

HADLEIGH INDUSTRIES GROUP

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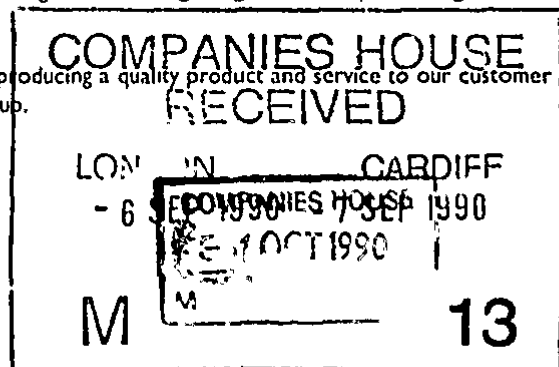
GROUP PHILOSOPHY

Hadleigh Industries Group PLC is a diversified holding company serving the industrial, automotive and exhibition markets.

Our success lies in a proven formula of creativity in product design, imaginative marketing flair, and strong management through efficient information flow and strict financial controls.

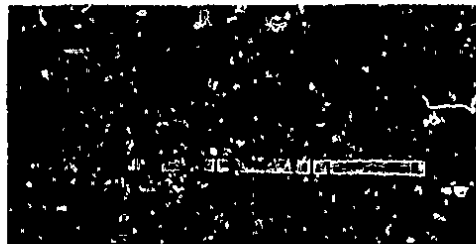
We are committed to a policy of sustained growth, through organic development together with selective opportunistic acquisitions.

Every member of the staff is dedicated to producing a quality product and service to our customer base whilst sharing in the profits and equity of the Group.



HISTORY

- 1959 COCKSON AND ZINN FOUNDED
- 1980 HADLEIGH INDUSTRIES FORMED
- 1983 ACQUISITION OF AI ENGINEERING
- 1984 VAN HOOL DISTRIBUTORSHIP GAINED
- 1987 ACQUISITION OF COOKS



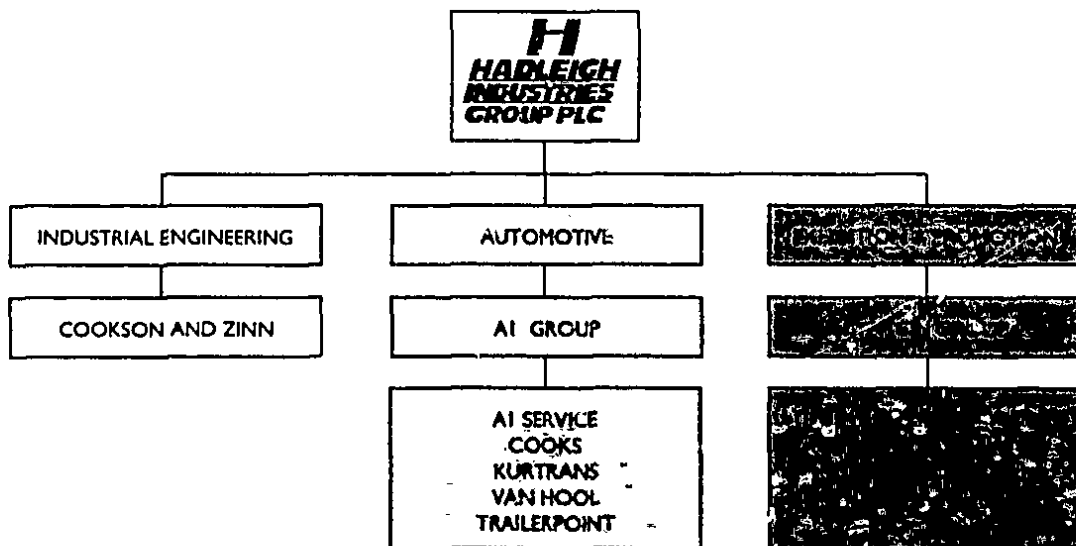
- 1988 ACQUISITION OF FES NORTHERN
- 1989 FLOTATION ON THE USM
- 1989 ACQUISITION OF KURTRANS
- 1989 ACQUISITION OF LYNTON COMMERCIAL UNITS



- 1990 ACQUISITION OF RIPPLE RETAIL CONCEPTS



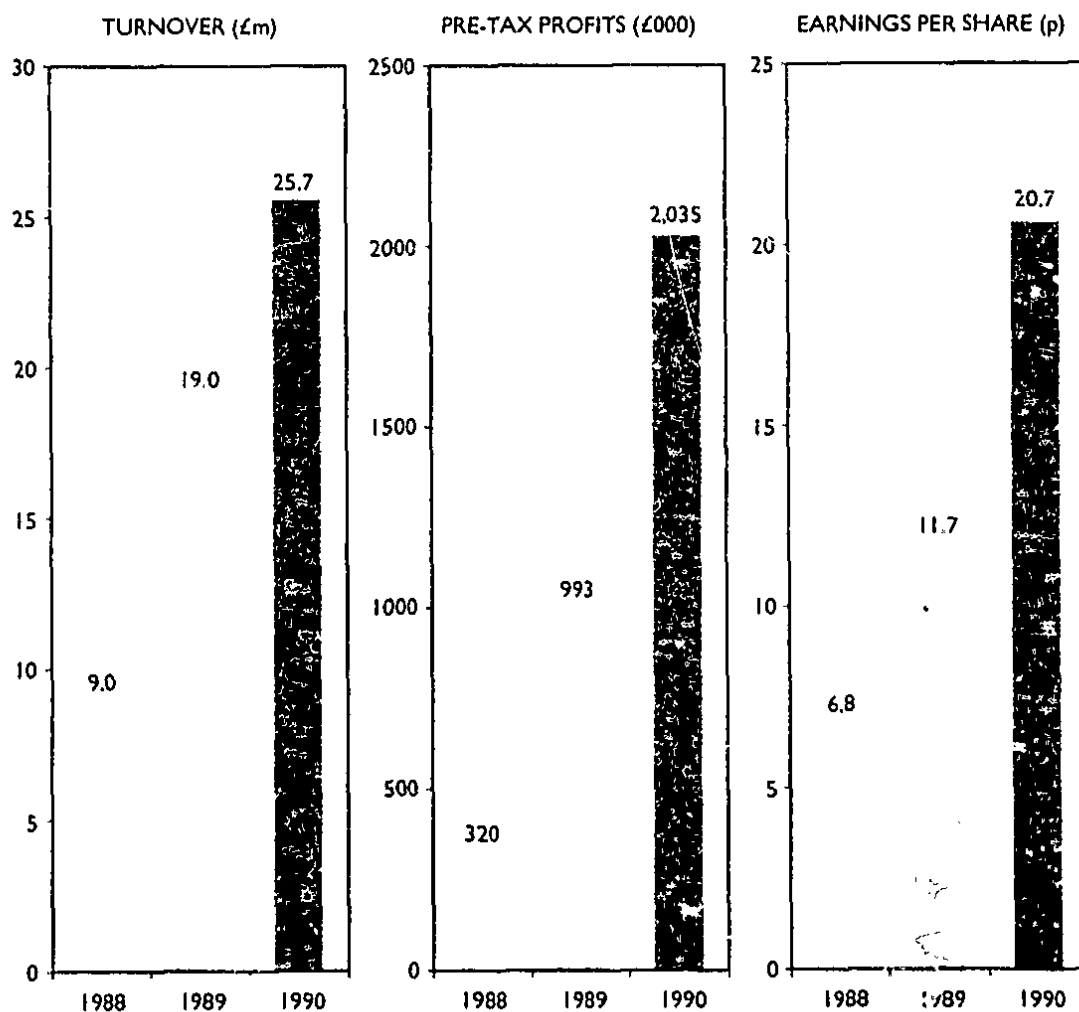
GROUP STRUCTURE



RESULTS IN BRIEF

Year ended 31st March	1990	1989 (RESTATED)	1989
	£'000	£'000	£'000
Turnover	25,650	19,018	14,409
Pre tax profit	2,035	993	752
Earnings per share	20.7p	11.7p	13.1p
Dividends	6.00p	-	-
Return on Net assets	36.0%	25.1%	20.0%

FINANCIAL REVIEW



DIRECTORS AND ADVISERS



From left to right standing: Freddie Fane, Tony Cookson. Seated: David Maddison, Patrick Roney, Tony Burch, John Boudry.

DIRECTORS

Tony Cookson Chairman and Chief Executive

Freddie Fane Deputy Chairman

David Maddison FCMA Finance Director

John Boudry Director

Tony Burch Director

Patrick Roney CBE Non Executive Director

REGISTERED OFFICE

David Rumsey BA, ACA Company Secretary
Cromwell Court
5 Greyfriars Road
Ipswich, Suffolk IP2 7XG

ADVISERS

Stockbrokers County NatWest
Wood Mackenzie & Co. Limited
135 Bishopsgate
London, EC2M 3XT

Solicitors We Blake Bell
16 Bedford Street
Covent Garden
London WC2E 9HF

Auditors Coopers & Lybrand Deloitte
128 Queen Victoria Street
London EC4P 4JX

Ensores
Cardinal House
46 St. Nicholas Street
Ipswich IP1 1TT

Bankers Midland Bank Ltd
Corporate Banking Centre
North Station Road
Colchester CO1 1SY

CHAIRMAN'S STATEMENT

RESULTS

I am delighted, particularly in light of current market conditions, to announce record results in our first 11 months as a public company. Restating the 1989 results to include acquisitions made over the last year, the underlying organic growth shows turnover up 35% to £25.7m with profits before taxation up 105% from £993,000 to £2.03m. Return on net assets showed a healthy rise from 25% to 36%. Earnings per share are up from 11.7p to 20.7p, an increase of 77% and your directors are recommending a final dividend of 4p per share.

Excluding the acquisition of Lynton Commercial Units, organic growth of the core business was excellent with sales up 27% at £18.3m and profit before taxation up 72% at £1.3m, which confirms the ability of the Company's directors and management to perform well under difficult trading conditions.

DIVISIONS

Automotive

AI Service Centres, Van Hool, Cooks and the recent acquisition Kurtrans have now been consolidated as a single trading company, AI International Limited, with its Head Office at Maldon in Essex.

Despite the downturn in U.K. commercial vehicle sales all four operations have traded satisfactorily during the year under the new Managing Director, Jim Corden, who has been appointed to co-ordinate the Division's activities. This has released Freddie Fane to concentrate more on the Group's Corporate Development.

Industrial Engineering

Cookson and Zinn has taken advantage of the upsurge in investment within the Water Industry, having established itself well with the major contractors to the Regional Water Authorities, whilst continuing to service the major petrochemical contractors. The Company is confident that the current high level of activity will remain during 1990. The appointment of a Manufacturing Director, to co-ordinate production facilities has released John Boudry, Managing Director to develop new products and services.

Exhibition and Promotion

The acquisition of Lynton Commercial Units in December with its high reputation for the production of exhibition and show trailers, together with our latest, post year end, acquisition Ripple Retail Concepts has created the need for this new Division. Given their geographical proximity and similarity of

product knowledge, the Managing and Operations Directors of Lynton Commercial Units have taken overall and day to day control of Ripple, leaving the Managing Director, Nigel Wolfenden to concentrate on sales and marketing.

ACQUISITIONS

When the Company joined the U.S.M. in June we advised shareholders that our policy would be the vigorous pursuit of acquisitions. This we have done during the nine months, although many companies investigated have not met the criteria set down by the Board.

In October we acquired the small, but highly respected, curtain sider body builder, Kurtrans. The business located in Telford is ideally placed and has become a further AI Service Centre in addition to its body building activities.

In December Lynton Commercial Units was acquired. Its product range of quality exhibition, hospitality and light commercial trailers complemented those already offered by AI International.

I am pleased to announce that Lynton Commercial Units comfortably achieved its warranted profit figure of £700,000 for the year.

Our third acquisition, which was completed after the end of the financial year was Ripple Retail Concepts, which produces a range of standard, high quality, security show cabinets for retail businesses principally involved in crystal, china, silverware and jewellery. It in turn complements Lynton's own high margin business for designing and producing specialist trailers for exhibitions.

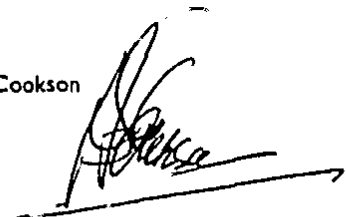
The Company has now been reorganised. This, together with a good demand for its range of quality products, has ensured that the business is now trading profitably.

FUTURE PROSPECTS

The Group's positive cash position ensures that we are less vulnerable to the effects of high interest rates and places us in a strong position to take advantage of opportunities that may arise. All three Divisions have good order books, and the potential for developing the export market for the products of Lynton Commercial Units and Ripple is excellent.

The Group will continue to pursue its policy for acquisitions to create a balanced and well managed organisation. I eagerly anticipate in the absence of any unforeseen circumstances a good year for 1991.

A.J. Cookson



INDUSTRIAL ENGINEERING

During the year additional new products and new markets have been successfully developed

Cookson and Zinn launched a major new product for underground fuel storage in petrol stations, which both satisfies environmental protection and likely EC requirements. The Double Skin Steel Tank together with overflow prevention and leak detection systems, prevents product escape and ensures permanent monitoring of installation integrity. Approved by the Licensing Authorities, this product will generate an increase in sales and an increase in margins. The company has obtained the exclusive UK rights to one of the leading overflow prevention devices, presently used on the Continent by all the major oil companies.

During the year we also secured contracts for the supply of sewage sea outfall treatment plants, major water purification plants and the largest anaerobic digester ever built in Europe.

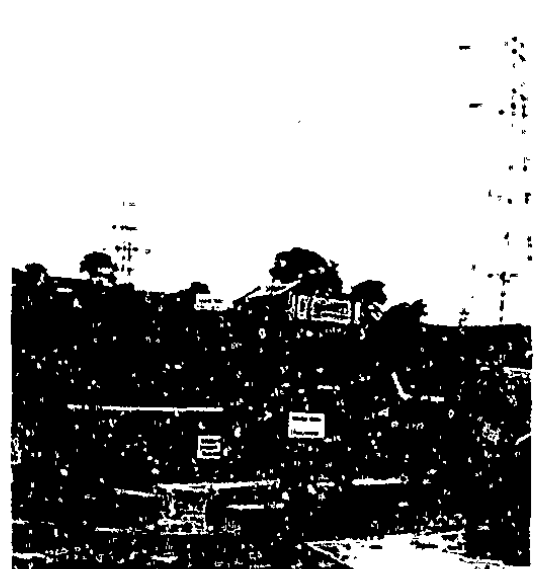
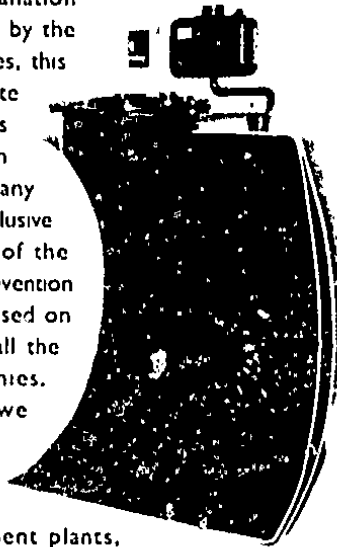
The breakthrough in water and sewage markets places the company in a strong position to gain a substantial proportion of fabrication work required as part of the investment made by the water companies to bring the UK to minimum European standard.

The development of these new products and markets is a direct result of the continuous marketing appraisal of available opportunities and the desire by the board to grow organically wherever possible.

The company consolidated the control of all the activities of both its production centres at Hadleigh and Runcorn with the appointment of Richard Glanville as Manufacturing Director.

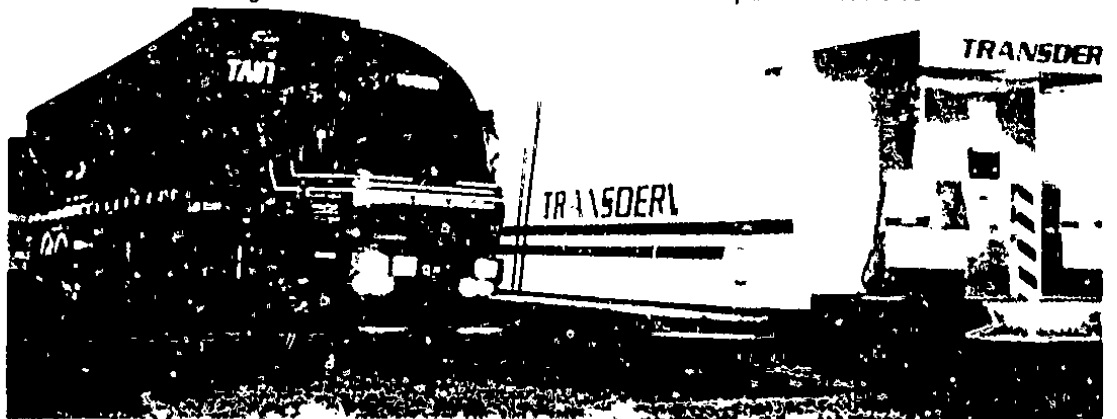
Better controls are expected to lead to better performance and an improved net margin as well as allowing the board to concentrate on achieving further growth through business development.

Looking to the future, the company is actively pursuing entries into Continental Europe and is already technically approved to work to Dutch, German and French standards.



In addition to organic growth, the company intends to develop its activities by adding other product lines: either by acquiring licences or by acquiring businesses which have synergy with current products or markets.

Controlled growth and development of margins are foremost in our plans for the future.



AUTOMOTIVE

During the year all the automotive related businesses of Cooks, Kurtrans, Van Hool and AI were consolidated into AI International Limited with a simplified management structure. This has improved the performance of the division and has facilitated the development of a strategically placed network of branches offering refurbishment, repair and repainting services alongside the existing businesses, utilising existing premises.

Substantial investment was made at AI in Maldon to further increase standards. Both the service centre and the bodyshop have been continuously working at full capacity, to cope with a very high throughput of

The acquisition of Kurtrans at Telford in October, complemented the AI sphere of activities by adding a well known and highly regarded manufacturer of curtain sided bodies to the AI portfolio.

Following the acquisition, service centre facilities were developed on site to widen the range of services on offer.

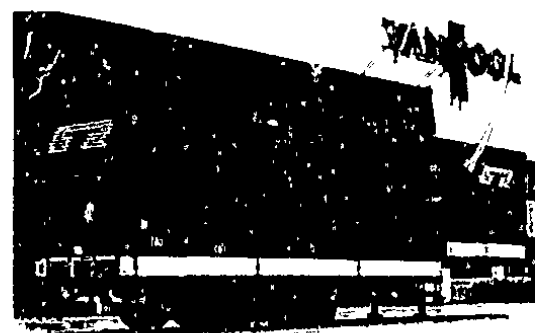
The Van Hool distributorship had another successful year, being responsible for importing and selling over 400 HGV trailers in the UK.



repairs for HGV trailer operators as well as the Ford Motor Company, Swan National and the major insurance companies.

AI are utilising its considerable expertise in the manufacture and preparation of show vehicles and is now working together with Lynton on the manufacture and refurbishment of specialist exhibition units and the preparation of show exhibits.

Cooks has maintained its position as one of the UK's specialist TIR tilt body manufacturers, whilst necessary improvements were carried out to the workshop facilities, with modernisation and expansion of the paint spraying booths and equipment to bring them up to AI standards.



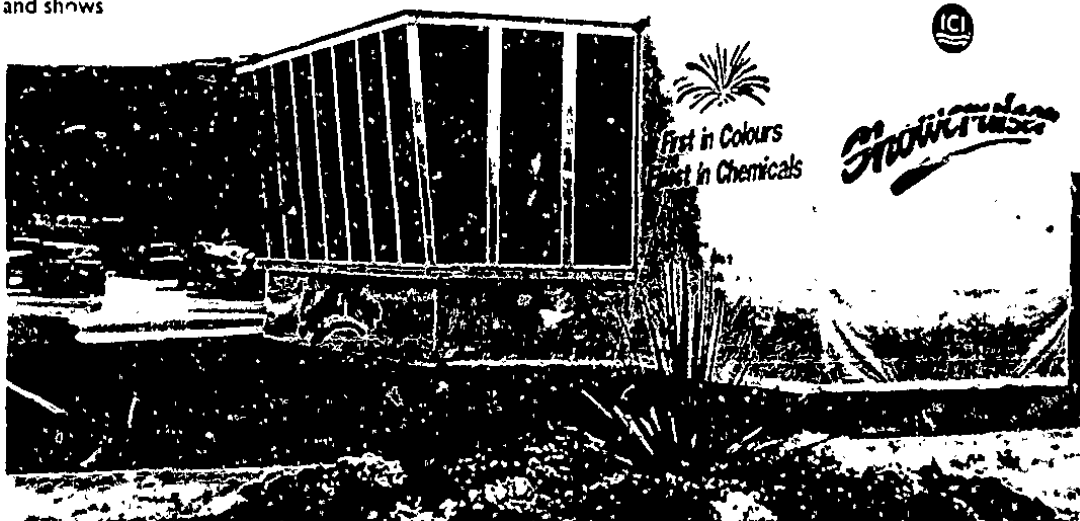
During the year the foundations for a new business were laid which started trading in June 1990. Trailerpoint is a unique concept dealing in the distribution of original trailer parts throughout the U.K.. From a central warehouse in Birmingham, satellite stocks will be supplied to the Group's existing premises in Runcorn, Ipswich and Purfleet. Trailerpoint will be able to offer a national 24 hour service to all trailer operators.

EXHIBITION AND PROMOTION

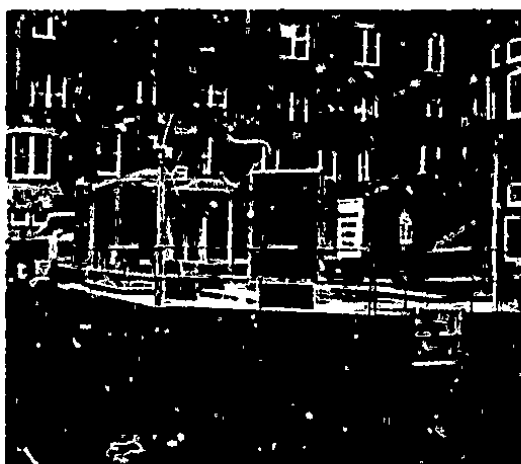
Lynton Commercial Units Limited enjoyed good growth in both sales turnover and profitability in the year. The company maintained its leadership position in the exhibition and hospitality markets broadening its already wide customer base. These customers include household names such as Prudential Assurance, The Automobile Association, Rothmans and the BBC, various motor manufacturers and importers and a host of industrial and commercial users participating in outdoor exhibitions and shows

and territorial army and glider launch control trailers for the Royal Air Force.

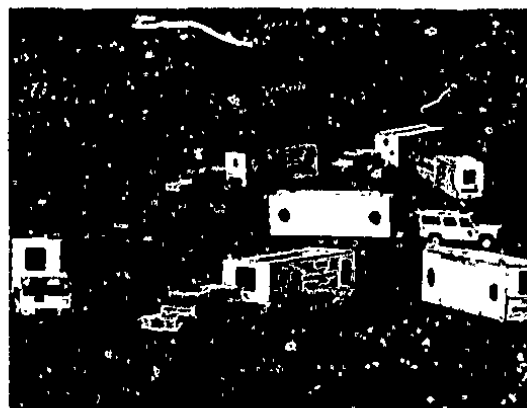
New developments in the form of the three way hydraulic tipping trailer, which has been particularly successful for British Gas and diversification into demountable box bodies fitted to commercial chassis cabs chiefly supplied to British Telecom, reflect the company's wide range of capabilities and skills.



Demand from the medical sector continued, with orders for Mobile Screening Units, used in the detection of Breast Cancer, to regions of the National Health Service and the Private Sector. This success reflects the company's expertise in tailoring the product to precise user requirements - an important factor in this field.



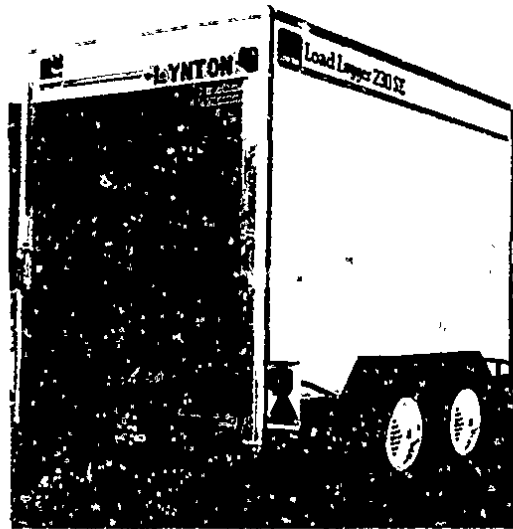
Likewise Ministry of Defence Contracts were placed with the company for provision of various units, including mobile recruitment trailers for the regular



In addition to the design, manufacture and sale of its products Lynton also provides a comprehensive hire fleet of exhibition and hospitality trailers combined with management services for both hire units and customers' own trailers. This Total Management Service provides storage, valeting, transport, setting up and in certain cases, staffing of the unit on clients' behalf, and has attracted customers such as British Rail and the Department of Employment. The Lynton hire fleet and the associated management services are being expanded in the current year, in recognition of this growing market sector.

EXHIBITION AND PROMOTION

Whilst the majority of Lynton's production is devoted towards the specialist and contract field, the standard trailer products sold through a dealer network remain a significant proportion of its total business. During the next two years the intention is to expand this network from its current 36 appointed outlets to approximately 80 to give nationwide coverage of



these products, which include the popular Lynton Load Luger - a van trailer used as an alternative to light commercial vans. The Load Luger range is complemented by car transporter/recovery, builder tipping and general purpose trailers.

Ripple Retail Concepts

Ripple's particular expertise with design, manufacture, and installation of high quality fittings for retailers particularly in the added value sectors of glass and chinaware, jewellery and fashion, represent a twofold opportunity for the group.

The close geographical proximity to Lynton combined with the obvious overlap in technical knowledge and product synergy in the field of promotions and exhibitions make the acquisition a strategic business fit.

With a successful track record as a leading specialist in its field, having established clients such as Lewis's, Alders, Heredities, Royal Doulton and Lladro among others, Ripple is now in a position to expand its core business, whilst developing into new areas where high profile presentation of consumer durables is demanded, with particular reference to the European market.



DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31st March 1990.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the Group comprise the manufacture of industrial storage tanks and pressure vessels, the selling, refurbishment and conversion of commercial vehicle trailers, and the manufacture of lightweight exhibition and demonstration trailers.

CHANGE OF NAME

On 2nd March 1990 the Company changed its name from Hadleigh Industries plc to Hadleigh Industries Group plc.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Chairman's Statement on page 5 contains a review of the Group's operations together with an indication of the likely future developments.

INCREASE IN ISSUED SHARE CAPITAL

Changes in the share capital are shown in Note 17 to the accounts.

In June 1989 the Company granted executive share options totalling 120,000 Ordinary 50p shares at a price of £1.60p exercisable between May 1992 and May 1999, and "save as you earn" share options totalling 65,833 Ordinary 50p shares at a price of £1.44 exercisable from May 1994. In December 1989 the Company granted executive share options totalling 75,000 Ordinary 50p shares at a price of £1.98 exercisable from April 1993.

RESULTS AND DIVIDENDS

The Group's results for the year are set out in the consolidated profit and loss account on Page 12. Profit before taxation amounted to £2,035,000 (1989:£993,000) and after taxation, £1,363,000 (1989:£686,000). An interim dividend totalling £100,000 (1989: nil) was paid on 2nd January 1990 and a final dividend of £270,000 is proposed leaving £993,000 (1989:£486,000) as retained profit for the year. Earnings per share for the year were 20.7p (1989:11.7p).

Subject to approval at the Annual General Meeting the final dividend will be paid on 20th August 1990 to shareholders on the Register of Members at the close of business on 5th July 1990.

FIXED ASSETS

Changes in fixed assets are set out in note 10 to the accounts.

DIRECTORS

The directors of the Company who held office during the year and their interests in the shares of the Company as at 31st March were as follows:

	1990				1989	
	Issued		Share options			
	Ordinary 50p shares	Ordinary 50p shares	Ordinary 50p shares	S.A.Y.E Scheme	Ordinary £1 shares	Non
	Beneficial	Beneficial	Executive		Beneficial	Beneficial
A.J. COCKSON	1,226,524	1,399,414	Nil	5,833	273,619	243,000
H.A. FANE (Appointed 21st April 1989)	28,666	Nil	20,000	Nil	N/A	N/A
D.J. MADDISON	41,134	Nil	45,000	2,500	Nil	Nil
J.A. BOUDRY	41,134	Nil	25,000	2,500	Nil	Nil
H.A. BURCH (Appointed 20th December 1989)	324,725	Nil	31,500	Nil	N/A	N/A
E.P.T. RONEY	Nil	Nil	Nil	Nil	Nil	Nil

E.P.T. Roney, CBE aged 59, a solicitor, joined the board as a non-executive director of the Company in 1980. Mr. Roney has an active role in City life and is former Chief Commoner of the Corporation of London.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified that as at 1st June 1990 the substantial shareholders other than directors were:

	Ordinary 50p Shares	%
Northamptonshire County Council Superannuation Fund	325,000	4.8%
Tournesol Limited	1,278,878	19.0%

DIRECTORS' REPORT

PERSONNEL

The Group's employees are based at four main locations. Procedures appropriate to each location are in operation to inform and consult with employees or their representatives on matters affecting them as individuals and the Group as a whole.

It is Group policy to maintain high standards of health and safety and employee involvement is encouraged. The Group gives equal opportunity and consideration to applications for employment from disabled persons. It is Group policy wherever practicable to continue to employ and promote the career of existing employees who become disabled.

CLOSE COMPANY

The Company is a close company, within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Coopers & Lybrand Deloitte were appointed as joint auditors during the year.

In accordance with section 384 of the Companies Act 1985 a resolution to reappoint Messrs Ensors and Messrs Coopers & Lybrand Deloitte will be proposed at the Annual General Meeting and to authorise the directors to fix their remuneration.

By order of the Board

D.W. RUMSEY B.A. A.C.A.
Secretary

Cromwell Court
5 Greyfriars Road
Ipswich
IP1 1XG

19th June 1990

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF HADLEIGH INDUSTRIES GROUP PLC

We have audited the Financial Statements on pages 12 to 26 in accordance with Auditing Standards. In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group at 31st March 1990 and of the profit and source and applications of funds of the Group for the year then ended and have been properly prepared in accordance with The Companies Act 1985.

Coopers & Lybrand Deloitte
Chartered Accountants
128 Queen Victoria Street
London EC4P 4JX

Ensors
Chartered Accountants
Cardinal House
46 St. Nicholas Street
Ipswich IP1 1TT

19th June 1990

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1990

	Note	1990 £000	1989 £000
TURNOVER	2	25,650	19,018
Cost of Sales		(21,298)	(15,978)
		<hr/>	<hr/>
GROSS PROFIT		4,352	3,040
Distribution Expenses		(1,231)	(860)
Administrative Expenses		(1,261)	(1,180)
Other operating income		242	202
		<hr/>	<hr/>
OPERATING PROFIT	3	2,102	1,202
Net interest payable	6	(67)	(188)
Exceptional items		—	(21)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,035	993
Taxation	7	(672)	(307)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,363	686
Dividends	8	(370)	(200)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	18	993	486
		<hr/>	<hr/>
EARNINGS PER ORDINARY SHARE	9	20.7p	11.7p
		<hr/>	<hr/>

* The figures for 1989 have been re-stated. See note 21.