

Registered No. 1927339

# Cementone plc

REPORT AND

ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1994



**CEMENTONE plc**  
**CHAIRMAN'S STATEMENT**

The results include for the first time the trading of our new subsidiary, Cementone-Beaver Ltd, which was acquired on 10 January 1994. This trade now forms our core continuing business.

## **FINANCIAL REVIEW**

### **Turnover and profits**

Turnover for the Group from continuing operations was broadly static at £17.2m compared to £17.3m in 1993 for Cementone-Beaver Ltd. After correcting the trading problems which occurred early in 1994, and which were explained at last year's AGM and in my interim statement, a pre-tax profit of £528,000 was achieved in 1994. This is a creditable performance given that our first half year results only showed a £26,000 pre tax profit. Basic earnings per share for the period were 2.28p.

### **Taxation**

The tax charge for the year is low mainly as a result of the disposal of tax losses of prior years to the group which previously owned Cementone-Beaver Ltd.

### **Cash balances**

At the year end the Group had over £2m in cash and short term investments. Gearing, which relates solely to the long term loan of £2.3m secured on the freehold Buckingham property (which we occupy), stands at 38% gross and 7.5% net and the Group continues to operate well within its current and projected bank facilities.

The long term loan is repayable in equal instalments through to 2009.

### **Going concern**

After making enquiries, the directors have a reasonable expectation at the time of approving the financial statements, that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

### **Goodwill**

The goodwill arising on acquisition of Cementone-Beaver Ltd has been written off against reserves. The Group has taken advantage of S131 merger relief and this results in a reduction of the goodwill by £5,918,000 to £3,037,000.

### **Multitrust PLC assets**

At the time of acquiring Cementone-Beaver Ltd, Multitrust PLC warranted that its assets would realise in excess of £3.2m. During the year the assets of Multitrust PLC have yielded over £3.3m which includes some £564,000 in cash balances at the point of acquisition. The remaining investments are valued at £183,985.

**CEMENTONE plc**  
**CHAIRMAN'S STATEMENT**

**OPERATING REVIEW**

The Company operates within the UK in three distinct market segments.

**Cement admixtures and related building products (building chemicals)**

Within the building chemicals sector we achieved some substantial increases connected with the heavy side sector of the builders merchants market and smaller increases in connection with light side products. These were in line with the overall market trends. The market in the first half year was very flat but showed some improvement throughout the summer and autumn months.

**Trade and decorative paints**

The trade in retail paints, which are distributed through builders merchants and independent decorative outlets, showed a continuing decline in turnover mainly as a result of the continued price war amongst the national paint companies.

In the first half of 1994 we initiated various promotions designed to increase our market penetration, but the result of this was to reduce the overall margins earned from these products. These promotions were halted in April and we returned to a policy of pricing products at a level designed to protect our margins. This had the desired effect of stabilising our margins at a higher level but there was some loss of turnover as a result.

The success of this policy can be measured by comparing the margins for the first half and second half of the year. As we have entered 1995, the directors have sought to create promotions which are not price sensitive but focus on customer loyalty, in order to seek to increase market share.

**Wood protection and remedial products**

This division showed satisfactory increases against a flat market. We were able to capitalise on our green product image, together with our exclusive "eight hour rule" for the most part of the year. The "eight hour rule" allows re-entry to dwelling houses or properties eight hours after treatment as opposed to the Health and Safety Executive's previous minimum standard of forty eight hours. We are now aware of one other company which has obtained an eight hour ruling, but we are seeking to maintain our competitive advantage by even further reductions in the required re-entry time.

**Exports**

Our export trade, which is mainly the export of paints, continued to perform satisfactorily. Although exports to our traditional market were down by some £150,000 on 1993 this was largely accounted for by the postponement of one major order from December into January. The bulk chemicals division, which services the Berger Paint Caribbean operations, showed a healthy increase from 1993.

**DIVIDENDS**

A second interim dividend was paid on 18 April 1995 to shareholders on the register at 30 March 1995. This brings the total dividend for the year to 1.4p per share.

As explained more fully in the Directors' Report, for technical reasons, we will be asking shareholders to vote at the AGM on a final dividend which will be satisfied by the payment of the interim dividends.

**CORPORATE GOVERNANCE**

The Board supports the principles contained in the Cadbury Committee's Code of Best Practice and complies with those provisions which are currently in force. A summary of our system of corporate governance appears on page 10.

CEMENTONE plc  
CHAIRMAN'S STATEMENT

OUTLOOK

Your directors believe that it was more important to focus on internal efficiencies within the Group before embarking upon an acquisition strategy. We feel that this has now been successfully achieved and we are once again pursuing acquisition opportunities. We have already announced the acquisition, on 17 February 1995, of the product Entraint from Procter & Gamble Limited. This product is a mortar plasticiser which fits neatly into the Cementone product profile. Entraint strengthens Cementone's position in Scotland and offers entry to new customers for other Cementone products.

1995 has started encouragingly with sales and profits at the end of the first quarter on budget and substantially ahead of prior year. However, the paint war continues despite substantial increases in raw material and packaging prices.

I will report more fully on the outlook at the AGM in June. In the meantime, the first quarter's trading, together with our strong balance sheet allow us to look forward to 1995 with a degree of optimism.



Alan Clements  
Chairman

28 April 1995

# CEMENTONE plc

## CONTENTS

	Page
Directors and administration	1
Non executive directors	2
Chairman's statement	3-5
Report of the directors	6-9
Corporate governance	10-11
Statement of directors' responsibilities	12
Report of the auditors	13
Consolidated profit and loss account	14
Statement of total recognised gains and losses	15
Consolidated balance sheet	16
Company balance sheet	17
Consolidated cash flow statement	18
Accounting policies	19-20
Notes to the accounts	21-36
Notice of Annual General Meeting	37-39

CEMENTONE plc

DIRECTORS AND ADMINISTRATION

**Directors:**

A Clements	Chairman
A Baxendale	Chief Executive
A Chattwell	Non Executive
V Mallya	Non Executive
A S Perloff	Non Executive
K J Prenty	Finance
B R Regan	Non Executive
J Whitelaw	Commercial

**Registered Number:**

1927339

**Secretary and Registered Office:**

K J Prenty  
Tingewick Road  
Buckingham  
MK18 1AN

**Auditors:**

Touche Ross & Co  
Ashton House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HG

**Solicitors:**

Gouldens  
22 Tudor Street  
London EC45 0JJ

**Principal Bankers:**

Lloyds Bank Plc  
19 Market Square  
Buckingham  
MK18 1NP

**Financial Advisers:**

John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC1Y 2AH

**Registrars:**

Independent Registrars Group Limited  
Broseley House  
Newlands Drive  
Witham  
Essex CM8 2UL

**Stockbrokers:**

Butterfield Securities  
24 Chiswell Street  
London EC1Y 4TY

**CEMENTONE plc**  
**NON EXECUTIVE DIRECTORS**

Brief biographical details of the non executive directors are as follows:

**Alan William Clements** CBE, BA, FCT (66) Chairman. Mr Clements is the non-executive chairman of David S Smith (Holdings) PLC and non-executive deputy chairman of Mirror Group PLC. Other non-executive directorships include Trafalgar House PLC. Mr Clements was the group finance director at Imperial Chemical Industries PLC from 1979 until his retirement in 1990.

**Vijay Mallya** (39). Mr Mallya is the chairman of the UB Group of India, a publicly quoted industrial conglomerate in that country. Activities of the UB Group extend from brewing and distilling to pharmaceuticals. Mr Mallya is also the chairman of UB International Ltd, the holding company of the vendor of Cementone-Beaver Ltd which, following the acquisition has become a substantial shareholder in the enlarged group. Mr Mallya is also a director of United Breweries PLC.

**Antony Chattwell** (52). Mr Chattwell is the managing director of, and a major shareholder in, B E International Foods Limited, importers, processors and distributors of specialty foods. Mr Chattwell is a director of UB International Ltd and a member of the Supervisory Board of the UB Group of India.

**Roger Regan** (52). Mr Regan's career spans 30 years in the decorative and building products sector as both manufacturer and retailer. Mr Regan is executive chairman of Spring Ram Corporation PLC and non executive chairman of several companies including Fine Decor PLC and Stag Furniture Holdings PLC. Mr Regan was formerly Group Chief Executive of A G Stanley Holdings PLC.

**Andrew Stewart Perloff** (50). Mr Perloff was executive chairman of Multitrust PLC, a position he occupied from September 1990 until 10 January 1994 when Multitrust PLC acquired its interest in Cementone-Beaver Ltd. Mr Perloff has over 30 years experience in commercial property development and investment and is the executive chairman of Panther Securities PLC and Etonbrook Properties PLC.

**CEMENTONE plc**  
**CHAIRMAN'S STATEMENT**

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**CEMENTONE plc**  
**CHAIRMAN'S STATEMENT**

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*28 April 1995*

**Alan Clements**  
*Chairman*

**CEMENTONE plc**  
**REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**Activities**

Cementone plc is the parent company of a group of companies involved in the manufacture of specialist building chemicals, decorative and trade paints, wood preservative and anti-infestation products.

Prior to 10 January 1994 when the company acquired the Cementone-Beaver operations, the company was known as Multitrust PLC (an investment trust company). After that date it ceased operations as an investment trust and began realising its assets into cash.

**Results and dividends**

The net profit from ordinary activities before tax for the year was £527,981 (1993: six months – £217,604).

An interim dividend of 0.4p per share was paid on 7 October 1994 to Shareholders on the Register on 29 September 1994 and a second interim dividend of 1.0p per share was paid on 18 April 1995 to shareholders on the Register on 30 March 1995. The interim dividend and the second interim dividend absorbed £87,863 and £219,659 respectively, making a total for the year of £307,522. Although the Company had earned profits at the time of payment of the interim dividend and the second interim dividend sufficient to enable the Company to pay such dividends, the Company on the relevant payment dates inadvertently did not prepare and deliver to the Registrar of Companies interim accounts as required by Section 272 of the Companies Act 1985. The consequence is that such profits were not, within the meaning of the Act, available for distribution on the relevant dates.

To regularise the position, it is proposed and the directors recommend that a dividend of 1.4p per share be declared in respect of the year ended 31 December 1994 by reference to the audited accounts of the Company for the year ended 31 December 1994 which will be laid before the Company at the Annual General Meeting to be held on 7 June 1995. It is proposed that the Company's liability to shareholders in respect of such dividend be discharged and satisfied by the interim dividend and the second interim dividend already paid and that the payment of the interim dividend and the second interim dividend be confirmed and ratified.

As a further consequence of the technical breach of Section 272, it is possible that the shareholders and directors may have come under a liability to the Company in respect of the interim dividend and the second interim dividend. Such a liability might require a shareholder to repay the interim dividends received by him, and a director to pay a sum equal to the interim dividends approved by him, together in both cases with a reasonable rate of interest. However, the dividends were paid in good faith and in the event that shareholders approve the payment of the dividend at the Annual General Meeting and ratify the payment of the interim dividend and the second interim dividend, the position will have been regularised with no adverse effect on the Company and its shareholders. Accordingly, for the avoidance of doubt, it is thought appropriate to release any shareholder or director from any such liability and to authorise the Company to enter into appropriate documentation in respect of such release.

The directors who are also shareholders of the Company are, by virtue of their potential liabilities referred to above, interested in the proposed release and will not therefore vote on resolution number 10 in respect of their aggregate holding of 2,325,215 shares.

Regulation 153 of the Company's Articles of Association permits a distribution to be made by reference to a record date not more than six months prior to the distribution. Resolution number 2 will be proposed as a special resolution to permit the dividend of 1.4p per share to be referable to the record dates by reference to which the interim dividend and the second interim dividend were paid.

Transfers to and movements in reserves are detailed in notes 20 to 24 to the accounts.

**CEMENTONE plc**  
**REPORT OF THE DIRECTORS**

**Share capital and acquisition**

On 10 January 1994 the acquisition of Cementone-Beaver Ltd was approved by shareholders. The acquisition was satisfied by the issue of 12,328,767 shares of 25p each.

At the same time a 3 for 4 rights issue took place raising some £2,800,000 to provide working capital to reduce the group debt and to pay for the expenses of the acquisition. Cementone plc assumed the debt of £4,450,000 to American Express Bank Ltd previously held in Cementone-Beaver Ltd, and this was fully repaid by 11 February 1994.

**Fixed assets**

Movements in fixed assets are set out in Notes 10 and 11 to the accounts.

**Directors and their interests**

The present membership of the Board is set out on page 1. Except for Mr A S Perloff, who served for the entire period under review, none of the other directors served at any time before their appointment on 10 January 1994.

Mr J Whitelaw was appointed to the Board on 14 July 1994.

Messrs Baxendale and Chattwell retire by rotation and being eligible offer themselves for re-election. In accordance with the company's Articles of Association, Mr Whitelaw retires, and being eligible offers himself for re-election.

Messrs P Fellerman, A Lehrer and P Rowson resigned on 10 January 1994. Messrs Clements, Baxendale, Chattwell, Mallya, Prenty and Regan retired and were re-elected at the Annual General Meeting on 24 May 1994.

The directors' interests at 31 December 1994 in the ordinary shares of the Company are as follows:

	1994		1993	
	Beneficial	Under Option	Beneficial	Under Option
<b>Non Executive</b>				
A W Clements	10,000	-	-	-
A S Perloff	2,192,715	-	2,117,715	-
B R Regan	20,000	-	-	-
<b>Executive</b>				
A Baxendale	17,500	200,000	-	-
K J Prenty	10,000	192,000	-	-
J Whitelaw	10,000	166,975	-	-

Since the year end Messrs Baxendale and Perloff have acquired 15,000 and 50,000 shares respectively. In addition, Mr Perloff has a beneficial interest in 20,000 warrants to acquire ordinary shares (1993: 20,000).

**CEMENTONE plc**  
**REPORT OF THE DIRECTORS**

The interests of the directors in options to subscribe for ordinary shares in the Company are shown in Note 17 to the accounts.

No director has a service contract with the Company covering a period greater than twelve months.

Mr Perloff is a trustee and beneficiary of B.P. Pension Fund (1985) which holds 408,543 warrants. In addition, Mr Perloff is a director and substantial shareholder of Panther Securities PLC which holds 142,850 warrants.

UB Coatings Limited holds 7,450,000 ordinary shares, representing 33.9 per cent of the issued ordinary share capital of Cementone plc. The ultimate holding company of UB Coatings Limited is California Limited, a company controlled by a discretionary trust based in Switzerland. Mr Mallya is a discretionary beneficiary of this trust.

**Substantial interests in shares**

At 12 April 1995, the following interests in three per cent or more of the issued share capital had been notified to the Board in addition to those disclosed above.

	<b>% of issued capital</b>
Henderson Administration	6.7
Clerical and Medical Group	4.4
CW Asset Management	4.1

**Related party transactions**

On 15 December 1994 the company disposed of its entire holding in Multitrust Property Investments Ltd to Panther Securities PLC, a company controlled by Mr A S Perloff. This transaction is fully disclosed in note 29a to the accounts, Related Party Transactions - disposal of subsidiary.

**Taxation status**

As far as the directors are aware the company is not a close company for the purpose of the Income and Corporation Taxes Act 1988.

**Special business at the Annual General Meeting**

Resolution number 7 renews the authority of the directors to issue share capital up to the amount of the authorised unissued ordinary share capital until the next Annual General Meeting.

Resolution number 8 renews the authority of the directors to allot shares for cash without first offering them to existing shareholders on a pro rata basis. The authority sought is limited to issues of equity securities with a nominal value not to exceed 5% of the issued ordinary share capital.

Resolution number 9 seeks authority for the company to make market purchases of its own shares up to a maximum of just under 15% of its current issued ordinary share capital. Your directors have no immediate intention of exercising the authority sought under the proposed resolution. Your directors will make purchases of the company's shares only if such purchases could be expected to result in an increase in earnings per share and to be in the best interests of shareholders generally.

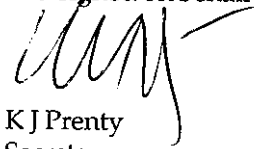
CEMENTONE plc  
REPORT OF THE DIRECTORS

Resolution number 10 releases shareholders and directors from any liability incurred as a result of the payment of the interim dividend and second interim dividend explained earlier in this report.

**Auditors**

Touche Ross and Co. have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



KJ Prenty  
Secretary

28 April 1995

**CEMENTONE plc**  
**CORPORATE GOVERNANCE**

A summary of our system of corporate governance appears below.

**a) Board composition**

The Board of Directors comprises three executive and five non executive directors and meets regularly throughout the year. The Board is responsible for overall strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It reviews the strategic direction of individual trading subsidiaries, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programmes.

**b) Board committees**

The principal committees are the Audit Committee and the Remuneration Committee which deals with directors' remuneration and has an oversight role in respect of appointments and promotions to senior management within the operating companies.

**c) Audit Committee**

The Audit Committee comprises Messrs Clements, Perloff and Chattwell, who are non executive directors. It monitors the adequacy of the Group's internal controls, accounting policies and financial reporting and provides a forum through which the Group's external audit and finance functions report to the non executive directors. Part of each meeting of the Audit Committee is held between the non executive directors and external auditors in private. Mr Clements is chairman of the Audit Committee.

**d) Remuneration Committee**

The Remuneration Committee, comprises Messrs Clements, Regan and Chattwell. It measures the performance of the executive directors and key members of senior management as a prelude to determining their annual remuneration, bonus awards and awards of long-term incentives.

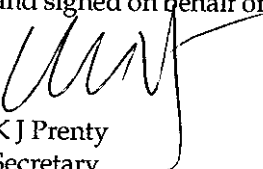
No director plays a part in any discussion about his own remuneration.

CEMENTONE plc  
CORPORATE GOVERNANCE

**STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE**

Since 10 January 1994, the Company has complied with all the relevant requirements of the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) to the extent that the relevant guidance had come into effect.

Approved by the Board of Directors  
and signed on behalf of the Board

  
K J Prenty  
Secretary

28 April 1995

**REPORT BY THE AUDITORS TO CEMENTONE plc ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the financial statements, we have reviewed the directors' statement above on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

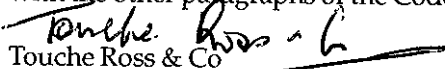
**Basis of opinion**

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on either the effectiveness of the company's corporate governance procedures nor on the ability of the company to continue in operational existence.

**Opinion**

With respect to the directors' statement on going concern on page 3, in our opinion the directors have provided the disclosure required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement above appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

  
Touche Ross & Co  
Chartered Accountants and Registered Auditors  
Ashton House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HG  
28 April 1995

CEMENTONE plc  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the group's system of internal financial controls and for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS' REPORT TO THE MEMBERS OF CEMENTONE plc

We have audited the financial statements on pages 14 to 36 which have been prepared under the accounting policies set out on pages 19 and 20.

### Respective responsibilities of directors and auditors

As described on page 12 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.  
Chartered Accountants and Registered Auditors  
Ashton House  
Silbury Boulevard  
Milton Keynes  
MK9 2HG

28 April 1995

**CEMENTONE plc**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

	Note	Year ended 31 December 1994 £	Six months ended 31 December 1993 £
<b>Turnover</b>			
Acquisitions	1	17,258,566	—
Discontinued operations		180,548	276,782
		<hr/>	<hr/>
		17,439,114	276,782
 Cost of Sales		 (8,965,690)	 (1,761)
		<hr/>	<hr/>
<b>Gross Profit</b>		8,473,424	275,021
Distribution costs		(3,750,856)	—
Administrative expenses		(3,917,939)	(33,182)
		<hr/>	<hr/>
		(7,668,795)	(33,182)
<b>Operating profit</b>			
Acquisitions		640,564	—
Discontinued operations		164,065	241,839
		<hr/>	<hr/>
	2	804,629	241,839
Interest receivable and similar income	3	9,553	7,720
Interest payable and similar charges	4	(286,201)	(31,955)
		<hr/>	<hr/>
<b>Profit on ordinary activities before tax</b>		527,981	217,604
Tax on profit on ordinary activities	5	(26,226)	(55,790)
		<hr/>	<hr/>
<b>Profit on ordinary activities attributable to the members of the holding company</b>		501,755	161,814
Dividends	6	(307,522)	(64,986)
		<hr/>	<hr/>
<b>Retained profit</b>		194,233	96,828
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share – basic</b>	7	2.28p	3.74p
		<hr/> <hr/>	<hr/> <hr/>

The accounting policies on pages 19 and 20 and the notes on pages 21 to 36 form part of the accounts.

**CEMENTONE plc**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

	<b>Year ended</b>	<b>Six months ended</b>
	<b>31 December 1994</b>	<b>31 December 1993</b>
	<b>£</b>	<b>£</b>
Net profit for the period after taxation	501,755	161,814
(Losses)/gains on sale of investments	(105,868)	102,631
Provision for tax on chargeable gains no longer required	160,000	(253,000)
Unrealised surplus on revaluation of investments	4,310	517,676
	<hr/>	<hr/>
Total recognised gains relating to the period	560,197	529,121
	<hr/> <hr/>	<hr/> <hr/>

**Note of Historical Cost Profits and Losses**

The difference between the result as disclosed in the consolidated profit and loss account and the result on an unmodified historical cost basis is not material.


The accounting policies on pages 19 and 20 and the notes on pages 21 to 36 form part of these accounts.

**CEMENTONE plc**  
**CONSOLIDATED BALANCE SHEET**  
**AT 31 DECEMBER 1994**

	Note	31 December 1994		31 December 1993	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	3,818,010		-	
Investments	11	1,000		-	
		<hr/>		<hr/>	
			3,819,010		-
<b>Current assets</b>					
Stock	12	1,615,658		217,362	
Debtors	13	4,350,396		253,041	
Short term investments	14	183,985		3,076,828	
Cash at bank and in hand		1,841,120		564,610	
		<hr/>		<hr/>	
			7,991,159	4,111,841	
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	15	(3,595,427)		(149,399)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,395,732		3,962,442
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			8,214,742		3,962,442
<b>Creditors: amounts falling due after more than one year</b>					
	15	(2,122,030)		(1,141,000)	
Provision for liabilities and charges	16	-		(253,000)	
		<hr/>		<hr/>	
			(2,122,030)		(1,394,000)
			<hr/>		<hr/>
			6,092,712	2,568,442	
			<hr/>	<hr/>	
<b>Capital and reserves</b>					
Called up share capital	17	5,491,464		1,083,103	
Share premium account	19	3,136,773		1,236,101	
Goodwill reserve	20	(3,037,438)		-	
Capital reserves	21	-		(28,597)	
Revaluation reserve	22	-		211,110	
Profit and loss account	23	501,913		66,725	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>			6,092,712	2,568,442	
			<hr/>	<hr/>	

These accounts were approved by the Board of Directors on 28 April 1995

Signed on behalf of the Board of Directors

  
K.J. Prenty  
Director

The accounting policies on pages 19 and 20 and notes on pages 21 to 36 form part of these accounts.

CEMENTONE plc  
BALANCE SHEET  
AT 31 DECEMBER 1994

	Note	31 December 1994		31 December 1993	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	3,064		-	
Investments	11	3,603,994		895,986	
				<hr/>	
			3,607,058		895,986
<b>Current assets</b>					
Debtors	13	5,490,058		655,825	
Short term investments	14	168,985		1,976,411	
Cash at bank and in hand		10,024		375,441	
				<hr/>	
		5,669,067		3,007,677	
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	15	(248,587)		(914,339)	
				<hr/>	
<b>Net current assets</b>			5,420,480		2,093,338
				<hr/>	
<b>Total assets less current liabilities</b>			9,027,538		2,989,324
Creditors: amounts falling due after more than one year	15	-		(577,000)	
Provision for liabilities and charges	16	-		(160,000)	
				<hr/>	
			-		(737,000)
				<hr/>	
			9,027,538		2,252,324
				<hr/>	
<b>Capital and reserves</b>					
Called up share capital	17	5,491,464		1,083,103	
Share premium account	19	3,136,773		1,236,101	
Capital reserves	21	-		(100,713)	
Revaluation reserve	22	-		2,705	
Profit and loss account	23	399,301		31,128	
				<hr/>	
<b>Equity shareholders' funds</b>			9,027,538		2,252,324
				<hr/>	

These accounts were approved by the Board of Directors on 28 April 1995

Signed on behalf of the Board of Directors

  
KJ Prenty  
Director

The accounting policies on pages 19 and 20 and notes on pages 21 to 36 form part of these accounts.

CEMENTONE plc

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	Year ended		Six months ended	
		31 December 1994		31 December 1993	
		£	£	£	£
Net cash inflow from continuing operating activities			352,064		—
Net cash inflow in respect of discontinued activities			236,628		286,654
<b>Net cash inflow from operating activities</b>	25		<u>588,692</u>		<u>286,654</u>
<b>Returns on investments and servicing of finance:</b>					
Interest received		9,553		7,720	
Interest paid		(279,391)		(31,799)	
Dividends paid		(152,849)		(33,965)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<u>(422,687)</u>		<u>(58,044)</u>
<b>Taxation:</b>					
UK corporation tax (paid)/received			(33,996)		12,057
<b>Investing activities:</b>					
Payments to acquire tangible fixed assets		(168,022)		—	
Payments to acquire investments		—		(324,878)	
Net bank overdraft acquired upon purchase of subsidiary	31	(5,630,162)		—	
Cost of acquiring subsidiary		(521,800)		—	
Receipts from sale of investments		2,120,183		436,947	
Sale of tangible fixed assets		21,917		—	
Receipts from sale of subsidiary		386,720		—	
<b>Net cash (outflow)/inflow from investing activities</b>			<u>(3,791,164)</u>		<u>112,069</u>
<b>Net cash outflow before financing</b>			<u>(3,659,155)</u>		<u>352,736</u>
<b>Financing:</b>					
Net proceeds from rights issue		2,649,841		—	
Issue of ordinary share capital		—		500	
Bank loan		2,300,000		—	
Share premium on conversion of warrants		—		800	
Finance lease repayments		(14,176)		—	
<b>Net cash inflow from financing</b>	26		<u>4,935,665</u>		<u>1,300</u>
<b>Increase in cash and cash equivalents</b>	27		<u>1,276,510</u>		<u>354,036</u>

The accounting policies on pages 19 and 20 and notes on pages 21 to 36 form part of these accounts.

**CEMENTONE plc**  
**ACCOUNTING POLICIES**

**Accounting convention**

The accounts have been prepared under the historical cost convention, modified by the revaluation of investments, in accordance with applicable accounting standards.

The principal accounting policies of the company and group are set out below. The policies have remained unchanged from the previous accounting period.

**Turnover**

Turnover of the continuing business is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT.

For the discontinued investment trust business, income and expenditure of a revenue nature is included in the profit and loss account. Realised and unrealised profits and losses on investments are included in capital reserves.

**Consolidation**

The group financial statements consolidate those of the company and all subsidiaries. At the date of acquisition the fair values of the net assets, excluding goodwill of the subsidiary are determined and these values are incorporated in the consolidated financial statements. Any excess of the cost of investment over the net assets of the subsidiary that remains after this valuation is written off against reserves. Where permitted, the company takes advantage of the merger relief provisions conferred by section 131 of the Companies Act 1985.

No profit and loss account is presented for Cementone plc as permitted by section 230 of the Companies Act 1985.

**Depreciation**

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful economic lives.

The rates of depreciation are:

Plant and machinery	10% to 20%
Motor vehicles	25% to 33.3%
Freehold building	2%

**Stocks**

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

In the case of raw materials and consumable stores, cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis. In the case of finished goods, cost comprises direct materials, direct labour and attributable overheads.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

**CEMENTONE plc**  
**ACCOUNTING POLICIES**

**Deferred taxation**

Deferred taxation is provided using the liability method to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

**Investments**

Listed investments were valued at market prices or middle prices as appropriate.

Properties and unlisted investments were valued by the directors on the basis of market prices, latest dealings, stockbroker valuations and accounting information as appropriate.

Investments held for dealing purposes, including traded options, were valued at the lower of cost and market value at the balance sheet date.

**Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

**Foreign currency**

Transactions denominated in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date, unless they are covered by forward exchange contracts where the rate of the contract is used. Translation differences are dealt with in the profit and loss account.

**Pensions and other post retirement benefits**

The expected costs of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes operated within the Group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

<b>1. Turnover</b>	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Analysed by area of geographical destination		
United Kingdom	14,804,141	—
Rest of Europe	344,231	—
Africa	831,161	—
Far and Middle East	289,301	—
Caribbean (related party)	989,732	—
	17,258,566	—
	17,258,566	—

In the opinion of the directors, Cementone plc operates in one class of business activity, all of which originates in the United Kingdom.

**2. Operating Profit**

The amounts relating to discontinued operations included in cost of sales, distribution costs and administrative expenses are immaterial.

Operating profit is stated after charging/(crediting) the following:

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Rentals under operating leases:		
Hire of plant and machinery	339,349	—
Other operating leases	156,147	—
Auditors' remuneration		
– Audit fees	23,750	—
– Other services	6,200	—
Depreciation on tangible fixed assets owned	215,926	—
Depreciation on tangible fixed assets held under finance leases and hire purchase contracts	8,255	—
Profit on sale of fixed assets	(21,417)	—
Directors' emoluments (see note 9)	287,506	—
	1,000,000	—
	1,000,000	—

The Auditors also received fees as Reporting Accountants of £60,800, included as part of the cost of investment in Cementone-Beaver Limited.

**3. Interest receivable and similar income**

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Bank interest receivable	9,553	7,720
	9,553	7,720

CEMENTONE plc  
 NOTES TO THE ACCOUNTS  
 FOR THE YEAR ENDED 31 DECEMBER 1994

4. Interest Payable and Similar Charges

	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£
On bank loans, overdrafts and other loans repayable within five years, otherwise than by instalments	123,168	31,955
On finance leases and hire purchase contracts	931	—
On bank loans repayable after more than five years	162,102	—
	<hr/>	<hr/>
	286,201	31,955
	<hr/> <hr/>	<hr/> <hr/>

5. Taxation

	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£
United Kingdom Corporation tax at 33% (1993 – 33%)	118,284	42,982
Tax on franked investment income	—	12,808
Prior year adjustment	(92,058)	—
	<hr/>	<hr/>
	26,226	55,790
	<hr/> <hr/>	<hr/> <hr/>

The tax charge is low mainly due to the prior year credit in respect of group relief.

6. Dividends

	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£
Interim paid - 0.4p (6 months ended 31 December 1993 – £NIL)	87,863	—
Second interim proposed – 1.0p per ordinary share (6 months ended 31 December 1993 – 1.5p)	219,659	64,986
	<hr/>	<hr/>
	307,522	64,986
	<hr/> <hr/>	<hr/> <hr/>

As disclosed in the report of the directors, the above dividends fall to be ratified at the Annual General Meeting of the Company.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**7. Earnings per share**

Earnings per share were calculated by dividing the earnings by the weighted average number of shares in issue during the year.

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Net profit after taxation	501,755	161,814
Weighted average number of shares in issue	21,965,856	4,331,269

**8. Profit of Parent Company**

The parent company's profit for the financial year amounted to £669,962 (6 months ended 31 December 1993 profit – £33,409).

**9. Directors and Employees**

Staff costs during the year

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Wages and salaries	2,385,058	–
Social security costs	218,349	–
Other pension costs	195,389	–
	2,798,796	–
	2,798,796	–

The average number of employees of the group during the year was 157 (period ended 31 December 1993 – NIL).

Staff costs include costs in respect of directors, whose remuneration was as follows:

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	£	£
Directors' emoluments (including benefits in kind and pension fund contributions)		
Directors' remuneration	211,506	–
Directors' fees	76,000	–
	287,506	–
	287,506	–

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**9. Directors and Employees (continued)**

The emoluments of the directors, including benefits in kind and pension contributions, were as follows:

	Year ended 31 December 1994 £	Six months ended 31 December 1993 £
The Chairman	15,000	—
The highest paid director	86,601	—
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
	<b>Number</b>	<b>Number</b>
Other directors		
£NIL to £5,000	4	4
£10,001 to £15,000	3	—
£50,001 to £55,000	1	—
£70,001 to £75,000	1	—

During the year, one director waived emoluments of £2,019.

**10. Tangible Fixed Assets**

**Group**

	Total £	Plant & Equipment £	Motor Vehicles £	Freehold Property £
<b>Cost</b>				
Additions	168,022	157,522	10,500	—
Acquisition of subsidiary	3,874,169	407,516	63,862	3,402,791
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 31 December 1994	4,042,191	565,038	74,362	3,402,791
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Depreciation</b>				
Charge for the year and at 31 December 1994	224,181	133,361	31,200	59,620
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Net book value</b>				
At 31 December 1994	3,818,010	431,677	43,162	3,343,171
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**10. Tangible Fixed Assets (continued)**

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	31 December 1994 £
Net book value	2,064
Depreciation provided in the year	8,255
<b>Company</b>	
	<b>Plant Equipment £</b>
<b>Cost</b>	
Additions and at 31 December 1994	3,064
<b>Depreciation</b>	
At 31 December 1994	-
<b>Net book value</b>	
At 31 December 1994	3,064

**11. Investments in group companies**

Cementone plc owns the whole of the issued ordinary share capital of Multitrust Securities Limited and Cementone-Beaver Limited which engage in short term dealings in stocks and traded options and building materials and chemicals manufacture respectively. Cementone-Beaver Limited owns the whole of the issued share capital of Cementone Properties Limited. These subsidiaries are registered in England and Wales and operate within the United Kingdom.

<b>Group</b>	<b>Year ended 31 December 1994 £</b>	<b>Six months ended 31 December 1993 £</b>
Associate Company – Buckingham Coatings Limited	1,000	-

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**11. Investments in group companies (continued)**

**Company**

	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	<b>£</b>	<b>£</b>
At 1 January 1994	895,986	1,408,445
Loan to subsidiary company	–	105,500
Less: provision for loss	–	(617,959)
Additions (note 31)	3,603,992	–
Disposals (note 32)	(895,984)	–
	<hr/>	<hr/>
At 31 December 1994	<u>3,603,994</u>	<u>895,986</u>

**12. Stock**

	<b>Group</b>	
	<b>Year ended</b> <b>31 December 1994</b>	<b>Six months ended</b> <b>31 December 1993</b>
	<b>£</b>	<b>£</b>
Investments held for dealing purposes:		
Listed in the UK	–	211,862
Listed overseas	–	5,500
	<hr/>	<hr/>
	–	217,362
Raw materials and consumable stores	331,739	–
Finished products	1,283,919	–
	<hr/>	<hr/>
	<u>1,615,658</u>	<u>217,362</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**13. Debtors**

	<b>Group</b>		<b>Company</b>	
	Year ended 31 December 1994	Six months ended 31 December 1993	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	3,662,805	-	-	-
Amounts due from subsidiary undertakings	-	-	5,416,623	469,959
Amounts due from related undertaking	447,034	-	42,331	-
Stock Market settlements	-	239,306	-	173,461
Other debtors	53,178	4,440	-	-
Prepayments and accrued income	181,354	190	-	-
Corporation tax recoverable	6,025	9,105	-	12,405
Group relief receivable	-	-	31,104	-
	<u>4,350,396</u>	<u>253,041</u>	<u>5,490,058</u>	<u>655,825</u>

**14. Short Term Investments**

	<b>Group</b>		<b>Company</b>	
	£	£	£	£
Investments at valuation				
- listed in the UK	168,985	1,968,411	168,985	1,968,411
- property for resale	15,000	1,108,417	-	8,000
	<u>183,985</u>	<u>3,076,828</u>	<u>168,985</u>	<u>1,976,411</u>

**15. Creditors**

	<b>Group</b>		<b>Company</b>	
	Year ended 31 December 1994	Six months ended 31 December 1993	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Bank loan	177,970	-	-	-
Trade creditors	1,202,526	-	-	-
Amounts owed to subsidiary undertakings	-	-	7,736	833,700
Dividends payable	220,353	65,141	220,353	65,141
Corporation tax payable	58,545	42,982	-	-
Group relief payable	710,488	-	-	-
Other taxes and social security	181,395	-	(3,162)	-
Other creditors	122,578	136	-	-
Accruals and deferred income	917,450	41,140	23,660	15,498
Obligations under finance leases	4,122	-	-	-
	<u>3,595,427</u>	<u>149,399</u>	<u>248,587</u>	<u>914,339</u>

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**15. Creditors (continued)**

**Amounts falling due after more than one year:**

	<b>Group</b>		<b>Company</b>	
	Year ended 31 December 1994 £	Six months ended 31 December 1993 £	Year ended 31 December 1994 £	Six months ended 31 December 1993 £
Bank loan:				
Due within one to two years	164,285	-	-	-
Due within two to five years	492,855	564,000	-	-
Due after five years	1,464,890	-	-	-
 Loan notes	 -	 577,000	 -	 577,000
	<hr/>	<hr/>	<hr/>	<hr/>
	2,122,030	1,141,000	-	577,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The bank loan is secured by way of first legal charges on the property of the group and is repayable in monthly instalments over a period of 15 years. Interest is charged at normal commercial rates.

On 10 January 1994, the holders of all the loan notes exercised their rights and converted the loan notes into 1,407,316 ordinary shares of 25p each fully paid.

**16. Provisions for Liabilities and Charges**

**Deferred taxation**

	<b>Group</b> £	<b>Company</b> £
At 1 January 1994	253,000	160,000
Taxation on valuation surplus no longer required	(160,000)	(160,000)
Transferred from revaluation reserve	(24,000)	-
Subsidiary sold during year	(69,000)	-
	<hr/>	<hr/>
At 31 December 1994	-	-
	<hr/> <hr/>	<hr/> <hr/>

There are no amounts of unprovided deferred tax.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**17. Share Capital**

	<b>Year ended</b>	<b>Six months ended</b>
	<b>31 December 1994</b>	<b>31 December 1993</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
32,000,000 ordinary shares of 25p each (1993 – 20,000,000)	8,000,000	5,000,000
	<u>                    </u>	<u>                    </u>
<b>Allotted, issued and fully paid:</b>		
21,965,856 (1993 – 4,332,412) ordinary shares of 25p each	5,491,464	1,083,103
	<u>                    </u>	<u>                    </u>

On 10 January 1994, the company in general meeting increased its authorised share capital to £8,000,000 by the creation of 12,000,000 ordinary shares of 25p each. At the same time the issued and fully paid capital was increased as follows:

	<b>Shares</b>	<b>£</b>
At 1 January 1994	4,332,412	1,083,103
Issued on conversion of loan notes	1,407,316	351,829
Issued by way of rights issue	3,897,361	974,340
Issued as consideration for the acquisition of Cementone-Beaver Limited	12,328,767	3,082,192
	<u>                    </u>	<u>                    </u>
At 31 December 1994	21,965,856	5,491,464
	<u>                    </u>	<u>                    </u>

**Share options**

Options have been granted during the year to the executive directors under the Cementone plc Executive Share Option Scheme. The options are exercisable after three years and before ten years from the date of grant provided that there has been a return to shareholders of at least ten percent after allowing for inflation, over a three year period.

The exercise prices for both Messrs Baxendale and Prenty are between 81½p and 92½p and for Mr Whitelaw are 55p and 74p.

**18. Warrants**

In the year ended 30 June 1992 warrants to subscribe for 866,080 ordinary shares of 25p in the capital of the company at a price of 65p per share were issued. Warrants to subscribe for 864,070 shares of 25p were outstanding at 31 December 1994.

The warrants are exercisable for a period of 31 days following the posting of the annual report and accounts of the company for the years 1994 to 1996 inclusive.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

<b>19. Share premium account</b>	<b>Group and Company</b>			
	£			
At 1 January 1994	1,236,101			
<b>Arising on:</b>				
Premium on conversion of loan notes at 41p during the period	225,171			
Premium on rights issue at 73p during the period	1,870,733			
Issue expenses	(195,232)			
At 31 December 1994	<u>3,136,773</u>			
<b>20. Goodwill reserve</b>	<b>Group</b>			
	£			
Arising on acquisition of Cementone-Beaver Ltd:				
Goodwill on acquisition	8,433,948			
Acquisition costs	521,298			
	<u>8,955,246</u>			
Less: Merger relief	(5,917,808)			
At 31 December 1994	<u>3,037,438</u>			
<b>21. Capital reserves</b>				
	<b>Unrealised appreciation reserve</b>	<b>Realised capital reserve</b>	<b>Goodwill</b>	<b>Total</b>
	£	£	£	£
<b>Group</b>				
At 1 January 1994	(53,767)	370,923	(345,753)	(28,597)
Arising in year	4,310	-	-	4,310
Provision for tax on chargeable gain no longer required	160,000	-	-	160,000
Realised in year	(760,021)	654,153	-	(105,868)
Realised on liquidation of subsidiary	479,061	(824,814)	345,753	-
Transferred to distributable reserves	170,417	(200,262)	-	(29,845)
At 31 December 1994	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**21. Capital reserves (continued)**

	Unrealised appreciation reserve £	Realised capital reserve £	Goodwill £	Total £
<b>Company</b>				
At 1 January 1994	425,294	(526,007)	-	(100,713)
Arising in year	4,310	-	-	4,310
Provision for tax on chargeable gain no longer required	160,000	-	-	160,000
Provision against loan to subsidiary no longer required	-	45,299	-	45,299
Realised in year	(760,021)	654,153	-	(105,868)
Transferred to distributable reserves	170,417	(173,445)	-	(3,028)
At 31 December 1994	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**22. Revaluation reserve**

	Group £	Company £
At 1 January 1994	211,110	2,705
Surplus realised on sale of properties	(211,110)	(2,705)
At 31 December 1994	<u>-</u>	<u>-</u>

**23. Profit and loss account**

	Group £	Company £
At 1 January 1994	66,725	31,128
Profit for the year	194,233	362,440
Surplus realised on sale of properties	211,110	2,705
Transferred from capital reserves	29,845	3,028
	<u>501,913</u>	<u>399,301</u>

CEMENTONE plc

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 1994

24. Reconciliation of movements in shareholders' funds

	Group		Company	
	Year ended 31 December 1994	Six months ended 31 December 1993	Year ended 31 December 1994	Six months ended 31 December 1993
	£	£	£	£
Total recognised gains for the period	560,197	529,121	773,702	493,716
Dividends	(307,522)	(64,986)	(307,522)	(64,986)
	<hr/>	<hr/>	<hr/>	<hr/>
	252,675	464,135	466,180	428,730
New issue of shares	9,000,000	-	3,082,192	-
Rights issue	2,845,074	-	2,845,074	-
Conversion of loan notes into shares	577,000	-	577,000	-
Conversion of Warrants into shares	-	1,300	-	1,300
Share issue expenses	(195,232)	-	(195,232)	-
Goodwill on acquisition	(8,433,948)	-	-	-
Acquisition costs	(521,299)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in shareholders' funds	3,524,270	465,435	6,775,214	430,030
Opening shareholders' funds	2,568,442	2,103,007	2,252,324	1,822,294
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	6,092,712	2,568,442	9,027,538	2,252,324
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**25. Reconciliation of operating profit to net cash inflow from operating activities**

	Continuing operations £	Discontinued operations £	Year ended 31 December 1994 £	Six months ended 31 December 1993 £
Operating profit	640,564	164,065	804,629	241,839
Decrease in stocks	10,899	-	10,899	63,072
Decrease in debtors	2,378,902	71,216	2,450,118	(11,107)
Decrease in creditors	(2,659,264)	(9,070)	(2,668,334)	(7,150)
Depreciation	224,181	-	224,181	-
Profit on sale of fixed assets	(21,417)	-	(21,417)	-
Profit on sale of investments	(21,599)	-	(21,599)	-
Decrease in provisions	(200,202)	10,417	(189,785)	-
Net cash inflow from operating activities	<u>352,064</u>	<u>236,628</u>	<u>588,692</u>	<u>286,654</u>

**26. Analysis of changes in financing during the year**

	Loan Notes £	Bank Loans £	Finance Leases £	Share Capital £	Share Premium £
At 1 January 1994	577,000	564,000	18,298	1,083,103	1,236,101
Net cash inflow/(outflow)	-	2,300,000	(14,176)	974,340	1,675,501
Net non-cash inflow/ (outflow)	(577,000)	(564,000)	-	3,434,021	225,171
At 31 December 1994	<u>-</u>	<u>2,300,000</u>	<u>4,122</u>	<u>5,491,464</u>	<u>3,136,773</u>

**27. Analysis of changes in cash and cash equivalents during the year**

	Year ended 31 December 1994 £	Six months ended 31 December 1993 £
At 1 January 1994	564,610	210,574
Net cash inflow	1,276,510	354,036
At 31 December 1994	<u>1,841,120</u>	<u>564,610</u>

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**28. Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

	Year ended 31 December 1994 £	Six months ended 31 December 1993 £	Change in period £
Cash at bank and in hand	1,841,120	564,610	1,276,510
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**29. Related party transactions**

**a) Disposal of subsidiary**

On 15 December 1994 Cementone plc sold its subsidiary undertaking, Multitrust Property Investments Limited, to Panther Securities PLC, a company controlled by Mr A S Perloff, a director of Cementone plc. The company was sold at net asset valuation less costs of £40,000. The consideration was in cash and amounted to £212,106, and in addition £183,642 of group loans were repaid. Net asset value was arrived at on the basis of professional valuations of the properties carried out on 31 October 1994 by Keith Cardale Groves, Chartered Surveyors, and Heaney Micklethwaite, Commercial Property Consultants.

**b) Caribbean trading**

Cementone-Beaver Limited supplies bulk chemicals to the Berger Paints companies in Jamaica, Barbados and Trinidad. These companies are subsidiaries of UB International Ltd, a parent company of UB Coatings Ltd, which holds 33.9% of the issued capital of Cementone plc. Mr V Mallya is a director of the companies involved. Trading is on an "arms length" basis and turnover for 1994 amounted to £989,732.

Amounts due from Caribbean companies at 31 December 1994 totalled £378,165.

**30. Commitments and contingencies**

Debentures have been issued to Lloyds Bank Plc in respect of Cementone-Beaver Limited and Cementone Properties Limited covering their liabilities to Lloyds Bank Plc. In addition, the parent company has issued a guarantee to Lloyds Bank Plc covering those liabilities.

Cementone plc has given a guarantee to Petrofina SA in respect of its share of the liabilities of Buckingham Coatings Limited due to Kredietbank NV. At 31 December 1994 the maximum liability under such guarantee amounts to £635,746.

On 14 December 1993, Cementone-Beaver assigned the lease of a light industrial building to UB Group (UK) Limited. The lease has a further 24 years and four months to run and carries a rental of £90,000 per annum now payable by UB Group (UK) Limited. Cementone-Beaver would still, however, be liable for the rent and any repairs on the property should UB Group (UK) Limited default on the rent.

**CEMENTONE plc**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

**31. Acquisition of subsidiary**

On 10 January 1994, Cementone plc purchased the whole of the issued share capital of Cementone-Beaver Limited.

The fair values attributed to the net tangible assets were:

	Book value £	Fair value Provisions £	Fair value to the group £
Fixed assets	3,874,169	-	3,874,169
Investments	1,000	-	1,000
Stock	1,626,557	-	1,626,557
Debtors	6,722,694	-	6,722,694
Cash	694,212	-	694,212
Creditors	(12,142,744)	-	(12,142,744)
Provisions for liabilities and charges	(121,097)	(88,739)	(209,836)
	654,791	(88,739)	566,052
	654,791	(88,739)	566,052
Goodwill			8,433,948
			9,000,000
			9,000,000
<b>Purchase consideration satisfied by:</b>			
Issue of 12,328,767 25p Ordinary shares at 73p			9,000,000
			9,000,000
<b>Net cash outflow in respect of acquisition of subsidiary:</b>			£
Acquisition costs			(521,800)
Cash and cash equivalents acquired			694,212
Bank overdraft acquired			(6,324,374)
			(6,151,962)
			(6,151,962)

**Share capital of acquired subsidiary**

250,000 Ordinary shares of £1 each representing 100% of the share capital.

**32. Disposal of subsidiaries**

Multitrust Property Investments Ltd was sold on 15 December 1994 (see Note 29a).

Investment Trust Securities Ltd was liquidated on 21 December 1994. There were no material profits or losses.

CEMENTONE plc  
 NOTES TO THE ACCOUNTS  
 FOR THE YEAR ENDED 31 DECEMBER 1994

33. **Leasing commitments**

Operating lease payments committed to be made during the next year are as follows:

	31 December 1994	31 December 1993
	£	£
Land and buildings:		
Leases expiring: in two to five years	25,000	—
over five years	131,900	—
	<u>          </u>	<u>          </u>
Other operating leases:		
Expiring within: one year	40,943	—
two to five years	222,657	—
	<u>          </u>	<u>          </u>

34. **Pension commitments**

The group operates a defined benefit pension scheme. Benefits are based on employees' years of service and average final remuneration and are financed through a separate trustee administered fund.

This scheme commenced on 1 September 1992, at which point all members entitled to join the scheme transferred from the UB International Retirement and Death Benefits Plan.

The contribution rate for the scheme was determined by a qualified actuary using the "Projected Unit Funding" method and the principal actuarial assumptions adopted in calculating the pension costs charges in the accounts were

Investment Return	9 %
General Salary Inflation	7½%
Pension Increases	5 %

The next valuation is due to take place in April 1995.

The charge for the year amounted to £195,389 (1993 – £NIL).

**Cementone plc**  
(Registered in England No 1927339)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cementone plc will be held at the offices of College Hill Associates, 29 Gresham Street, London, EC2V 7AH on Wednesday 7 June 1995 at 10.30 am when the following business will be transacted:

**Ordinary Business**

1. To receive, and if thought fit, to adopt the Report of the Directors and the Statement of Accounts for the financial year ended 31 December 1994 with the Auditors' Report thereon.
2. To consider and, if thought fit, pass the following resolution as a Special Resolution:  
  
That, notwithstanding any provision of the Company's Articles of Association.
  - (i) a dividend of 1.4p per ordinary share in respect of the year ended 31 December 1994 be and is hereby declared;
  - (ii) The Company's liability to shareholders in respect of that dividend be treated as discharged and satisfied by the payment of (a) the interim dividend of 0.4p per ordinary share on 7 October 1994 ("the first interim dividend"); and (b) the payment of the interim dividend of 1.0p per ordinary share on 18 April 1995 ("the second interim dividend") and so far as may be necessary to give effect to the above, the dividend hereby declared shall be deemed to be payable to those persons holding ordinary shares as at 29 September 1994 as to 0.4p and those persons holding ordinary shares as at 18 April 1995 as to 1.0p; and
  - (iii) payment of each of the first interim dividend and the second interim dividend be and is hereby confirmed and ratified.
3. To re-elect as a director Mr A Baxendale who has retired by rotation and offers himself for re-election at this Annual General Meeting.
4. To re-elect as a director Mr A Chattwell who has retired by rotation and offers himself for re-election at this Annual General Meeting.
5. To re-elect as a director Mr J Whitelaw who was appointed during the year and whose appointment therefore requires confirmation by this Annual General Meeting.
6. To re-appoint Messrs Touche Ross & Co as Auditors of the Company to hold office until the conclusion of the next General Meeting of the Company at which Accounts are laid and to authorise the Directors to fix their remuneration.

**Special Business**

7. As an item of special business to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

That to the exclusion of and in substitution for any such authority previously conferred upon them and subsisting at the date of this Resolution (save to the extent that the same may already have been exercised and save for any such authority granted by statute), the Directors be and they are hereby authorised, generally and unconditionally for the purpose of Section 80 of the Companies Act 1985 ("the Act"), to allot relevant securities (as defined in Section 80(2) of the Act) up to a maximum aggregate nominal amount of £1,830,488 PROVIDED THAT:

- (i) this authority shall expire at the commencement of the Annual General Meeting held next

after the passing of this Resolution or 15 months after the passing of this Resolution (whichever is the earlier); and

- (ii) the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

8. As an item of special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

THAT the Directors be and they are hereby empowered, pursuant to Section 95 of the Act, 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 held next after the passing of this Resolution or 15 months after the passing of this Resolution (whichever is the earlier) and at any time thereafter pursuant to any offer, agreement or other arrangement made by the Company before the expiry of this power, to the exclusion of and in substitution for any other such power previously granted to them and subsisting at the date of this Resolution (save to the extent that the same may already have been exercised and for any such power granted by statute), to allot, out of any relevant securities (as defined in Section 80(2) of the Act) which they are from time to time authorised to allot, and as if Section 89(1) of the Act did not apply to such allotment;

- (i) equity securities as so defined in Section 94(2) of the Act in connection with any rights issue to holders of equity securities (as so defined) (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 to such exclusions or arrangements as the Directors shall deem necessary or expedient to deal with fractional entitlements or legal problems under the laws of any territory or requirements of any recognised regulatory body or other stock exchange in any territory); and
- (ii) any number and amount of equity securities otherwise than pursuant to (1) above up to a maximum aggregate nominal amount £274,573.

9. As an item of special business to consider and, if thought fit, to pass the following resolution as a Special Resolution:

That, in accordance with Article 70 of its Articles of Association and the Companies Act 1985, the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985 as amended) of ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine provided that:

- (i) the maximum number of ordinary shares authorised to be purchased is 3,250,000;
- (ii) the minimum price which may be paid for ordinary shares is 25p per ordinary share (exclusive of expenses and advance corporation tax (if any) payable by the Company);
- (iii) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market prices shown in the quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased (exclusive of expenses and advance corporation tax (if any) payable by the Company);
- (iv) the authority hereby conferred shall expire on 23 May 1996 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 1996 unless previously renewed, varied or revoked by the Company in General Meeting; and

- (v) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary share in pursuance of any such contract.

10. As an item of special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

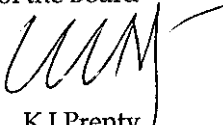
That, notwithstanding any provision of the Company's Articles of Association.

- (i) any shareholder who received any payment in respect of the first interim dividend or the second interim dividend and may have come under any liability to the Company in respect of the same, and any director who may have come under a liability to the Company in respect of the payment of the first interim dividend or the second interim dividend, be and is hereby released from any such liability to the Company and the Company shall be authorised to enter into any document or deed necessary or desirable to effect or evidence such release; and
- (ii) to the extent that the release of any shareholder from any liability mentioned above shall itself be or be deemed to be a distribution, such distribution is hereby authorised to be made by reference to the same record date as for the relevant interim dividend.

Dated: 28 April 1995

Registered Office:  
Tingewick Road  
Buckingham  
MK18 1AN

By Order of the Board

  
K J Prenty  
Secretary

- NOTE:
- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll vote in his stead. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice.
  - (2) The form of proxy, and the power of attorney or other authority (if any) under which it is signed or an office or notarially certified copy thereof, should be lodged with Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CB8 2UL, not later than 48 hours before the time appointed for the meeting.
  - (3) Completing and returning a form of proxy will not prevent the member from attending at the meeting and voting should he/she so wish.
  - (4) Copies of the Directors' service contracts with the Company are available for inspection during usual business hours on any weekday from the date of this Notice until the date of the Annual General Meeting at the registered office of the Company and on the day of the meeting at the offices of College Hill Associates, 29 Gresham Street, London EC2V 4AH until the conclusion of the meeting.