Annual General Meeting.

The passing of these resolutions will not affect the undertaking given to the Stock Exchange in regard to the issue of unissued capital of the company and there is no present intention of issuing any of the unissued capital

Employment policies
The group gives every consideration to applications for employment from disabled persons. Employees who become disabled are given every opportunity to continue employment under normal terms and conditions with appropriate training, career development and promotion wherever possible The group seeks to achieve equal opportunities in employment through recruitment and training policies.

Employee involvement
The group is organised on a decentralised basis so as to promote greater employee involvement and better communications with employees Each group company is encouraged to make its employees aware of the financial and economic factors affecting the performance of their employing company. Profit-related pay schemes are in operation in a number of group companies

A Savings-Related Share Option Scheme, introduced in 1988, offers United Kingdom employees a convenient, tax effective and economical way to save and acquire shares in the company. A resolution will be proposed at the Annual General Meeting to take advantage of the provisions permitted by Schedule 9 to the Income and Corporation Taxes Act 1988 and to amend the rules of the scheme such that the maximum monthly contribution thereunder be that permitted by the Inland Revenue from time to time subject to any lower applicable level approved by the Investment Committee of the Association of British Insurers or by the Board. Your directors recommend you to vote in favour of the resolution, which is set out in the Notice of Meeting. They intend to vote in favour themselves in respect of their aggregate beneficial holdings of 7,961,704 Ordinary shares representing 9.37% of the issued Ordinary share capital A PEP Share Scheme was introduced in February 1993 for the benefit of employees and shareholders generally

UK Pension funds

The trustees have reviewed the independent investment management of the assets of the company pension schemes in the United Kingdom and assured themselves of the security and controls in place. In particular, it is the trustees' policy not to invest in Yule Catto shares nor lend money to the company.

Health, Safety and the Environment

Policies for health, safety and the environment have been adopted and implemented throughout the group for the protection of employees and customers and for the minimisation, monitoring and control of all adverse enviromental impact arising from its operations.

Charitable donations

Charitable donations in the year amounted to £32,000 (1991 £29,000) There were no political donations during the year.

Tax status

The company is not a close company for tax purposes

Auditors

A resolution to re-appoint Coopers & Lybrand as the company's auditors will be proposed at the Annual General Meeting. Until 1st June, 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

Review of operations

A review of operations is included on pages 6 to 13

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Thursday, 17th June, 1993 in The Presentation Suite, Morgan Grenfell & Co Ltd., 23 Great Winchester Street, London EC2P 2AX

By Order of the Board
K.R.F. Bird
Secretary
14th April, 1993

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the profit of the group for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards.

The directors are also responsible for making judgements and estimates that are reasonable and prudent, as well as maintaining adequate accounting records to both safeguard the assets of the group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Yule Catto & Co plc

We have audited the financial statements on pages 18 to 34 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31st December, 1992 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors

London
14th April, 1993

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 1992

	Note	1992 £000	1991 £000
Group sales			
Subsidiaries		221,872	225,541
Associated companies		45,554	39,384
Total	1	267,426	264,925
Operating profit	2	24,300	24,820
Net interest payable	3	2,135	3,012
Profit on ordinary activities before taxation	1	22,165	21,808
Taxation on profit on ordinary activities	4	6,649	6,550
Profit on ordinary activities after taxation		15,516	15,258
Minority interests		1,252	1,348
Attributable profit before extraordinary items		14,264	13,910
Extraordinary items	5	–	4,248
Attributable profit for the year	6	14,264	18,158
Preference dividends	7	392	392
Profit attributable to ordinary shareholders		13,872	17,766
Ordinary dividends	7	5,007	4,569
Retained profit for the year	19	8,865	13,197
Earnings per ordinary share	8	16.4p	16.1p

CONSOLIDATED BALANCE SHEET

31st December, 1992

	Note	1992 £000	1992 £000	1991 £000	1991 £000
Fixed assets					
Tangible assets	11		42,682		37,450
Investments	12		11,281		10.223
			53,963		47,673
Current assets					
Stocks	13	25,785		21,554	
Debtors	14	52,568		47,287	
Bank and cash balances		15,592		13,385	
		93,945		82,226	
Creditors – due within one year					
Borrowings	15	7,440		9,041	
Dividends		3,082		2,819	
Other creditors	16	62,093		50,940	
		72,615		62,800	
Net current assets			21,330		19,426
Total assets less current liabilities			75,293		67,099
Creditors – due after more than one year					
Borrowings	15	18,197		15,801	
Other creditors	16	1,621		393	
			19,818		16,194
Provisions for liabilities and charges	17		5,464		6,397
Net assets			50,011		44,508
Capital and reserves					
Called up share capital	18		11,901		11,873
Reserves	19		30,619		27,400
Shareholders' funds			42,520		39,273
Minority interests			7,491		5,235
Capital employed			50,011		44,508

Approved on 14th April, 1993

A. Walker } Directors
A.P. McLeish }

COMPANY BALANCE SHEET

31st December, 1992

	Note	1992 £000	1992 £000	1991 £000	1991 £000
Fixed assets					
Tangible assets	11		11,445		11,516
Investments	12		53,651		52,179
			65,096		63,695
Current assets					
Debtors	14	18,350		18,665	
Bank and cash balances		6,963		5,430	
		25,313		24,095	
Creditors – due within one year					
Borrowings	15	2,589		4,997	
Dividends		3,082		2,819	
Other creditors	16	38,202		36,278	
		43,873		44,094	
Net current liabilities			(18,560)		(19,999)
Total assets less current liabilities			46,536		43,696
Creditors – due after more than one year					
Borrowings	15		12,423		10,257
Provisions for liabilities and charges	17		-		(506)
Net assets			34,113		33,945
Capital and reserves					
Called up share capital	18		11,901		11,873
Reserves	19		22,212		22,072
Capital employed			34,113		33,945

Approved on 14th April, 1993

A. Walker
A.P. McLeish
} Directors

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 1992

	Note	1992 £000	1992 £000	1991 £000	1991 £000
Net cash inflow from operating activities	20		23,237		26,836
Returns on investments and servicing of finance					
Interest received		1,043		1,264	
Interest paid		(3,178)		(4,276)	
Dividends received from associated companies		5,477		3,244	
Dividends paid by the company		(4,847)		(3,929)	
Dividends paid to minority shareholders		(561)		(222)	
Net cash outflow from returns on investments and servicing of finance			(2,066)		(3,919)
Taxation					
UK corporation tax paid		(383)		(2,871)	
Overseas corporate tax paid		(5,252)		(4,379)	
Total tax paid			(5,635)		(7,250)
Investing activities					
Purchase of tangible fixed assets		(6,813)		(9,650)	
Purchase of subsidiaries and businesses	21	(4,928)		(43)	
Purchase of investments		(99)		(72)	
Sale of tangible fixed assets		1,540		832	
Sale of investments		57		136	
Sale of businesses	22	-		16,454	
Net cash (outflow)/inflow from investing activities			(10,243)		7,657
Net cash inflow before financing			5,293		23,324
Financing					
Issue of ordinary share capital			(131)		(239)
Proceeds of long term borrowings			(1,987)		(100)
Repayment of long term borrowings			4,201		15,787
Net cash outflow from financing	23		2,083		15,448
Increase in cash and cash equivalents	24		3,210		7,876
			5,293		23,324

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and comply with applicable UK accounting standards

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiaries together with the group's share of the profits less losses of associated companies. The results of businesses acquired or disposed of are consolidated from or to the effective date of acquisition or disposal. Goodwill arising on consolidation, being 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

Foreign currencies

Profits and losses of overseas subsidiaries and associated companies are translated into sterling at the weighted average rates of exchange for the year. Assets and liabilities in foreign currencies are translated at the year end rates. Exchange differences on the opening net assets and results for the year, together with the exchange movements on related foreign currency loans, are dealt with through reserves. Other exchange differences are included in the profit and loss account

Group sales

Group sales represents the invoiced value of goods sold, and services provided to third parties net of value added tax

Depreciation

Except for freehold land and land grants in Malaysia, the cost or valuation of tangible fixed assets is depreciated using a straight line basis over their expected useful lives as follows

Freehold buildings	- 50 years
Leasehold land and buildings	- the lesser of 50 years or the period of the lease
Plant and equipment	- Between 3 and 10 years

Leased assets

Assets held under finance leases are capitalised and the deemed capital element of future rentals is included in creditors. An appropriate charge for depreciation and finance costs is included in the profit and loss account. Operating lease rentals are charged to the profit and loss account as incurred

Stocks

Stocks and work in progress are valued at the lower of cost, including an appropriate proportion of production overheads, and net realisable value

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received or receivable as progress payments. For any contracts where progress payments exceed the value of work done, the excess is included in creditors as advance progress applications

Research and development

Research and product development costs, including expenditure on patents and trade marks, are charged to the profit and loss account as incurred

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences which are expected to reverse in the foreseeable future. Provision for tax on capital gains payable on the disposal of revalued properties is made only when it is decided in principle to dispose of the asset

Pension funding

The costs of contributions to the group's pension schemes and of augmenting existing pensions are charged to the profit and loss account on a systematic basis over the expected period of benefits from employees' service

1 Analysis of group sales, profit and net assets

	1992			1991		
	Group sales	Profit	Net assets	Group sales	Profit	Net assets
Analysis by activity	£000	£000	£000	£000	£000	£000
Speciality chemicals	150 099	18 803	37 765	146 80[illegible]	[illegible]7 81[illegible]	33 [illegible]
Building products	117,327	7 504	14 177	118 122	9 503	19 681
Holding companies		(2 007)	8,114		(1 494)	3 [illegible]
	267 426			264 925		
Operating profit		24 300			24 820	
Net interest payable		(2,135)			(3 012)	
Profit before tax		22 165			21,808	
			60,056			55 965
Net borrowings			(10,045)			(11 457)
Net assets			50,011			44 508

	1992			1991		
Analysis by region of operation						
European Community	207,426	17,443	34,748	202,087	17 102	38,178
Asia	45,246	5,602	21,804	47,070	6,070	14,89[illegible]
Rest of World	14,754	1,255	3,504	15,768	1,648	2,890
	267,426			264,925		
Operating profit		24,300			24 820	
Net interest payable		(2,135)			(3,012)	
Profit before tax		22,165			21,808	
			60,056			55 965
Net borrowings			(10,045)			(11,457)
Net assets			50,011			44,508

Of the sales made by operations based in the European Community £133,135,000 (1991 £128 645 000) relates to operations based in the United Kingdom and Ireland, £33,544,000 (1991 £[illegible]3 453,000) relates to operations based in the Netherlands and £40,747,000 (1991 £39 989,000) relates to operations based elsewhere

Analysis of group sales by destination

	1992	1991
	£000	£000
United Kingdom	110,688	108 468
Other EC countries	88,274	83,077
Other Europe	5,697	15,816
Asia	38,580	34 727
Africa and Middle East	19,456	18 803
Rest of World	4,731	4,034
	267,426	264 925

NOTES TO THE FINANCIAL STATEMENTS
continued

2 Operating profit

	1992	1991
	£000	£000
Sales of subsidiaries	221,872	[illegible]
Cost of sales	(156,030)	[illegible]
Gross profit	65,842	[illegible]
Distribution costs	(23,853)	(15,[illegible]78)
Administrative expenses	(25,428)	(26,808)
Other operating income	240	660
	16,801	19,332
Share of profits of associated companies	7,499	5,488
Operating profit	24,300	24,820

	1992	1991
Operating profit is stated after charging	£000	£000
Depreciation	5,556	4,749
Hire of plant and equipment	1,351	1,[illegible]
Other lease rentals	2,731	2,266
Auditors' remuneration audit fees	264	304
Research and development expenditure	1,198	1,35[illegible]

Non audit services provided by the group auditors to the holding company and UK registered subsidiaries amounted to £78,000 (1991 £72,000).

3 Net interest payable

		1992	1991
Interest payable on bank loans, overdrafts and other loans		£000	£000
Repayable within 5 years	not by instalments	2,258	3,584
	by instalments	85	352
		2,343	3,936
Repayable wholly or partly in more than 5 years		835	340
		3,178	4,276
Less interest receivable		1,043	1,264
		2,135	3,012

4 Taxation on profit on ordinary activities

	1992	1991
	£000	£000
UK corporation tax at 33% (1991 33.25%)	3,616	3,234
Less double taxation relief	1,012	2,155
	2,604	1,079
Overseas taxation	2,941	3,38[illegible]
Deferred taxation	(1,300)	393
Associated companies	2,404	1,721
	6,649	6,581
Prior year adjustments		(31)
Charge for the year	6,649	6,550

5 Extraordinary items

	1992 £000	1991 £000
Business disposals		[illegible]
Taxation		[illegible]
		4,[illegible]48

6 Attributable profit for the year

	1992 £000	1991 £000
Dealt with by Yule Catto & Co plc	5,148	7,351
Retained by subsidiaries	8,084	10,284
Retained by associated companies	1,032	523
	14,264	18,158

As permitted by section 228(7) of the Companies Act 1985 no profit and loss account is presented for Yule Catto & Co plc

7 Dividends

	1992 £000	1991 £000
Ordinary – interim of 2.5p per share (1991 2.3p)	2,120	1,946
– proposed final of 3.4p per share (1991 3.1p)	2,887	2,623
	5,007	4,569
Preference	392	392
	5,399	4,961

8 Earnings per share

Earnings per share have been calculated on earnings before extraordinary items less preference dividends of £13,872,000 (1991 £13,518,000) and on 84,713,155 (1991 84,208,518) ordinary shares, the weighted average number of shares in issue during the year

9 Employees

The average weekly number of employees during the year by activity was	1992 Number	1991 Number
Speciality chemicals	1,455	1,371
Building products	1,314	1,393
Holding companies	30	31
	2,799	2,795

The aggregate remuneration of all employees comprised	1992 £000	1991 £000
Wages and salaries	33,793	30,829
Social security costs	5,064	4,424
Other pension costs	1,345	1,052
	40,202	36,305

NOTES TO THE FINANCIAL STATEMENTS
continued

10 Directors

Emoluments	1992 £000	1991 £000
The total emoluments of the directors were		
Fees	50	[illegible]
Other emoluments	368	[illegible]
Pension fund contribution	14	14
Pensions to former directors	2	[illegible]
	434	377

The emoluments of the Chairman were £59,000 (1991 £55,000). The emoluments of the highest paid director, excluding pension fund contributions, were £171,000 (1991 £139,000).

The directors received emoluments, excluding pension fund contributions, within the following ranges

	1992 Number	1991 Number
Not more than £5,000	-	1
£ 5,001 – £ 10,000	4	4
£ 10,001 – £ 15,000	1	1
£ 55,001 – £ 60,000	1	1
£115,001 – £120,000	-	1
£135,001 – £140,000	1	1
£170,001 – £175,000	1	

In addition to the above £20,000 (1991 £18,000) was paid to third parties in respect of the services of two directors.

Shareholdings

Given below are details of the interests of the directors in the share capital of the company at 31st December, 1992 and 31st December, 1991

	At 31.12.92		At 31.12.91	
	Shares	Options	Shares	Options
Lord Catto	3,765,139		3,743,468	
	807,147(a)		802,580(a)	
A Walker	13,785(c)	343,452(d)	13,785(c)	415,202(d)
The Hon A G Catto	1,294,587(b)		1,288,576(b)	
	1,693,804(a)(b)		1,693,804(a)(b)	
J M Hessels	Nil		Nil	
Tan Sri Dato' Seri Lee Loy Seng	Nil		Nil	
Lee Oi Hian	134,205		142,773	
A P McLeish	92,224(c)	170,202(d)	112,224(c)	175,202(d)
R Mason Nelson	2,000		2,000	
A E Richmond Watson	1,197,463		1,210,006	
P B Sawdy	Nil		Nil	
Lee Hau Hian	2,066		2,022	

(a) Held as a trustee
(b) Of these shares 282,301 (1991 282,301) were held both beneficially and as a trustee
(c) Includes shares held in trust under an Employee Share Participation Scheme
(d) Includes options issued under the Yule Catto Employee Savings-Related Share Option Scheme

Between 31st December, 1992 and 14th April, 1993 Mr A P McLeish sold 10,000 ordinary shares and The Hon A G Catto purchased 21,098 ordinary shares. Other than these, there were no changes in directors' holdings.

11 Tangible fixed assets

Group	Properties Freeholds	Properties Leaseholds Long	Properties Leaseholds Short	Plant and equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st January 1992	23,493	711	686	35,136	60,026
Exchange adjustments	2,532	63	67	4,618	7,280
Additions	1,010		-	5,803	6,813
Acquisitions	100	175		2,273	2,548
Disposals	(223)	(96)	(72)	(4,343)	(4,734)
At 31st December 1992	26,912	853	681	43,487	71,933
At cost	17,691	764	681	43,487	62,623
At professional valuation in 1985	5,559	89			5,648
At professional valuation in 1989	3,662	-			3,662
	26,912	853	681	43,487	71,933
Depreciation					
At 1st January, 1992	2,497	103	211	19,855	22,576
Exchange adjustments	424	25	13	2,894	3,356
Charge for the year	433	24	73	5,026	5,556
Acquisitions			-	1,222	1,222
Eliminated on disposals	(12)	(42)		(3,405)	(3,459)
At 31st December, 1992	3,252	110	297	25,592	29,251
Net book value					
At 31st December, 1992	23,660	743	384	17,895	42,682
At 31st December, 1991	21,086	608	475	15,281	37,450

Included in the net book value of plant and equipment is £80,000 (1991 £61,000) in respect of assets acquired under finance leases

Properties included at valuation would have been stated on a historical cost basis at cost of £6,181,000 and depreciation of £1,100,000

Company	Properties Freeholds	Properties Long Leaseholds	Plant and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1st January, 1992	11,372	338	448	12,158
Additions	16		162	178
Disposals			(16)	(16)
At 31st December 1992	11,388	338	594	12,320
At cost	4,104	249	594	4,947
At professional valuation in 1985	3,622	89		3,711
At professional valuation in 1989	3,662			3,662
	11,388	338	594	12,320
Depreciation				
At 1st January, 1992	295	40	307	642
Charge for the year	169	7	70	246
Eliminated on disposals	-		(13)	(13)
At 31st December, 1992	464	47	364	875
Net book value				
At 31st December, 1992	10,924	291	230	11,445
At 31st December 1991	11,077	298	141	11,516

Properties included at valuation would have been stated on a historical cost basis at cost of £4,599,000 and depreciation of £333,000

NOTES TO THE FINANCIAL STATEMENTS

continued

12 Investments

Group	Associated companies £000	Other investments £000	Total £000
Cost			
At 1st January 1992	1,306	101	1,407
Exchange adjustments	26	2	28
Additions	99		99
Disposals		(57)	(57)
At 31st December, 1992	1,431	46	1,477
Adjustments to net tangible asset values			
At 1st January 1992	8,816		8,816
Exchange adjustments	56		56
Retained profits for the year	932	-	932
At 31st December, 1992	9,804	-	9,804
Net book value			
At 31st December, 1992	11,235	46	11,281
At 31st December, 1991	10,122	101	10,223

Company	Subsidiaries £000	Associated companies £000	Other investments £000	Total £000
Cost				
At 1st January, 1992	59,586	1,037	24	60,647
Additions	1,253			1,253
Disposals			(2)	(2)
Transfers from group companies	3	-		3
At 31st December, 1992	60,842	1,037	22	61,901
Provisions				
At 1st January, 1992	(8,248)	(220)		(8,468)
Released in year	218			218
At 31st December, 1992	(8,030)	(220)		(8,250)
Net book value				
At 31st December, 1992	52,812	817	22	53,651
At 31st December, 1991	51,338	817	24	52,179

Details of the principal group companies are given on page 36.

13 Stocks

	1992	1991
	£000	£000
Raw materials and consumables	15,010	[illegible]
Work in progress	966	452
Finished goods	9,809	419
	25,785	21,554

14 Debtors

	1992		1991	
	Group	Company	Group	Company
	£000	£000	£000	£000
Amounts due within one year				
Trade debtors	45,815	-	40,361	
Amounts recoverable on contracts	1,584	-	1,706	
Amounts owed by subsidiaries	-	16,985		16,261
Amounts owed by associated companies	1,254	122	1,783	1,299
Other debtors	2,223	1,190	2,439	879
Prepayments and accrued income	1,065	53	572	226
	51,941	18,350	46,861	18,665
Amounts due after more than one year				
Other debtors	627	-	426	-
	52,568	18,350	47,287	18,665

15 Borrowings

	1992		1991	
	Group	Company	Group	Company
	£000	£000	£000	£000
Amounts due within one year				
Instalments due on loans	2,151	1,940	74	
Other bank loans and overdrafts	4,640		4,577	607
Other loans	649	649	4,390	4,390
	7,440	2,589	9,041	4,997
Amounts due after more than one year				
Loans repayable by instalments				
Between 1 and 2 years	1,479	1,255	935	818
Between 2 and 5 years	3,861	3,602	2,601	2,453
Over 5 years	2,970	2,475	3,449	2,610
Loans repayable otherwise than by instalments				
Between 1 and 2 years			70	
Between 2 and 5 years	9,887	5,091	8,676	4,375
Over 5 years			10	
	18,197	12,423	15,801	10,257

NOTES TO THE FINANCIAL STATEMENTS

continued

16 Other creditors

	1992		1991	
	Group	Company	Group	Company
	£000	£000	£000	£000
Amounts due within one year				
Trade creditors	35,453	280	[illegible]	[illegible]
Bills of exchange payable	599		[illegible]	
Advance progress applications	1,681		1,603	
Amounts owed to subsidiaries		32,767		[illegible]
Amounts owed to associated companies	4,190	3,573	[illegible]	[illegible]
Corporate tax	5,572		[illegible]	
Other taxation and social security	3,797	40	3,294	35
Other creditors	4,745	181	4,252	121
Accruals and deferred income	6,056	1,361	4,186	242
	62,093	38,207	50,940	36,278
Amounts due after more than one year				
Corporate tax	1,486	-	328	
Other creditors	135		65	
	1,621		393	

17 Provisions for liabilities and charges

	Group			Company
	Deferred taxation	Other provisions	Total	Deferred taxation
	£000	£000	£000	£000
At 1st January, 1992	3,037	3,360	6,397	(506)
Exchange adjustments	366	190	556	-
Transfers (to)/from profit and loss account	(1,300)	1,384	84	506
Utilised		(1,573)	(1,573)	-
At 31st December, 1992	2,103	3,361	5,464	-

Deferred taxation

	1992		1991	
	Provided	Additional contingent liability	Provided	Additional contingent liability
	£000	£000	£000	£000
Group				
Capital allowances	1,579	721	1,694	948
Short term timing differences	524		1,343	
	2,103	721	3,037	948
Company				
Short term timing differences			(506)	

18 Share capital	1992 £000	1991 £000
Authorised		
105,000,000 ordinary shares of 10p each	10,500	10,500
4,000,000 11.5% cumulative redeemable preference shares 1998-2003 of £1 each	4,000	4,000
	14,500	14,500
Allotted and fully paid		
84,902,445 ordinary shares (1991 84,619,546)	8,490	8,462
3,411,123 preference shares	3,411	3,411
	11,901	11,873

Issues of shares during the year are described in the Report of the Directors

Share options

As at 31st December, 1992 there were outstanding the following options

Executive share options

Exercisable between	Number	Option Price
1993 1996	283,250	54.25p
1993 1997	11,425	111p
1993 1998	267,750	116p
1993 1999	47,500	146p

SAYE

Exercisable between	Number	Option Price
1993 1995	97,426	122p
1995 1997	1,463,851	74p

19 Reserves	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Total £000
Group				
At 1st January, 1992	175	5,469	21,756	27,400
Exchange adjustments		690	(1,982)	(1,292)
Retained profit for the year			8,865	8,865
Premium on shares issued	115			115
Shares issued in lieu of cash dividends	(12)		288	276
Goodwill written off			(4,745)	(4,745)
At 31st December, 1992	278	6,159	24,182	30,619
Yule Catto & Co plc and subsidiaries	278	6,064	14,517	20,859
Associated companies		95	9,665	9,760
	278	6,159	24,182	30,619

Since 1986 goodwill totalling £53,671,000 has been written off against the profit and loss account reserve

NOTES TO THE FINANCIAL STATEMENTS
continued

19 Reserves continued

	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Total £000
Company				
At 1st January, 1992	175	2,822	19,075	22,072
Retained profit for the year			(251)	(251)
Premium on shares issued	115			115
Shares issued in lieu of cash dividends	(12)		288	276
At 31st December, 1992	278	2,822	19,112	22,712

20 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £000	1991 £000
Operating profit	24,300	24,820
Less share of profits of associated companies	7,499	5,488
	16,801	19,332
Depreciation charge	5,556	4,749
Profit on sale of tangible fixed assets	(265)	(67)
(Increase)/Decrease in stocks	(3,374)	4,134
(Increase)/Decrease in debtors	(3,746)	6,229
Increase/(Decrease) in creditors and provisions	8,265	(7,546)
Net cash inflow from operating activities	23,237	26,836

21 Purchase of subsidiaries and businesses

	Balance sheets at acquisition £000	Fair value adjustments £000	Acquisition provisions £000	1992 Fair value balance sheets £000	1991 Fair value balance sheets £000
Tangible fixed assets	2,085	(759)		1,326	
Stocks	1,086	(229)		857	
Debtors	3,545	(293)		3,252	
Creditors and provisions	(2,815)	(1,221)	(1,216)	(5,252)	
Net borrowings	(61)			(61)	
Shareholders' funds	3,840	(2,502)	(1,216)	122	
Goodwill				4,745	43
Purchase consideration				4,867	43
Cash and cash equivalents acquired				61	
Purchase consideration paid				4,928	43

The acquisitions made during the year are referred to in the Report of the Directors

22 Sale of businesses

	1992 £000	1991 £000
Net assets disposed of		
Tangible fixed assets	-	26,150
Stocks	-	202
Debtors	-	494
Creditors and provisions	-	(796)
Minority interests	-	(8,944)
	-	17,106
Released from revaluation reserve	-	(5,070)
	-	12,036
Extraordinary profit on sale	-	4,418
Sale consideration received	-	16,454

23 Analysis of changes in financing

	1992 £000	1991 £000
Balance at 1st January, 1992	32,313	47,441
Net cash outflow from financing	(2,083)	(15,448)
Effect of foreign exchange rate charges	2,946	320
Balance at 31st December, 1992	33,176	32,313

Financing comprises share capital, share premium, borrowings due after more than one year, together with borrowings of £2,800,000 (1991 £4 464 000) due within one year with an original maturity of more than 90 days

24 Analysis of changes in cash and cash equivalents

	1992 £000	1991 £000
Balance at 1st January, 1992	8,808	422
Net cash inflow before adjustments for the effect of foreign exchange rate changes	3,210	7,876
Effect of foreign exchange rate changes	(1,066)	510
Balance at 31st December, 1992	10,952	8,808

Cash and cash equivalents comprise bank and cash balances of £15,592,000 (1991 £13,385,000) less borrowings due within one year with an original maturity of less than 90 days (including borrowings repayable on demand) of £4,640,000 (1991 £4,577,000)

25 Commitments

	1992		1991	
	Group	Company	Group	Company
	£000	£000	£000	£000
Capital expenditure authorised but not provided for in the accounts				
Contracted	1 101	5	112	
Authorised but not contracted	743		564	80

In October 1992 a conditional agreement was signed for the purchase of an 80% interest in two Malaysian adhesive companies together with their joint venture company manufacturing synthetic resin emulsions. The agreement became unconditional in March 1993. The total consideration for these acquisitions was Ringgit 23.7 million (£6.2 million).

	1992		1991	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Commitments under operating leases are as follows				
Operating leases which expire				
Within 1 year	14	1,341	5	330
Between 1 and 5 years	108	2 011	202	892
After 5 years	1 964	12	1,129	6
	2,086	3,364	1 336	1 228

26 Contingent liabilities and guarantees

(a) The company has given guarantees amounting to £7,149,000 (1991 £6,519,000) in respect of bank and other facilities of subsidiaries and associated companies.

(b) Other guarantees and contingent liabilities of the group amount to £4,576,000 (1991 £2,461,000).

(c) The company and its subsidiaries have, in the normal course of business, entered into guarantees and counter indemnities in respect of performance bonds, relating to the group's own contracts.

27 Pension commitments

The group operates a number of pension schemes throughout the world. The major schemes are of the funded and defined benefit type with the assets of these schemes held in separate trustee administered funds.

The total pension cost for the group was £1,345,000 (1991 £1,052,000) of which £677,000 (1991 £381,000) relates to overseas schemes. The pension cost relating to the UK schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. These funds were all valued during either 1990 or 1991. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 10% per annum, that salary increases would average 8% per annum, that present and future pensions would increase at the rate of 3% per annum and that the annual growth of UK dividends would be 5%.

At the date of the latest actuarial valuation the aggregate market value of the assets of the UK schemes was £32 560 000 and the actuarial value of these assets was sufficient to cover 112% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

FIVE YEAR FINANCIAL SUMMARY

	1992 £000	1991 £000	1990 £000	1989 £000	1988 £000
Group sales					
Subsidiaries	221,872	225,541	211,0[illegible]	207 091	158,742
Associated companies	45,554	39,384	42,620	43,922	43,317
Total	267,426	264,925	253,661	251,013	202,059
Profitability of principal activities					
Speciality chemicals	18,803	17,811	15,002	16,485	13,175
Building products	7,504	8,503	8,952	6,204	4,749
Agriculture and land	–	–	1,469	2,519	2,688
Holding companies and finance costs	(4,142)	(4,506)	(4,918)	(3,870)	(2,778)
Profit before taxation	22,165	21,808	20,505	21,338	17,834
Attributable profit before extraordinary items	14,264	13,910	12,242	11,864	9,940
Preference dividends	392	392	392	392	392
Ordinary dividends	5,007	4,569	3,945	3,736	3,124
Shareholders' funds	42,520	39,273	30,852	47,920	43,401
Capital employed	50,011	44,508	43,470	62,560	56,169
Net borrowings	10,045	11,457	35,210	15,848	19,311
Capital expenditure	8,521	11,604	8,510	9,252	7,731
Cost of companies acquired	4,928	43	27,993	7,467	6,135
Earnings per ordinary share	16 4p	16 1p	14 2p	13 9p	11 7p
Dividends per ordinary share	5 9p	5 4p	4 7p	4 5p	3 8p
Dividend cover	2 8	3 0	3 0	3 1	3 1
Assets per ordinary share	46p	42p	33p	54p	49p

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

SPECIALITY CHEMICALS

	Country of incorporation and operation	Group interest in equity %
Arrow Chemicals Ltd *Hygiene, pollution control and maintenance chemicals*	England	100*
Autoclenz Ltd *Provision of vehicle valeting services*	England	100*
Bactria Laboratories Ltd *Industrial bactericides and fungicides*	England	100*
Brencliffe Ltd *Car care and domestic cleaning products*	England	100*
Dermaglen Ltd *Industrial, commercial and institutional hygiene and maintenance chemicals.*	England	100*
Dimex Ltd *Cleaning and maintenance chemicals.*	England	100*
Greenhill Chemical Products Ltd *Packing and contract filling of aerosols*	England	100*
Nielsen Chemicals Ltd *Chemicals and vehicle cleaning products.*	England	100*
Revertex Belgium SA *Compounds, dispersions and adhesives for the textile and packaging industries.*	Belgium	100
Revertex Chemicals Ltd *Marketing natural rubber latices and polyvinyl alcohol, and the manufacture and sale of liquid polybutadienes.*	England	100*
Revertex (Malaysia) Sdn Bhd *Natural rubber latices, compounds, synthetic resin emulsions, alkyds, polyester resins and PVC plasticisers*	Malaysia	70
Revertex (South Africa) (Pty) Ltd *Synthetic resin emulsions, synthetic rubber latices and allied products*	South Africa	75
Yule Catto Consumer Chemicals Ltd *Hygiene, pollution control and maintenance chemicals, vehicle cleaning products.*	England	100*
Doverstrand Ltd *Synthetic rubber latices and related compounds.*	England	50*+
Harlow Chemical Company Ltd *Synthetic resin emulsions and polyvinyl alcohol*	England	50*+

HOLDING COMPANIES

Yule Catto (Deutschland) GmbH	Germany	100
Yule Catto Group Ltd	England	100*
Yule Catto International Ltd	England	100*
Yule Catto Nederland BV	Netherlands	100

BUILDING PRODUCTS

	Country of incorporation and operation	Group interest in equity %
Bik Bouwprodukten BV *Thermoplastic rooflights*	Netherlands	100
Braat Delft Metaalconstructies BV *Glass rooflights*	Netherlands	100
Coxdome Ltd *Thermoplastic rooflights and architectural glazing*	England	100*
Jet Kunststofftechnik GmbH *Thermoplastic rooflights*	Germany	100
Kimmenade Belgium NV *Flat roof waterproofing*	Belgium	100
Kimmenade Deutschland GmbH *Flat roof waterproofing*	Germany	100
Kimmenade Nederland BV *Flat roof waterproofing.*	Netherlands	100
mtv Gerhard Roggemann GmbH *Thermoplastic rooflights.*	Germany	100
Nijs en Vale BV trading as NYVA Nijmegen *Architectural façades*	Netherlands	100
Screenbase Ltd *Free-standing office screen systems.*	England	100*
Transplastix Ltd *Thermoplastic rooflights and architectural glazing*	England	100*
Unilock Ltd *Design, manufacture and installation of office partitioning systems*	England	100*
Unilock SA *Installation of office partitioning systems*	France	100
Unilock HCP Ltd *Perimeter heating systems, raised access flooring and exterior blinds*	England	100*
Unilock Office Screens Ltd *Free-standing office screen systems*	England	100*
Unilock GmbH Raumtrennsysteme. *Installation of office partitioning systems.*	Germany	100
Williaam Cox Plastics Stockholding Ltd *Sheet plastics stockholding*	England	100*
Williaam Cox Ireland Ltd *Thermoplastic rooflights and sheet plastics stockholding.*	Ireland	50+

*Shares held by Yule Catto & Co plc
+Associated companies