



QUOTATIONS RECORDS OFFICE
★ 22 FEB 1984 ★
THE STOCK EXCHANGE

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to LPA Industries P.L.C. ("the Company"). The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the ordinary share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for the securities to be admitted to listing.

INTRODUCTION

by

GREENE & CO.

of

the ordinary share capital

of

LPA INDUSTRIES P.L.C.

(Incorporated under the Companies Act 1948. Registered in England No. 686429)

to the

Unlisted Securities Market

SHARE CAPITAL

Authorised
£750,000

in 7,500,000 Ordinary Shares of 10p each

*Issued and
to be issued
fully paid*
£544,300.60

INDEBTEDNESS

On 31st January 1984 the Company and its subsidiaries ("the Group") had cash balances of £220,500 and had outstanding lease purchase commitments of £197,215.

Save as aforesaid and as stated in paragraph 7 of Appendix III on page 19, and apart from the guarantee given by the Company in respect of Jarneta Limited as referred to in paragraph 6 of Appendix III on page 19 and intra-group borrowings and guarantees, at the close of business on 31st January 1984 the Group had outstanding no other borrowings or indebtedness in the nature of borrowings, including bank overdrafts or other similar indebtedness, loan capital (including term loans) outstanding or created but unissued, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, liens, charges, guarantees or other material contingent liabilities.

DIRECTORS

Arthur Rusch
(Non-executive Chairman)

Michael Rusch
(Vice-Chairman and Chief Executive)

John William Edwards

Michael Peter Kemp

Simon Harold John Arthur Knott, BA (Econ.)
(Non-executive)

Gordon Edward Orley

Ronald John Wingham

All of:
Tudor Works
Debden Road
Saffron Walden
Essex CB11 4AN

**SECRETARY AND
REGISTERED OFFICE**

John William Edwards
1540 London Road
Leigh-on-Sea
Essex SS9 2QG

BROKERS

Greene & Co.
Bilbao House
36/38 New Broad Street
London EC2M 1NU

**AUDITORS AND
REPORTING
ACCOUNTANTS**

Parlane Purkis & Co.
(Chartered Accountants)
16 London Road
Southend-on-Sea
Essex SS1 1PS

SOLICITORS

Jaques & Lewis
2 South Square
Gray's Inn
London WC1R 5HR

BANKERS

National Westminster Bank PLC
41 High Street
Billericay
Essex CM12 9AZ

**REGISTRAR AND
TRANSFER OFFICE**

John William Edwards
LPA Industries PLC
PO Box 15, Tudor Works
Debden Road
Saffron Walden
Essex CB11 4AN

LPA Industries P.L.C.

HISTORY AND BUSINESS

INTRODUCTION

The principal business of the Group consists of the design, manufacture and marketing of industrial electrical accessories.

HISTORY

The Company was incorporated on 14th March 1961 under the name Rem Products (Electrical) Limited to take over the business then run by the present Chairman, Mr A. Rusch, and a partner.

In 1967 the Company became a public company and at the same time shares representing 55% of the then total issued share capital were placed. Until now bargains have been effected under the provisions of Rule 163(2) of The Stock Exchange in relation to the shares in the Company.

At that time the Company was involved in design and marketing only, with the manufacture of its products being sub-contracted. In 1969, however, the Company began manufacturing one of its own products on a limited scale, and, at about the same time, it also acquired W. M. Engineering (Ramsden) Limited, one of its sub-contractors.

The level of manufacture increased further in 1976 when the Company acquired the balance not already held by it of the issued share capital of one of its main suppliers, Light & Power Accessories Company Limited ("Light & Power"). Shortly after that acquisition the Company moved from its premises near Billericay, Essex to Light & Power's premises at Tudor Works, Saffron Walden, Essex and the businesses of the Company and Light & Power became integrated at Saffron Walden.

Further expansion took place in 1981 when the Company acquired the whole of the issued share capital of Niphan Limited ("Niphan") located at Wandsworth in South London, a well established manufacturer of industrial plugs and sockets.

BUSINESS

In the year to 30th September 1983, eighty-eight per cent. of the turnover was represented by the supply of industrial electrical accessories manufactured by the Group itself. In addition, the Group supplies products manufactured by other companies (twelve per cent. of turnover in the year to 30th September 1983).

The products manufactured by the Group itself can be divided into two ranges, namely standard products and specialised products.

The standard range (which represented eighty-one per cent. of sales of the goods manufactured by the Group in the year to 30th September 1983) consists primarily of plugs and sockets, connectors, cable glands, clamps and cleats and similar products which are supplied for use in factories, chemical works, gas works, and other industrial premises. The Group has approximately 1,200 active customers comprising both end users and wholesalers for its standard range of products. The Group's customers range from major cable manufacturers and nationalised undertakings to small electrical wholesalers.

Specialised products (which represented nineteen per cent. of sales of goods manufactured by the Group in the year to 30th September 1983) include the following:

- (a) Connectors for use in railway rolling stock. In this context, the Group supplies, for example, the electric couplers which convey the supply for heating, ventilation, lighting and kitchen equipment on the British Rail 125 High Speed Train.
- (b) Ground supply power connectors forming part of the power units used for starting motors on both civil and military aircraft. These are presently in use at Heathrow, Gatwick and other airports in the United Kingdom and also on Royal Air Force airfields and aircraft carriers of the Royal Navy.
- (c) Heavy duty switch sockets for use on docks and steel making plant throughout the world.

Goods of other manufacturers which the Group at present supplies consist primarily of the following:

- (i) cable trays manufactured by Planet Wattohm & Cie of Paris, France which are used for supporting multiples of cables running along walls.
- (ii) plastic plugs and sockets, portable connectors and switch sockets to complement the Group's range, manufactured by Industria Lombarda Materiale Elettrico of Milan, Italy.

Sales in the United Kingdom are obtained by the Group's own salesmen. In addition, the Group exhibits at major relevant exhibitions.

Sales overseas are effected through independent distributors and agents who have been appointed in Australia, South Africa and the Middle East. Of the total turnover of £4,820,910 for the year ended 30th September 1983, £630,730 was in respect of exports as follows:—

	£
Europe	266,814
Africa	115,127
The Americas	13,428
Middle East	117,208
Far East and Asia	118,153
	<u>630,730</u>

MANAGEMENT AND STAFF

The Directors of the Company are as follows:

Mr A. Rusch, aged 66, was employed by various cable manufacturers until 1960 when he went into partnership to carry on the business which, as mentioned above, was subsequently acquired by the Company. He was Executive Chairman from 1961 until 1982 and is now Non-executive Chairman.

Mr M. Rusch, aged 38, who is the Vice Chairman and Chief Executive of the Group and is responsible for overall policy and the development of the Group's business activities. He joined the Company in 1966 and was appointed to the Board in 1967.

Mr J. W. Edwards, aged 46, is Financial Director and Company Secretary and is the Director responsible for all accounting and administrative matters. He joined the Company in 1970 and was appointed to the Board in 1977.

Mr M. P. Kemp, aged 46, is Works Director responsible for production in all the Group's factories. He joined the Company in 1971 and was appointed to the Board in 1977.

Mr G. E. Orley, aged 38, is Commercial Director responsible for internal sales expediting, customer liaison and despatch of goods, including exports. He joined the Company in 1962 and was appointed to the Board in 1972.

Mr R. J. Wingham, aged 47, is Sales Director responsible for sales of the Group both in the United Kingdom and overseas. He joined the Company in 1967 and was appointed to the Board in 1973.

Mr S. H. J. A. Knott, aged 52, is a Non-executive Director and financial adviser to the Group. He is a senior partner of Greene & Co., Stockbrokers, and is also a director of United Scientific Holdings PLC, Automated Securities (Holdings) PLC and other public companies. He joined the Board in 1967.

In addition to the executive directors employed within the Group there is a well balanced team of senior executives including:

Mr D. Hornsley, aged 36, who is chief estimator and also responsible for all purchases by the Group. He joined the Company in 1972.

Mr R. Bunden, aged 48, is the U.K. sales manager of the Group. He joined the Company in 1969.

Mr I. Ainge, aged 41, who is works manager at Saffron Walden and joined the Company in 1964.

Mr I. Cains, aged 35, is the sales office manager at Saffron Walden. He joined the Company in 1968.

Mr E. A. Cox, aged 62, is the works manager at Niphan and is also responsible for customer liaison. He joined Niphan in 1935.

Mr A. C. Day, aged 52, is the accounts and administration manager at Niphan. He joined Niphan in 1977.

The Company believes that the continued commitment of its executive directors and other executives is essential to the Group's development and the Company has therefore introduced the LPA Group Executive Share Option Scheme which will come into operation after the Introduction. Further details of the scheme are set out in Appendix II of this document.

In addition to the executive directors of the Company and senior executives mentioned above, the Group had on the 31st January 1984 some 216 employees, 80 of whom have been with the Group for over ten years and relations with whom are excellent. Of the total number of employees, including directors and senior executives, 167 are involved in production, 41 in sales and distribution and the rest in administration. There is a contributory pension scheme.

PREMISES

The Group carries on business from the following premises:—

Location	Approximate Area and Description	Tenure	Basic Annual Rent and Review
Tudor Works Debden Road Saffron Walden Essex	39,960 square feet. Headquarters comprising offices, factory and stores	Freehold	—
Shire Hill Saffron Walden Essex	19,500 square feet comprising offices, factory and stores	Leases for 25 years from 25.12.76 and 29.09.77 respectively	£41,700 to be next reviewed in 1986 and 1987 respectively and five yearly thereafter
Land off Merton Road and Replingham Road Wandsworth	16,000 square feet. Headquarters of Niphan comprising offices, factory, and stores.	Freehold	—
60 Talbot Road Stretford Manchester	1,650 square feet comprising offices and stores*	Freehold	—

* The Company only occupies the ground and basement floors of this property and lets the first and second floors for which it currently receives an annual exclusive rental of £1,400.

In addition the Company is the lessee in respect of property at Windsor Trading Estate, Downham, Essex for a term of 21 years from 14th February 1974 at a basic annual rent of £22,312.50 to be reviewed in 1986 and three yearly thereafter. The property which comprises 8,750 square feet is divided into seven units. It is the Company's policy to sublet these units in respect of which it currently receives an annual rent of approximately £19,000 from six of the units.

WORKING CAPITAL

The Directors consider that taking into account existing cash resources and bank overdraft facilities available, the Group will have sufficient working capital for its foreseeable requirements.

PROFITS AND PROSPECTS

The Company's record of growth over the last five years is set out below; this has been achieved despite the recession which has existed during that period.

	1979	1980	1981	1982	1983
	£'000	£'000	£ '00	£'000	£'000
Turnover	2,718	3,231	3,867	4,240	4,821
Pre-Tax Profits	426	511	460	498	725

Profits for 1981 and 1982 were affected by both the recession and the costs associated with the acquisition and integration of Niphan. In 1983 the Group benefited from the improvement in the Group's cash position and steps taken to improve overall efficiency.

Profits for the year ended 30th September 1983 included an exceptional item of £71,000. Goods which were the subject of a cancelled order in the previous year and written down for stock purposes as at 30th September 1982, were successfully sold during 1983, yielding approximately £71,000, as referred to in Note 2(c) to the Accountants Report on page 9.

It is too early in the current year to make a forecast of profits, but despite the current highly competitive conditions, the Company's strong financial position provides encouragement to the Board, and the Board remains confident that over the long term the Group's growth will continue.

REASONS FOR INTRODUCTION

As a result of the placing of shares in the Company in 1967 (as referred to on page 3), a large proportion of the Company's issued shares is currently in public hands and the number of shareholders presently exceeds 200. Accordingly the Board now considers it to be a suitable time to introduce its shares to the Unlisted Securities Market as this will facilitate public transactions in the shares. The Board further considers that such a quotation will be received favourably by the Company's existing suppliers and customers and will give the Company an increased standing generally.

The Board is always interested in opportunities for expansion of the Company's activities, and although there are no immediate plans for acquisition, the fact that the Company's shares are quoted on the Unlisted Securities Market will facilitate such transactions where appropriate.

DIVIDENDS

In the absence of unforeseen circumstances the Directors propose that an interim dividend of 1.05p net per Ordinary Share (equivalent to 1.5p inclusive of the related tax credit) will be paid in July 1984 and further propose to recommend a final dividend in respect of the current financial year payable in or about January 1985 of 1.4p net per Ordinary Share (equivalent to 2p inclusive of the related tax credit). The cost of the proposed dividends will amount to £133,354 as compared with £114,303 for 1983.

As appears from the Accountants Report on page 9, the post taxation profit of the Group for the year to 30th September 1983 was £362,414. If dividends at the rates set out above had been paid in respect of that year, the dividend would have been covered 2.7 times.

APPENDIX I

Accountants' Report

The following is a copy of a report from Parlane Purkis & Co., the Company's Auditors and Reporting Accountants:

To: The Directors,
LPA Industries P.L.C.,
1540 London Road
Leigh-on-Sea
Essex SS9 2QG

Parlane Purkis & Co.,
16 London Road
Southend-on-Sea
Essex SS1 1PS

Greene & Co.,
Bilbao House,
36/38 New Broad Street,
London EC2M 1NU

10th February 1984

Gentlemen,

As Auditors throughout the period under review, we present our report based on the audited accounts for the five years ended 30th September, 1983.

The financial summaries set out in 2 to 4 below are based on the audited accounts of the Company, after making such adjustments as, in our opinion, we consider appropriate and have been prepared under the Historical Cost Convention modified to include the revaluation of certain fixed assets.

In our opinion, the financial summaries, together with the notes thereon, give under the Historical Cost Convention described above, a true and fair view of the profits and source and application of funds and the state of affairs of the Company for the five years ended 30th September, 1983.

1. ACCOUNTING POLICIES

The figures for the five years have been restated, where necessary, in accordance with the principal accounting policies currently employed by the Company.

- (a) Accounting Convention
The Accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

- (b) Depreciation
Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:—

Freehold Buildings	10%
Leasehold Properties	Over Period of Lease
Plant, Machinery and Equipment	10%
Motor Vehicles	20-25%
Furniture, Fittings and Office Equipment	10-20%

The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from Revaluation Reserve to Profit and Loss.

- (c) Stocks and Work in Progress
Stocks and Work in Progress are stated in the Balance Sheet at the lower of cost or net realisable value. Cost includes direct materials and labour costs and those overheads that have been incurred in bringing the stock to its present location and condition.
- (d) Patents and Trade Marks, Research and Development
All expenses incurred in connection with patents and trade marks, moulds, tools and other development costs, are charged in the profit and loss account when they are incurred.

- (e) **Deferred Taxation**
Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.
- (f) **Government Grants**
Government grants on capital expenditure are deducted from the cost of the assets to which they relate.
- (g) **Pension Funding**
The Company operates a pension scheme covering the majority of permanent employees. The scheme is fully funded and contributions by employees and by the Company are held in trustee-administered funds completely independent of the group's finances.
- (h) **Foreign Currencies**
Assets and liabilities expressed in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.
- (i) **Leasing and Hire Purchase Commitments**
Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged against income as incurred.
- (j) **Changes in Accounting Policies**
1981:—
Prior to the year ended 30th September, 1981, Freehold Properties were not depreciated and all other fixed assets were depreciated on a reducing balance basis. The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from Revaluation Reserve to Profit and Loss.

Following the change in stock relief legislation, the provision for stock appreciation was added back to Retained Profits.

1983:—
Deferred Taxation previously provided in respect of Revalued Fixed Assets was written back to Revaluation Reserve in 1983, because the Directors are of the opinion that no liability to taxation will arise in the foreseeable future.

2. RESULTS

A summary of the adjusted Profit and Loss Accounts of the Group is set out below.

	Note	Years Ended 30th September				
		1979 £	1980 £	1981 £	1982 £	1983 £
Turnover	1	2,718,160	3,231,317	3,866,792	4,240,568	4,820,910
Cost of Sales		1,664,564	1,971,031	2,424,323	2,675,080	2,980,118
Gross Profit		1,053,596	1,260,286	1,442,469	1,565,488	1,840,792
Operating Expenses		568,956	668,353	910,798	970,813	1,067,387
Operating Profit		484,640	591,933	531,671	594,675	773,405
Investment Income		3,283	3,242	3,196	—	7,000
		487,923	595,175	534,867	594,675	780,405
Interest Payable		61,652	83,893	74,677	96,450	55,005
Profit before Taxation	2	426,271	511,282	460,190	498,225	725,400
Taxation	4	124,560	143,108	170,682	196,527	362,986
Profit after Taxation		301,711	368,174	289,508	301,698	362,414
Dividends	5	54,430	76,202	88,902	114,303	114,303
		247,281	291,972	200,606	187,395	248,111
Amortisation of Revaluation Surplus		—	—	38,904	40,463	39,656
Retained Profit		247,281	291,972	239,510	227,858	287,767
Statement of Retained Profits						
Retained Profit brought forward		947,754	1,195,035	1,487,007	1,726,517	1,954,375
Retained Profit for the Year		247,281	291,972	239,510	227,858	287,767
Retained Profit carried forward		1,195,035	1,487,007	1,726,517	1,954,375	2,242,142

NOTES TO THE PROFIT AND LOSS ACCOUNTS

1. Turnover represents amounts invoiced for products sold, stated net of Value Added Tax, excluding those to other group companies.

2. Profit before Taxation is stated after

(a) Charging						
Directors Emoluments	3	98,352	111,055	124,017	133,464	149,588
Auditors Remuneration		5,750	6,500	12,000	9,920	11,000
Equipment Hire		34,685	48,599	65,529	57,132	49,722
Depreciation		34,936	34,857	103,400	116,679	137,934
Interest Payable:						
Loans maturing within five years						
Bank Overdraft		61,652	83,393	69,847	90,060	38,701
Finance Leases		—	—	4,830	6,390	16,304
(b) Crediting						
Investment Income:						
From Quoted Investments		963	922	876	—	—
From Unquoted Investments		2,320	2,320	2,320	—	7,000

(c) Exceptional Item — arising in the ordinary course of business
Finished goods which were the subject of a cancelled order in 1982, and written down for stock purposes as at the 30th September, 1982, were successfully sold during 1983, yielding a profit before taxation of approximately £71,000.

NOTES TO THE PROFIT AND LOSS ACCOUNTS (CONTINUED)

	Years Ended 30th September				
	1979 £	1980 £	1981 £	1982 £	1983 £
3. Directors Emoluments:					
Fees	2,289	2,316	2,739	2,983	3,130
Other Emoluments including commission	96,063	108,739	118,278	130,481	121,458
Ex Gratia Payment to Retiring Director	—	—	3,000	—	25,000
	<u>98,352</u>	<u>111,055</u>	<u>124,017</u>	<u>133,464</u>	<u>149,588</u>
Emoluments of the Chairman	<u>15,696</u>	<u>21,653</u>	<u>23,765</u>	<u>28,111</u>	<u>—</u>
Emoluments of the Highest Paid Director	<u>17,788</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,597</u>
Emoluments of the other Directors of the parent Company were within the scale:					
£5,001 to £10,000	2	2	2	1	—
£10,001 to £15,000	4	4	4	—	1
£15,001 to £20,000	—	1	—	4	4
£20,001 to £25,000	—	—	1	1	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4. Taxation	£	£	£	£	£
Corporation Tax estimated at 52%	128,490	142,831	135,002	186,173	367,380
Deferred Taxation	(4,248)	—	35,386	30,354	(6,494)
Income Tax	318	277	294	—	2,100
	<u>124,560</u>	<u>143,108</u>	<u>170,682</u>	<u>196,527</u>	<u>362,986</u>

The Corporation Tax charge has fluctuated between years as a result of variations in the availability of accelerated tax allowances and stock appreciation relief.

5. Dividends					
Rate of Dividend per Share	15%	21%	24½%	31½%	31½%
The rate per share for the Years Ended 1979 and 1980 has been adjusted to reflect the capitalisation of reserves which occurred on the 11th April, 1980.					
6. Earnings per Share	8.31p	10.15p	7.98p	8.31p	9.99p
The calculation of net earnings per share is based on 3,628,871 Ordinary Shares in issue at 30th September, 1983.					

3. BALANCE SHEETS

A summary of Balance Sheets of the Group is set out below

	Note	1979 £	1980 £	1981 £	1982 £	1983 £
Fixed Assets:						
Tangible Assets	1	784,293	1,129,989	1,617,079	1,685,244	1,621,976
Investments	2	24,321	74,321	—	—	100,000
		<u>788,614</u>	<u>1,154,310</u>	<u>1,617,079</u>	<u>1,685,244</u>	<u>1,721,976</u>
Current Assets:						
Stocks	3	1,386,663	1,657,537	1,841,066	1,802,563	1,653,101
Debtors		1,052,446	955,455	957,441	1,048,490	1,082,316
Cash at Bank and in Hand		20,709	34,460	48,536	98,636	250,097
		<u>2,439,818</u>	<u>2,647,452</u>	<u>2,847,045</u>	<u>2,949,689</u>	<u>2,965,514</u>
Creditors: Amounts falling due within one year	4	1,144,545	1,068,292	1,363,842	1,186,321	1,008,653
Net Current Assets		<u>1,295,273</u>	<u>1,579,160</u>	<u>1,483,203</u>	<u>1,763,368</u>	<u>1,956,861</u>
Total Assets less Current Liabilities		<u>2,083,887</u>	<u>2,733,470</u>	<u>3,100,282</u>	<u>3,448,612</u>	<u>3,678,837</u>
Creditors: Amounts falling due after more than one year	5	107,433	115,978	125,096	261,120	249,728
Provisions for Liabilities and Charges						
Deferred Taxation	6	118,975	112,755	209,963	234,874	228,380
		<u>1,857,479</u>	<u>2,504,739</u>	<u>2,765,223</u>	<u>2,952,618</u>	<u>3,200,729</u>
Capital and Reserves:						
Called Up Share Capital	7	181,434	362,867	362,867	362,867	362,867
Share Premium Account		232,004	50,571	50,571	50,571	50,571
Revaluation Reserve	8	215,157	570,445	546,041	505,578	465,922
Other Reserves	9	33,849	33,849	79,227	79,227	79,227
Profit and Loss Account		1,195,035	1,487,007	1,726,517	1,954,375	2,242,142
		<u>1,857,479</u>	<u>2,504,739</u>	<u>2,765,223</u>	<u>2,952,618</u>	<u>3,200,729</u>

NOTES TO THE BALANCE SHEETS

1. Tangible Fixed Assets

	Land and Buildings		Plant	Total
	Freehold	Short Leasehold	Vehicles & Equipment	
Net Book Value at 30.9.78	268,147	14,937	241,956	525,040
For Y/E 30.9.79 — Additions at Cost	2,671	—	62,553	65,224
Revaluation	209,682	—	—	209,682
Disposals	—	—	(717)	(717)
Depreciation Charge	—	(775)	(34,161)	(34,936)
Net Book Value at 30.9.79	480,500	14,162	269,631	764,293
For Y/E 30.9.80 — Additions at Cost	2,129	—	49,171	51,300
Revaluation	—	—	355,288	355,288
Disposals	—	—	(6,035)	(6,035)
Depreciation Charge	—	(775)	(34,082)	(34,857)
Net Book Value at 30.9.80	482,629	13,387	633,973	1,129,989
For Y/E 30.9.81 — Additions at Cost	—	—	183,817	183,817
Acquisition of Niphen Ltd.	265,000	—	132,070	397,070
Revaluation	14,500	—	—	14,500
Disposals	—	—	(4,897)	(4,897)
Depreciation Charge	(8,562)	(775)	(94,063)	(103,400)
Net Book Value at 30.9.81	753,567	12,612	850,900	1,617,079
For Y/E 30.9.82 — Additions at Cost	—	—	214,450	214,450
Disposals	—	—	(29,606)	(29,606)
Depreciation Charge	(9,310)	(775)	(106,594)	(116,679)
Net Book Value at 30.9.82	744,257	11,837	929,150	1,685,244
For Y/E 30.9.83 — Additions at Cost	—	—	104,517	104,517
Disposals	—	—	(29,851)	(29,851)
Depreciation Charge	(9,310)	(775)	(127,849)	(137,934)
Net Book Value at 30.9.83	734,947	11,062	875,967	1,621,976

The Land and Buildings were professionally valued on an existing use basis as follows:—

Saffron Walden	—	10th September, 1979	—	£470,000
Manchester	—	8th September, 1981	—	£25,000
Wandsworth	—	3rd January, 1981	—	£265,000

The Plant and Equipment located at Saffron Walden was professionally valued on an existing use basis on the 30th September, 1980. Subsequent additions are stated at cost.

The Directors consider that the depreciated replacement cost of Injection Moulds, Press Tools, Drilling Jigs and Fixtures previously written off and which do not form part of these accounts is in the region of £246,000.

The historical cost and related depreciation of the fixed assets as at 30th September, 1983 are set out below:—

	Historical Cost	Accumulated Depreciation	Historical Cost Net Book Value
	£	£	£
Land and Buildings	550,694	24,216	526,478
Plant, Vehicles and Equipment	1,166,213	636,637	629,576

2. Investments

On the 19th May, 1983, the Company invested £100,000 in a Convertible Unsecured Debenture with Jameta Limited, a company engaged in the high technology electronics field. The Debenture is convertible any time on or before the 22nd April, 1988 into 50% of the equity standing at the date of conversion, and carries interest at the rate of 14% per annum.

3. Stocks

	1979	1980	1981	1982	1983
	£	£	£	£	£
The main categories of stocks are:					
Raw Materials and Consumables	155,516	197,324	250,907	214,911	244,962
Work in Progress	727,010	856,222	921,374	850,815	800,867
Finished Goods and Goods for Resale	484,137	603,991	668,787	737,037	607,272
	<u>1,366,663</u>	<u>1,657,537</u>	<u>1,841,068</u>	<u>1,802,563</u>	<u>1,653,101</u>

NOTES TO THE BALANCE SHEETS (CONTINUED)

	1979	1980	1981	1982	1983
	£	£	£	£	£
4. Creditors: Amounts falling due within one year					
Bank Loans and Overdrafts	517,442	375,881	689,599	498,492	—
Trade Creditors	325,037	303,918	231,462	277,917	459,809
Corporation Tax	42,212	105,765	158,462	98,341	206,047
Advance Corporation Tax	13,219	19,439	21,772	27,215	27,215
Other Taxes and Social Security Costs	87,935	92,871	117,783	92,100	112,737
Dividend Payable	30,934	45,461	50,801	63,502	63,502
Lease Rentals	—	—	18,506	51,201	40,406
Other Creditors	127,766	124,957	75,457	77,553	98,937
	<u>1,144,545</u>	<u>1,068,292</u>	<u>1,363,842</u>	<u>1,186,321</u>	<u>1,008,653</u>

5. Creditors: Amounts falling due after more than one year					
Corporation Tax	107,433	115,976	98,879	122,629	151,643
Lease Rentals	—	—	26,217	138,491	98,085
	<u>107,433</u>	<u>115,976</u>	<u>125,096</u>	<u>261,120</u>	<u>249,728</u>

6. Deferred Taxation
Analysis of provision and potential liability

	Full Potential Liability	Provision Made
	£	£
Accelerated capital allowances	384,507	240,340
Capital Gains — Land and Buildings	127,000	—
Other timing differences	(11,960)	(11,960)
	<u>499,547</u>	<u>228,380</u>

If the Land and Buildings were sold at valuation, it would be necessary for the Group to repurchase similar properties and rollover relief would be available to set against the capital gain on disposal.

7. Called Up Share Capital

Authorised: 5,000,000 Ordinary Shares of 10p each	<u>500,000</u>
Issued and Fully Paid: 3,828,671 Ordinary Shares of 10p each	<u>362,867</u>

On 3rd February, 1984:

- (i) the authorised share capital of the Company was increased to £750,000;
- (ii) it was resolved that £181,433.50 standing to the credit of the distributable reserves of the Company be capitalised and that the Directors be authorised to apply that sum in paying up in full 1,814,335 Ordinary Shares of 10p each.

8. Revaluation Reserve

Reserve Brought Forward	5,475	215,157	570,445	546,041	505,578
Surplus arising on Revaluation	209,682	355,288	14,500	—	—
Amortisation for the year	—	—	(38,904)	(40,463)	(39,656)
Reserve Carried Forward	<u>215,157</u>	<u>570,445</u>	<u>546,041</u>	<u>505,578</u>	<u>465,922</u>

9. Other Reserves

Capital Reserve on Consolidation	33,849	33,849	33,849	78,068	78,068
Acquisition of Niphan Limited	—	—	44,219	—	—
	<u>33,849</u>	<u>33,849</u>	<u>78,068</u>	<u>78,068</u>	<u>78,068</u>
Profit on Sale of Investments	—	—	1,159	1,159	1,159
	<u>33,849</u>	<u>33,849</u>	<u>79,227</u>	<u>79,227</u>	<u>79,227</u>

10. Capital Commitments

Authorised by the Directors as at the 30th September, 1983 and:—

Contracted for	£7,500
Not Contracted for	£73,000

NOTES TO THE BALANCE SHEETS (CONTINUED)

11. Contingent Liabilities and Financial Commitments

- (a) The Company is engaged in litigation over the alleged infringement of patent rights. These allegations, which are being defended, concern a product which will not, it is anticipated, form a material part of the Group's activities over the next 12 months. The litigation has not yet reached the trial stage but the Company has been advised by Counsel that it has a good chance of success.
Legal costs incurred to date by the Company have been fully provided for in the Accounts.
- (b) The Group has continuing financial commitments in respect of financing leases for plant and machinery. The total annual amount due under those leases extant at the balance sheet date was approximately £46,500 payable for the next five years.
- (c) By a guarantee dated 23rd June, 1983, the Company has guaranteed all present and future liabilities, actual or contingent, of Jameta Limited to the National Westminster Bank P.L.C., to the extent of £90,000.

4. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

We set out below a summary of the adjusted consolidated source and application of funds for the group from the 1st October, 1978 to the 30th September, 1983.

	Years Ended 30th September				
	1979	1980	1981	1982	1983
	£	£	£	£	£
Source of Funds					
Profit before taxation	426,271	511,282	460,190	498,225	725,400
Items not involving the movement of funds:					
Depreciation	34,936	34,857	103,400	116,679	137,934
Loss on Sale of Fixed Assets	—	442	490	7,389	19,086
Funds from Operations	<u>461,207</u>	<u>546,581</u>	<u>564,080</u>	<u>622,293</u>	<u>882,420</u>
Funds from other Sources:					
Proceeds of Sale of Fixed Assets	717	5,593	4,407	22,217	10,765
Proceeds of Sale of Investments	—	—	25,480	—	—
	<u>461,924</u>	<u>552,174</u>	<u>593,967</u>	<u>644,510</u>	<u>893,185</u>
Application of Funds					
Dividends Paid	44,814	61,687	83,459	101,603	114,303
Tax Paid	82,037	71,013	140,703	202,543	232,760
Purchase of Fixed Assets	65,224	51,300	183,817	214,450	104,517
Acquisition of Niphan Limited Investment	—	—	638,710	—	—
	<u>192,075</u>	<u>184,000</u>	<u>1,046,689</u>	<u>518,596</u>	<u>551,580</u>
Increase (Decrease) in Working Capital	<u>269,849</u>	<u>368,174</u>	<u>(452,722)</u>	<u>125,914</u>	<u>341,605</u>
Components of Increase (Decrease) in Working Capital					
Stocks	207,776	290,874	(186,196)	(38,505)	(149,462)
Debtors	296,458	(96,991)	(135,440)	91,049	13,826
Creditors	(229,706)	18,979	168,981	(167,837)	(172,712)
	<u>274,528</u>	<u>212,862</u>	<u>(152,655)</u>	<u>(115,293)</u>	<u>(308,348)</u>
Movement in Net Liquid Funds:					
Increase (Decrease) in Bank Balances and Cash	(4,679)	155,312	(300,067)	241,207	649,953
	<u>269,849</u>	<u>368,174</u>	<u>(452,722)</u>	<u>125,914</u>	<u>341,605</u>

5. ACCOUNTS

No audited accounts of LPA Industries PLC or any of its subsidiaries have been made up for any period subsequent to the 30th September, 1983.

There have been no audit qualifications in respect of any of the Audited Accounts forming part of this statement.

Yours faithfully

PARLANE PURKIS & CO.
Chartered Accountants

APPENDIX II

SUMMARY OF THE PRINCIPAL FEATURES OF THE LPA GROUP EXECUTIVE SHARE OPTION SCHEME

("THE SCHEME")

1. CONSTITUTION OF THE SCHEME

The scheme is governed by Rules approved by the Company in General Meeting on 3rd February 1984.

2. ELIGIBILITY

Senior employees and executive directors of the Company and its subsidiaries ("the LPA Group") may be selected by the Board to participate in the Scheme.

3. SUBSCRIPTION PRICE

The subscription price per Ordinary Share ("the option price") shall be determined by the Board but shall not be less than the higher of:-

- (i) (A) if permission has been granted for the Shares to be dealt in on the Unlisted Securities Market, the average of business done for the Shares as derived from the Daily Official List of The Stock Exchange for the five business days immediately preceding the date of grant of an option, or, if the Shares have been admitted to listing on The Stock Exchange, the average middle market quotations for the Shares as derived from The Daily Official List of The Stock Exchange for the five business days immediately preceding the date of grant of an option;
- (B) if the Shares are not so dealt in, the price or, if more than one, the average of the highest and lowest prices quoted by The Stock Exchange by reference to its latest available weekly list showing the latest bargains prior to the date of the grant of an option entered into for the Company's Shares in accordance with Rule 163 (2) of the Rules and Regulations of The Stock Exchange; or
- (ii) the nominal value of the Ordinary Shares

4. MAXIMUM NUMBER OF ORDINARY SHARES AVAILABLE DURING THE EXISTENCE OF THE SCHEME

- (a) A maximum of 272,150 Ordinary Shares (representing 5% of the Ordinary share capital of the Company in issue at the date of the adoption of the Scheme on the basis that new Ordinary Shares have been issued by way of capitalisation as described in paragraph 1 (ii) of Appendix III) will be available from the Company's authorised share capital for issue under the Scheme.
- (b) The maximum value (at their option prices) of Ordinary Shares over which a participant may be granted an option at any particular time must not, when aggregated with the value (at their option prices) of Ordinary Shares already acquired, or remaining to be acquired, by him on exercise of options granted to him under the Scheme, or within the immediately preceding ten years granted under any other share scheme for the benefit of the employees, exceed four times the participant's gross annual emoluments for the previous year.

5. EXERCISE OF OPTIONS

- (a) An option may not be exercised before the third anniversary (except in the circumstances referred to in (b) (i), (iii) and (iv) below) nor after the seventh anniversary of the date of grant of an option;
- (b) An option automatically lapses and is not exercisable if the holder ceases to be employed within the LPA Group, except:
 - (i) If an option holder dies, his legal personal representatives may exercise that option in whole or in part within twelve months after the date of his death and before the seventh anniversary of the date of grant of such option; thereafter the option will lapse.
 - (ii) If an option holder ceases to be employed within the LPA Group after the third anniversary of the date of grant by reason of injury, disability or redundancy, he may exercise the option in whole or in part within six months after his so ceasing and before the seventh anniversary of the date of grant; thereafter the option will lapse.
 - (iii) The Board may at its discretion allow an option holder who has ceased to be employed by the LPA Group within three years of the date of grant by reason of injury, disability or redundancy or who has ceased to be employed by the LPA Group at any time for a reason other than one of injury, disability or redundancy the right to exercise the option in whole or in part within six months after his so ceasing and before the seventh anniversary of the date of grant; thereafter the option will lapse.
 - (iv) If any person (acting alone or in concert with others) makes a general offer to acquire the whole of the issued Ordinary share capital of the Company (or that part of it not already held by him or those acting in concert with him) with the object of acquiring control of the Company, then any person holding an un-exercised option granted under the Scheme at the date (if any) when such person has succeeded in obtaining such control may exercise his option within a period of six months following such date and thereafter it will lapse.

6. SHARE RIGHTS

Shares falling to be allotted following the exercise of an option under the Scheme will rank *pari passu* with the Ordinary Shares of the Company then in issue, except that they will not be entitled to any dividend announced to be or proposed to be paid where such announcement is made prior to the date of exercising the option.

7. TERMINATION AND VARIATION

- (a) The Scheme may be terminated at any time by a resolution of the Board of Directors.
- (b) Subject to (a) above, no option shall be granted on a date more than five years after the date of the adoption of this Scheme, subject to the extension of the Scheme for a further period of five years at the discretion of the Board.
- (c) The Board of Directors may, by resolution, amend the Rules of the Scheme except insofar as the amendments may affect options already granted to participating employees or (except with the prior sanction of the Company in General Meeting) alter to the advantage of participating employees the provisions of the Scheme relating to:
 - (i) eligibility for participation;
 - (ii) the limitations on the grant of options;
 - (iii) the determination of the subscription price per share payable on the exercise of an option;
 - (iv) restrictions regarding the transferability and exercise of options;
 - (v) the rights attaching to shares issued in pursuance of options;
 - (vi) the rights due to an option holder on a voluntary liquidation or a change of control of the Company; or
 - (vii) the duration of the Scheme.

8. TIMETABLE

Options in respect of approximately 190,000 Ordinary Shares will be offered to selected executives as soon as practicable after the date of this document but in any event not before 1st March 1984. Thereafter, subsequent offers may be made twice a year within a period of twenty-eight days following an Annual General Meeting or any announcement of the Group's half-yearly results. In the absence of such announcement the period of twenty-eight days will be calculated with effect from that date which is six months after the date of the last Annual General Meeting. On the assumption that 190,000 shares are taken up by the selected executives there will remain 82,150 shares available for distribution under the rules of the Scheme.

**APPENDIX III
STATUTORY AND GENERAL INFORMATION**

1. SHARE CAPITAL

The Company was incorporated under the Companies Act 1948 (registered number 686429) in England as a private company under the name of Rem Products (Electrical) Limited on 14th March 1961 with an authorised share capital of £100 divided into 100 shares of £1 each.

On 3rd April, 1981 the Company was re-registered as a public limited company under the name of LPA-Rem Electrical Public Limited Company. On 30th September 1981 the name of the Company was changed to LPA Industries P.L.C.

Immediately prior to 3rd February 1984 the authorised share capital of the Company was £500,000 divided into 5,000,000 Ordinary Shares of 10p each, of which 3,628,671 shares were issued fully paid up.

On 3rd February 1984:

- (i) the authorised share capital of the Company was increased to £750,000;
- (ii) it was resolved by the Company in General Meeting that it was desirable to capitalise £181,433.50 standing to the credit of the distributable reserves of the Company and that the Directors be authorised to capitalise and apply that sum in paying up in full 1,814,335 Ordinary Shares of 10p each credited as fully paid. It is intended that Renounceable Share Certificates will be posted to the Shareholders on 15th February 1984;
- (iii) the Company adopted an Executive Share Option Scheme under which selected executive Directors and senior executives may subscribe for a maximum of 272,150 Ordinary Shares of the Company. Details are contained in Appendix II.

2. SUBSIDIARIES

Set out below are details of the subsidiaries of the Company all of which were incorporated in England and are private companies (and wholly owned subsidiaries of the Company):

Name	Types of Shares	Issued Share Capital £	Date of Incorporation
TRADING			
Niphan Limited	Ordinary Shares of 5p	315,000	2.6.1959
	Deferred Shares of 5p	3,150,000	
NON-TRADING			
Light & Power Accessories Company Limited	Ordinary Shares of £1	240,000	10.7.1945
W.M. Engineering (Ramsden) Limited	Ordinary Shares of £1	5,000	3.11.1967
Lazell Bros. Engineers Limited	Ordinary Shares of £1	2,000	9.11.1959

3. ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions (inter alia) to the following effect:

- (i) **Voting**
Subject to any special terms as regards voting subsequently imposed in accordance with the Articles (of which there are none at present), upon a show of hands every Member present in person shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him.
- (ii) **Variation of rights**
The rights attached to any class of shares may be abrogated or varied in such manner as may be provided by those rights or, in the absence of such provision, with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of the class.
- (iii) **Directors**
 - (a) The fees payable to the Directors for normal board attendances shall be determined by the Directors but shall not exceed in aggregate £20,000 per annum, or such higher amount as the Company in general meeting may decide. The amount so payable shall (unless otherwise decided by the Company in General Meeting) be divisible among the Directors as they may agree. Failing such agreement such amount shall be divided equally. The Directors shall be entitled to be paid all reasonable expenses incurred by them in connection with the business of the Company;

- (b) A Director who holds an executive office or performs duties outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Directors may determine;
- (c) A Director shall not (except in the particular circumstances specified in the Articles and referred to below) vote or be counted in the quorum present on any motion in respect of any contract arrangement or proposal in which he is directly or indirectly interested. The particular circumstances are:
- (i) any contract or arrangement for giving to the Director any security or indemnity in respect of money lent by him to, or obligations incurred by him at the request of or for the benefit of, the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries which the Director himself has guaranteed, indemnified or secured in whole or in part;
 - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
 - (iv) any proposal concerning any other company in which the Director is interested, directly or indirectly and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights in any such company;
 - (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefit scheme under which the Director may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
 - (vi) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full-time executive directors of the Company and/or any subsidiary) to acquire shares of the Company or any arrangement for the benefit of employees of the Company or its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such any privilege or advantage not generally accorded to those whom such scheme relates.
- (d) A Director shall not be required to vacate his office as a director by reason of his attaining the age of 70;
- (e) A Director shall not be required to hold any shares in the Company by way of qualification;
- (f) The Directors may give or award pensions annuities and superannuation or other allowances or benefits to (inter alia) any Director or ex-Director or the relations connections or dependants of such persons and may set up, establish, support and maintain pensions, superannuation or other funds or schemes for the benefit of such persons;
- (g) The aggregate borrowings of the Group exercisable by the Directors shall not without the previous sanction of an Ordinary Resolution of the Company exceed an amount equal to three times the adjusted share capital and consolidated reserves (as defined).

4. DIRECTORS AND OTHER INTERESTS

- (a) The interests, all of which are beneficial, of the Directors of the Company in its share capital are as follows: —

Name of Director	Ordinary Shares of 10p each	Percentage of issued share capital
A. Rusch	670,584	12.32
M. Rusch	355,875	6.54
J. W. Edwards	5,151	0.09
R. J. Wingham	10,912	0.20
S. H. J. A. Knott	112,500	2.07
G. E. Orley	17,925	0.33
M.: P. Kemp	40,575	0.75

- (b) In addition to the interests of the Directors stated above the following shareholdings represent 5 per cent. or more of the issued share capital of the Company according to the register of shareholdings maintained by the Company under Section 73 of the Companies Act 1981:

Name of Shareholder	No. of Ordinary Shares of 10p	Percentage of issued share capital
Mrs M. I. Porter	351,675	6.46
Lloyds Bank I.D.		
Nominees Limited	335,692	6.17
F. J. Lott	571,938*	10.60
M.W. Lott	592,731*	10.89

*Of the shares held by F. J. Lott and M. W. Lott 315,330 shares are held by them jointly.

- (c) The aggregate emoluments (including commission but excluding pension contributions) of the Directors of the Company for their services to the Group for the year ended 30th September 1983 amounted to £117,928. The aggregate emoluments (including commission but excluding pension contributions) payable in respect of the year ending 30th September 1984 to all the Directors are estimated to be £127,000.
- (d) No Director of the Company or any of its subsidiaries has, or has had any interest, direct or indirect, in any assets which have been within two years before the date hereof, or which are proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries and no contract or arrangement subsists at the date hereof in which a Director of the Company or any of its subsidiaries is materially interested and which is significant in relation to the business of the Group as a whole.

NOTE: The above shareholdings have been prepared on the basis that the capitalisation issue as described in paragraph 1 (ii) has taken place.

5. SERVICE AGREEMENTS

- (a) Service Agreements were entered into on 1st January 1980 by the Company as varied by Supplemental Agreements dated 10th February 1984 with the following Directors, each Agreement expiring on 31st December 1988:
- (1) M. Rusch, whereby he was appointed Chief Executive at a basic salary now amounting to £19,440 per annum subject to annual review, together with commission at the rate of 2½% on the aggregate net profit of the Group in excess of £250,000.
 - (2) J.W. Edwards, whereby he was appointed Financial Director at a basic salary now amounting to £13,500 per annum subject to annual review together with commission as described below based on the aggregate net profit of the Group.
 - (3) M. P. Kemp, whereby he was appointed Works Director at a basic salary now amounting to £13,500 per annum subject to annual review together with commission as described below based on the aggregate net profit of the Group.
 - (4) G. E. Orley, whereby he was appointed Commercial Director at a basic salary now amounting to £13,500 per annum subject to annual review together with commission as described below based on the aggregate net profit of the Group.
 - (5) R. J. Wingham, whereby he was appointed Sales Director at a basic salary now amounting to £13,500 per annum subject to annual review together with commission as described below on the aggregate net profit of the Group.

Commission as described in sub-paragraphs (2) to (6) above is payable to the said Directors as follows:

Aggregate net profit exceeding £250,000 but not exceeding £350,000	1% on excess over £250,000
Aggregate net profit exceeding £350,000 but not exceeding £400,000	1¼% on excess over £250,000
Aggregate net profit exceeding £400,000 but not exceeding £450,000	1½% on excess over £250,000
Aggregate net profit exceeding £450,000	1½% on £200,000 plus 2% on excess over £450,000

- (b) An Agreement was entered into on 10th February 1984 between the Company (1) and S. H. J. A. Knott (2) whereby Mr Knott was appointed a Financial Adviser and Consultant to the Group for a period of five years commencing on 1st January 1984 under which he will receive commission as described in the table above on the aggregate net profit of the Group. Such remuneration is exclusive of Directors fees.

6. MATERIAL CONTRACTS

The following contracts not being contracts entered into in the ordinary course of business, have been entered into in the two years preceding the date hereof and are or may be material:

- (a) Agreement dated 19th May 1983 between Jarneta Limited ("Jarneta") (1) the Company (2) K. J. Kinsella (3) and D. B. Higgs (4) whereby the Company agreed to advance to Jarneta the sum of £100,000 by way of an unsecured Debenture. Interest is payable at 14 per centum per annum and the loan is repayable on 22nd April 1988. The Company has the option to convert the sum of £100,000 into such number of Ordinary Shares in Jarneta as will represent one half of the Ordinary share capital of that company. The Company may exercise its option on or before 22nd April 1988. The Board considers it too early to have formed a view as to whether the Company will exercise this option.

The principal business of Jarneta consists of manufacturing infra red remote crane controls and designing electronic and RF filters and control panels. Messrs K.J. Kinsella and D. B. Higgs each own 50 per cent of the issued share capital of, and they are also directors of, Jarneta. In addition, pursuant to the aforesaid Agreement, the Company has appointed Messrs. M. Rusch and J. W. Edwards as directors of Jarneta.

- (b) Guarantee dated 23rd June 1983 whereby the Company guaranteed all present and future liabilities, actual or contingent, of Jarneta to National Westminster Bank PLC to the extent of £90,000.

7. CHARGES

The Company and Niphan have executed fixed charges and floating charges over their respective properties described on page 5 and their other assets in favour of their bankers. As at the date hereof there is no indebtedness outstanding from either the Company or Niphan to their bankers.

8. TAXATION

- (a) The Directors have been advised that the Company is a close company within the meaning of the Income and Corporation Taxes Acts 1970.
- (b) No apportionment has been made under Schedule 16 to the Finance Act 1972 in respect of the income of the Company and its subsidiaries for each of its relevant accounting periods. The Directors have been advised that no apportionment is likely to be made in the future in respect of those accounting periods.

9. GENERAL

- (i)
 - (a) Save as disclosed in Appendix II and in paragraph 1 (iii) above, no share or loan capital of the Company or its subsidiaries is under option or has been agreed conditionally or unconditionally to be put under option;
 - (b) save as referred to in paragraph 1 of this Appendix, no share or loan capital of the Company or its subsidiaries has, within the two years before the date hereof, been issued, agreed to be issued or is now proposed to be issued either for cash or otherwise;
 - (c) no commissions, discounts, brokerages or other special terms have been granted by the Company or its subsidiaries in connection with any issue of share or loan capital.
- (ii) Pursuant to Ordinary and Special Resolutions of the Company passed on 3rd February, 1984, the Directors were authorised to allot shares generally up to an aggregate nominal amount of £178,000 until 2nd February, 1989, the pre-emption rights referred to in section 17 Companies Act 1980 being dis-applied until 2nd February, 1985.
- (iii) No material issue of shares, other than pro rata to existing holdings and pursuant to the rules of the Share Option Scheme adopted by the Company on 3rd February, 1984 and referred to in paragraph 1 above, will be made within one year of the date hereof without the prior approval of the Company in general meeting.
- (iv) No issue of the Company's share capital will be made which would effectively alter the control of the Company or the nature of its business without the prior approval of the Company in general meeting.

- (v) The Company is engaged in litigation over the alleged infringement of patent rights. These allegations, which are being defended, concern a product which will not, it is anticipated, form a material part of the Group's activities over the next twelve months. The litigation has not yet reached the trial stage but the Company has been advised by Counsel that it has a good chance of success. Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in any litigation nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company or any of its subsidiaries.
- (vi) Save as disclosed herein, since 30th September 1983, the date to which the last accounts of the Company were made up, there has been no material change in the financial position of the Group.
- (vii) Mr S. H. J. A. Knott, a non-executive Director of the Company, is a partner in Messrs. Greene & Co., Stockbrokers to the Company which firm will be receiving a fee in connection with its Introduction.
- (viii) Parlane Purkis & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion of their Report and the references thereto in the form and context in which it is included.
- (ix) The expenses of the application for the grant of permission for the Ordinary Shares of the Company to be dealt in on the Unlisted Securities Market including accountancy and legal fees, advertising expenses, the fee to Greene & Co. of £7,500 and all printing costs are in aggregate estimated to amount to £34,000 (excluding V.A.T.) which sum is payable by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Greene & Co., Bilbao House, 36/38 New Broad Street, London EC2M 1NU, during normal business hours on any week day (Saturday excepted) for a period of fourteen days from the date of this document:

- (i) The Memorandum and Articles of Association of the Company;
- (ii) The Audited Accounts of the Company and its subsidiaries for the three years ended 30th September 1981, 1982 and 1983;
- (iii) The Report, statements of adjustment and consent of Parlane Purkis & Co.;
- (iv) The material contracts referred to in paragraph 6 above;
- (v) The service agreements referred to in paragraph 5 above;
- (vi) The rules of the LPA Group Executive Share Option Scheme.

10th February 1984