PLAINTIFF'S EXHIBIT

APV-11

BAKER PERKINS LIMITED

REPORT

AND

ACCOUNTS

FOR THE YEAR ENDED
DECEMBER 31st. 1960

BAKER PERKINS LIMITED

DIRECTORS

*A. I. BAKER, C.B.E., J.P., M.A., M.I.MECH.E., *Chairman*
*J. F. M. BRAITHWAITE, M.A., *Vice-Chairman*
C. N. BROWN
J. S. CAROLIN, M.B.E., F.C.A.
*H. CROWTHER, J.P., A.M.I.MECH.E.
C. A. W. DUMBLETON M.I.MECH.E.
S. C. HARGREAVES, M.A., A.M.I.MECH.E.
N. MOUNTAIN
J. M. PEAKE, M.A., A.M.I.MECH.E.
L. P. SIMPSON, B.SC.(TECH)., M.I.PROD.E.
H. J. WENBAN
*R. H. WILKINS, O.B.E., F.C.I.S.
G. D. WILSON, B.SC.

**Members of the Board of Management.*

Secretary: J. S. HARDY, M.A., A.C.I.S.
Auditors: PRICE WATERHOUSE & CO.

SUBSIDIARY COMPANIES and their DIRECTORS

UNITED KINGDOM: **The Alliance Foundry Company Limited, Luton.**
(Grey iron, precision and non ferrous castings.)
A. I. Baker (Chairman): K. T. J. Bone (Managing Director): F. E. Austin: M. A. Farrell: H. W. Munns.

Baker Perkins (Exports) Limited, London, W.1
(Exporters of the Group's products.)
H. Crowther (Chairman): H. S. Hargreaves (Managing Director): F. H. Arscott: A. I. Baker: J. F. M. Braithwaite: W. A. B. Brown: A. Cramb: J. S. Hardy: P. Marlow: D. A. Ogilvie.

Baker Perkins Granbull Limited, Kingston-on-Thames
(Plastics processing machinery.)
R. H. Wilkins (Chairman): F. G. Bull (Managing Director).

Baker Perkins Jaxons Limited
(Sales of laundry equipment.)
R. Jack (Chairman and Managing Director): J. T. Jack: W. Jack, Jnr.: D. C. Muirhead.

Job Day & Sons Limited, Leeds
(Packaging machinery for the tea and food industries)
T. E. Marshall (Chairman): J. Naylor (Managing Director): J. Barker: D. B. Barker: H. L. Maddison: A. V. Naylor: R. G. Radley.

William Douglas & Sons (Engineering) Limited, London, S.W.15
(Incorporating **Alfred Porter & Co. Ltd.**)
(Bulk handling, refrigerating and air conditioning equipment.)
A. I. Baker (Chairman): T. E. M. Douglas (Managing Director): L. G. Collins: G. F. A. Crook: W. S. Douglas: N. Mountain.

The Forgrove Machinery Company Limited, Leeds
(Wrapping and packaging machinery.)
H. J. Wenban (Chairman and Managing Director): A. I. Baker: L. Brook: W. A. B. Brown: P. Dyson: J. N. Edis: J. Horn: N. Mountain: H. S. Ridley: R. H. Wilkins.

James Halley & Sons Limited, West Bromwich
(Printing machinery and equipment)
R. H. Wilkins (Chairman): A. M. Halley (Managing Director): L. W. Cashmore: P. Marlow: J. R. McBride: L. P. Simpson.

William Jack & Sons Limited, Glasgow, S.W.2
(Laundry machinery.)
H. Crowther (Chairman): W. Jack (Managing Director): A. P. Culmer: R. Jack: J. T. Jack: W. Jack, Jnr.: P. Marlow.

Northern Manufacturing Company Limited, Gainsborough, Lincs.
(Gears and gear boxes.)
H. S. Ridley (Chairman): W. Hunter (Managing Director): J. Hunter: H. L. Maddison: T. H. Phillipson: A. Pycock: Mrs. A. M. Ridley.

Packman Machinery Limited, Twyford, Berks.
(Design engineers.)
A. I. Baker (Chairman): P. J. Packman (Managing Director): H. D. Byles: N. Mountain.

Rose Brothers (Gainsborough) Limited, Gainsborough, Lincs.
(Wrapping and packaging machinery.)
H. S. Ridley (Chairman): R. H. Wilkins (Managing Director): A. I. Baker: R. A. Bailey: W. A. B. Brown: J. Hunter: H. L. Maddison: N. Mountain: T. H. Phillipson: R. G. Radley: Mrs. A. M. Ridley.

Rownson Conveyors Limited, London, N.7
(Mechanical handling and conveyors.)
H. Crowther (Chairman and Managing Director): D. G. Anderson: C. N. Brown: J. A. Marriott.

Steele & Cowlishaw Limited, Hanley, Stoke-on-Trent
(Equipment for the paint, ink and paper-coating industries.)
A. I. Baker (Chairman): J. A. Harley (Managing Director): J. B. Capey: H. S. Hargreaves: J. M. Peake.

Yates Plant Limited, Hebburn, Co. Durham
(Welding and manipulating equipment.)
H. Crowther (Chairman): H. Yates (Managing Director).

AUSTRALIA: **Baker Perkins Proprietary Limited, Gardiner, Victoria**
(Manufacture, sale and service of Group products.)
G. B. G. King (Chairman and Managing Director); A. I. Baker: H. Crowther: R. H. Wilkins: J. D. Allan: E. J. Downey: T. E. Gordon: J. N. Lawrence: J. C. Venables.

BRAZIL: **Baker Perkins Molins do Brasil S.A. Industria e Comercio, Sao Paulo**
(Wrapping, packaging and cigarette making machinery.)
J. M. Pinheiro Neto (President): J. G. Malik: S. de Souza Leao Gracie.
(To be owned jointly with MOLINS MACHINE CO. LIMITED in future.)

CANADA: **Canadian Baker Perkins Limited, Brampton, Ontario**
(Manufacture, sale and service of Group and Associated Companies products.)
E. A. Turner (Chairman): A. G. Robertson (President): A. I. Baker: R. A. Baker: D. M. Bitney: W. C. Dean: P. B. Harley: W. H. Klausing: C. W. Steinhauer.

GERMANY: **Forgrove G.m.b.H., Cologne**
(Sale of wrapping, packaging and chocolate and confectionery machinery.)
E. A. Kalfayan (Manager)

NEW ZEALAND: **Baker Perkins (N.Z.) Limited, Auckland**
(Manufacture, sale and service of Group products.)
G. B. G. King (Chairman): R. E. Chaafe (Managing Director): A. I. Baker: H. Crowther: J. N. Lawrence: R. H. Wilkins.

SOUTH AFRICA: **Baker Perkins South Africa (Proprietary) Limited, Johannesburg**
(Manufacture, sale and service of Group products.)
J. M. Jameson (Chairman and Managing Director): A. I. Baker: H. Crowther: T. W. Fargher: A. F. Mosley: C. B. Poole: R. H. Wilkins.

U.S.A. : **Baker Perkins Inc., Saginaw, Michigan**
(Food processing and chemical machinery.)
P. B. Harley (President): E. A. Turner (Executive Vice-President and General Manager): A. I. Baker: R. A. Baker: J. F. M. Braithwaite: C. Bryson: M. J. Glennon: H. H. Hennecke: W. H. Klausing: K. A. Mack: W. I. McDonald: R. W. McKenzie: C. W. Petersen.

BAKER PERKINS LIMITED

To Ordinary Stockholders.

NOTICE IS HEREBY GIVEN that the Sixtieth Annual General Meeting will be held at 2.30 p.m. on 15th May 1961 in the Dorset Room at the Connaught Rooms, Great Queen Street, London W.C.2, for the following purposes:—

1. To receive and, if approved, to adopt the Directors' Report and Accounts for 1960.
2. To declare a dividend.
3. To elect Directors.
4. To re-appoint the Auditors and fix their fee for 1960.
5. To transact any other business of an Ordinary General Meeting.
6. As special business, to consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions of the Company:—
   (a) "That the capital of the Company be increased to £6,420,000 by the creation of an additional 2,000,000 Ordinary Shares of £1 each."
   (b) "That the additional 2,000,000 Ordinary Shares of £1 each in the capital of the Company created by the immediately preceding Resolution of this Meeting be converted into Ordinary Stock as and when issued and fully paid".

A Stockholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a Stockholder.

By Order of the Board of Directors,

J. S. HARDY,

Secretary.

Registered Office,
Westwood Works,
Peterborough.
21st April, 1961.

REPORT OF THE AUDITORS
TO THE
MEMBERS OF BAKER PERKINS LIMITED

In our opinion the annexed accounts and notes give, so far as concerns members of the company and so far as is practicable in a group where the accounts of some of the subsidiaries are made up to dates different from that of the company's accounts, a true and fair view of the state of affairs as at 31st December 1960 and the profit for the year ended on that date of the company and of the group consisting of the company and its subsidiaries.

We have obtained all the information and explanations which we considered necessary. In our opinion the company has kept proper books, and the balance sheet of the company, which is in agreement with them and with the said information and explanations, gives with the group accounts and notes in the prescribed manner the information required by the Companies Act, 1948.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

3 Frederick's Place,
Old Jewry, London E.C.2.
17th April, 1961.

DIRECTORS' REPORT

to be presented at the 60th Annual General Meeting.

The Directors present their Report and Statement of Accounts for the year ended 31st December 1960.

CAPITAL

During the financial year under review, 597,130 Ordinary Shares were issued to Ordinary Stockholders by way of capitalisation of reserves, and a total of 117,832 Ordinary £1 Shares were issued in satisfaction of the purchase price of two subsidiaries and to settle entitlements under the Company's Profit-sharing Schemes. Since 1st January 1961, 39,375 Ordinary £1 Shares have been issued to the vendors of William Jack & Sons Ltd. as part consideration for the purchase of an 80% interest in that business, and these shares qualify for the final dividend payable in respect of 1960. 871,296 Ordinary £1 Shares were issued by way of rights to Ordinary Stockholders on the register of the Company on 24th January 1961.

The issued Ordinary capital of Baker Perkins Ltd. is now £3,983,068 out of a total authorised Ordinary capital of £4,000,000, and the Directors propose that the authorised Ordinary capital should be raised to £6,000,000 by the creation of a further 2,000,000 shares. The notice convening the Annual General Meeting and the Chairman's Review refer to this proposal.

A further £1,500,000 Debenture Stock was also issued on 10th February 1961, making a total of £3,000,000 now in issue.

PROFIT

The balance of trading profit of all the companies in the Group whose accounts were consolidated with those of Baker Perkins Ltd. at 31st December 1960 amounted to £1,075,227. After deducting taxation and the net amounts attributable to minority interests in various subsidiary companies and adding income from investments in associated companies, the balance of net profit attributable to the stockholders of Baker Perkins Ltd. is £530,042. Adding thereto the balance brought forward from the previous year of £3,157,522, less an amount of £14,787 attributable to capital acquired by officers and employees of Baker Perkins Inc. during the year, a total of £3,672,777 is available for appropriation.

DIVIDEND

The Directors recommend that a final dividend of 1/9d. (8¾%) less income tax per £1 unit of stock be paid on 17th May 1961 in respect of the £3,111,772 Ordinary Stock in issue at 24th January 1961 which includes 39,375 shares issued to the vendors of William Jack & Sons Ltd. as mentioned above. Together with the interim dividend of 6d. (2½%) less income tax per £1 unit of stock paid in November 1960 on the £3,072,397 Ordinary Stock in issue at that time, this represents a total for the year of 2/3d. (11¼%) less income tax per £1 unit of stock. This compares with the equivalent of 1s. 7.2d. (8%) less income tax per £1 unit of stock for the previous year, after the capitalisation issue of 1-for-4 made in June 1960.

The 871,296 Ordinary Shares issued on 10th February 1961 are not entitled to participate in the final dividend in respect of the financial year 1960.

If the above final dividend is declared, the balance carried forward in the Group Profit and Loss Account will be £3,440,951.

SUBSIDIARY COMPANIES

During the year the following companies became subsidiaries of Baker Perkins Limited:—

Rownson Conveyors Limited, London, manufacturers of conveying and mechanical handling equipment.

The Granbull Tool Company Limited (now Baker Perkins Granbull Limited), Kingston-upon-Thames, manufacturers of equipment for the plastics industry.

Alfred Porter & Co. Limited, Teddington, manufacturers of industrial refrigeration and air-conditioning equipment, and its three associated companies.

DIRECTORS

The Directors, acting under the powers conferred by Article 85 of the Company's Articles of Association, appointed L. P. Simpson to be a Director of the Company, and this appointment is now subject to ratification.

The Directors retiring by rotation are C. N. Brown, H. Crowther, N. Mountain and G. D. Wilson, who, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Messrs. Price Waterhouse & Co., will continue in office in accordance with Section 159 (2) of the Companies' Act 1948.

By order of the Board,
J. S. HARDY,
Secretary.

17th April, 1961.

PARENT COMPANY AND CONSOLIDATED

PARENT COMPANY

1959 £	£	1960 £	£	
	420,000		420,000	AUTHORISED CAPITAL IN SHARES OF £1 EACH: 7% Cumulative Preference Shares
	2,500,000		4,000,000	Ordinary Shares
	£2,920,000		£4,420,000	
				CAPITAL EMPLOYED
				ISSUED CAPITAL AND RESERVES:
				Shares issued and converted into stock
	420,000		420,000	Preference
2,357,435		3,072,397		Ordinary (Note 1)
				Capital Reserves (Note 2)
372,368		91,858		Share Premium Account
673,874		522,682		Replacement of fixed assets
—		—		Other Capital Reserves
				Revenue Reserve
895,689		983,709		Unappropriated profits
	4,299,366		4,670,646	**Ordinary Stockholders' Interest**
	4,719,366		5,090,646	**Total Stockholders' Interest**
	1,500,000		1,500,000	£1,500,000 5¾ PER CENT DEBENTURE STOCK 1979/84 (Note 3)
	99,951		69,953	INCOME TAX 1961/62
				MINORITY INTERESTS IN SUBSIDIARIES
	£6,319,317		£6,660,599	
				EMPLOYMENT OF CAPITAL
				CURRENT ASSETS: (Note 4)
2,843,015		3,483,533		Stock and work in process
1,670,923		1,742,844		Debtors
8,248		5,990		Cash and bank balances
	4,522,186		5,232,367	
				CURRENT LIABILITIES:
—		729,445		Bank overdrafts (Subsidiaries: secured £494,931)
387,483		604,297		Progress payments
884,005		1,189,412		Trade and other creditors
139,485		86,254		Current taxation
108,295		166,772		Recommended ordinary dividend
	1,519,268		2,776,180	
	3,002,918		2,456,187	CURRENT ASSETS LESS CURRENT LIABILITIES
				FIXED ASSETS (Note 5)
1,476,906		1,683,886		Land, Buildings, Plant and Machinery
6,375		170		Patent licences at cost, less amounts written off
257,605		257,605		Investments in associated companies
	1,740,886		1,941,661	
				INTERESTS IN SUBSIDIARIES
1,239,859		1,619,859		Shares (Note 5)
509,329		755,093		Debts on current accounts
1,749,188		2,374,952		
173,675		112,201		*Less* Credits on current accounts
	1,575,513		2,262,751	
	£6,319,317		£6,660,599	A.I. BAKER, J.F.M. BRAITHWAITE, } Directors.

AND SUBSIDIARY COMPANIES

BALANCE SHEETS AS AT 31st DECEMBER, 1960

GROUP			
1960		1959	
£	£	£	£
	420,000		*420,000*
	4,000,000		*2,500,000*
	£4,420,000		*£2,920,000*
	420,000		*420,000*
3,072,397		*2,357,435*	
121,206		*401,716*	
817,965		*1,091,708*	
462,816		*574,547*	
3,440,951		*3,157,522*	
	7,915,335		*7,582,928*
	8,335,335		*8,002,928*
	1,500,000		*1,500,000*
	206,928		*181,756*
	1,712,561		*1,602,546*
	£11,754,824		*£11,287,230*
6,760,088		*5,818,036*	
5,960,460		*5,018,166*	
397,425		*464,965*	
	13,117,973		*11,301,167*
1,599,470		*695,483*	
966,156		*722,302*	
2,469,983		*1,951,435*	
513,366		*414,110*	
166,772		*108,295*	
	5,715,747		*3,891,625*
	7,402,226		*7,409,542*
3,939,240		*3,455,896*	
4,192		*12,626*	
409,166		*409,166*	
	4,352,598		*3,877,688*
	£11,754,824		*£11,287,230*

NOTES TO THE ACCOUNTS

1. MOVEMENT ON ORDINARY ISSUED CAPITAL

	£
Balance as at 29th December 1959	2,357,435
Add Capitalisation of Reserves:—	
Fixed Assets Replacement	176,192
Share Premium Account	420,938
Shares issued in settlement of purchase price of Subsidiaries and of profit shares	117,832
Balance as at 31st December 1960	£3,072,397

2. MOVEMENT OF CAPITAL RESERVES

	£
Share Premium Accounts	
Parent Company	
Balance as at 29th December 1959	372,368
Add Premiums on issue of 117,832 ordinary shares	141,823
	514,191
Deduct Amount capitalised in scrip share issue	420,938
Share Issue expenses	1,395
Balance as at 31st December 1960	91,858
Subsidiaries	
Balance as at 29th December 1959	29,348
Group Balance as at 31st December 1960	£121,206

	Parent Company £	*Group* £
Replacement of Fixed Assets		
Balance as at 29th December 1959	673,874	1,091,708
Deduct Amount capitalised in scrip share Issues: Parent Company	176,192	176,192
American Subsidiary	—	117,167
Adjustment of Minority Interest	—	1,870
	497,682	796,479
Add Amounts transferred from Profit and Loss Accounts:	25,000	21,486
Balance as at 31st December 1960	£522,682	£817,965

	£
Other Capital Reserves	
Group Balance as at 29th December 1959	574,547
Add Fixed assets replacement reserve capitalised by a subsidiary	117,167
	691,714
Deduct Goodwill arising on acquisition of subsidiaries	219,631
Adjustment of Minority Interest	2,327
Exchange and other adjustments arising on consolidation	6,940
Group Balance as at 31st December 1960	£462,816

3. DEBENTURE STOCK

On the 30th November 1964 and annually thereafter the Company must set aside and apply £30,000 in the redemption at par of stock to be selected by drawings.

4. CURRENT ASSETS

Group Debtors include debts totalling £367,343 not due within one year, and £353,902 United States Treasury Bills (Market Value £355,555).

Stock and work in process is included in the accounts at the lower of cost or net realisable value.

(continued overleaf

5. FIXED ASSETS

	1960 Cost	1960 Deprec.	*1959* Cost	*1959* Deprec.
GROUP	£	£	£	£
Freehold & leasehold land & buildings	2,411,331	577,034	*2,235,848*	*528,052*
Plant, machinery & equipment ..	4,208,675	2,283,185	*3,715,161*	*2,108,379*
Motor vehicles	327,892	148,439	*277,016*	*135,698*
	6,947,898	3,008,658	*6,228,025*	*2,772,129*
Net ..	£3,939,240		*£3,455,896*	
PARENT COMPANY				
Freehold & leasehold land & buildings	979,270	239,273	*929,677*	*222,262*
Plant, machinery & equipment ..	1,892,354	1,049,348	*1,663,973*	*979,178*
Motor vehicles	171,100	70,217	*157,395*	*72,699*
	3,042,724	1,358,838	*2,751,045*	*1,274,139*
Net ..	£1,683,886		*£1,476,906*	

Shares in Subsidiaries are at cost or as valued by the Directors in 1926. Investments in associated companies are at cost or as valued by the Directors in 1948.

6. CONTRACTS FOR CAPITAL EXPENDITURE

Commitments thereunder at the balance sheet dates, not provided in the accounts, are estimated for the Group at £177,000 (*£169,000*) and for the Parent Company at £142,000 (*£82,000*).

7. CONTINGENT LIABILITIES

At the balance sheet dates these amounted to *£455,697* (*£397,661*) for the Group, of which £283,019 relates to contingent liabilities in respect of discounted trade bills. For the Parent Company the amount was £356,799 (*£88,885*) being mainly guarantees relating to Subsidiaries.

8. TAXATION

	1960 £	*1959* £
United Kingdom income tax	287,132	*165,074*
United Kingdom profits tax	52,510	*36,320*
Foreign and Dominion tax (net after reliefs)	246,518	*144,128*
*Total taxation based on the profit of the year	586,160	*345,522*
Deduct		
Prior year's tax liability adjustment	22,772	*52,533*
	£563,388	*£292,989*

Capital allowances obtained to date have had the effect of deferring taxation to the extent of £164,700 (*1959 £117,800*) calculated at current rates of tax. Corresponding additional charges for taxation will fall upon the profits of future years during which the relative assets are in use.

The charge for United Kingdom taxation has been reduced by £35,500 (*1959 – £12,100*) due to Investment Allowances.

9. PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

Net profit of the Group attributable to Baker Perkins Ltd. of £530,042 (*£417,924*) includes £319,846 (*£254,208*) which was dealt with in the parent company profit and loss account, after deducting £25,000 (*£25,000*) transferred to replacement of fixed assets reserve. Emoluments of the Directors of Baker Perkins Ltd. paid by the Company and its Subsidiaries were Directors Fees £3,125 (*£3,000*), remuneration for services as managers £102,861 (*£91,589*) and pensions and other payments to past Directors and their dependants £8,773 (*£9,533*).

10. RATES OF EXCHANGE

Fixed assets overseas (and depreciation thereon) are converted at the exchange rates ruling at the dates of acquisition, and other overseas assets and liabilities at the rates ruling at 31st December 1960.

11. SUBSIDIARIES' ACCOUNTING DATES

The accounts of two overseas Subsidiaries are made up to 30th September 1960 and of one to the 30th November 1960. The net assets of four subsidiaries acquired in November 1960 have been included at the amounts shown in their last published balance sheets as at 30th April 1960. Differences between inter-company balances amounting to £107,937 have been included in debtors.

The Directors are of the opinion that if the accounting dates of the overseas subsidiaries were to coincide with that of the parent company, there would be undue delay in the preparation of the consolidated accounts.

NOTES TO THE ACCOUNTS

— continued

BAKER PERKINS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR YEAR ENDED 31st DECEMBER, 1960.

1959			1960	
£	£		£	£
	718,995	Balance of **Group Trading Profit** after deducting:		1,075,227
81,030		5¾ per cent debenture interest	86,250	
41,498		Other interest paid	78,064	
311,671		Depreciation	344,753	
47,929		Transfer to capital reserve for replacement of fixed assets	21,486	
	52,531	Income from investments in associated companies		117,974
	771,526	Balance of **Group Profit** before taxation ..		1,193,201
	292,989	Taxation (Note 8)		563,388
	478,537	Balance of net profit of the Group ..		629,813
	60,613	Net amounts attributable to minority interests in subsidiaries		99,771
	417,924	Balance of **Net Profit of the Group attributable to Baker Perkins Ltd.** (Note 9)		530,042
	2,953,464	Balance brought forward from the previous year	3,157,522	
	—	*Less* amount attributable to capital acquired by minority during the year	14,787	
				3,142,735
	3,371,388			3,672,777
		APPROPRIATIONS.		
		Dividends for the year less income tax		
17,732		Preference	18,008	
		Ordinary:		
34,489		Interim paid 20th November 1960 ..	47,046	
108,295		Final recommended	166,772	
				231,826
53,350		Amount capitalised by subsidiary		—
	213,866			
895,689		Unappropriated profits—Baker Perkins Ltd.	983,709	
2,261,833		Unappropriated profits—Subsidiaries ..	2,457,242	
	£3,157,522	Total carried forward		£3,440,951

See notes to the accounts.

(£000's)

GROUP STATISTICS 1956/60

	1956	1957	1958	1959	1960
Group Turnover	14,370	13,780	14,300	15,450	18,000
Group Profit before charging Depreciation and Replacement of Fixed Assets Reserve ..	1,578	1,546	1,273	1,132	1,559
Less Depreciation and Replacement Reserve	453	452	379	360	366
Taxation	627	634	464	293	563
Minority Interest in Subsidiaries	83	60	14	61	100
Net Profit attributable to B.P. Ltd. Stockholders	415	400	416	418	530
Less Dividends (Net):—					
Preference	17	17	17	18	18
Ordinary	93	102	133	143	214
Re-invested in business by Stockholders	305	281	266	257	298
Fixed Assets	3,172	3,119	3,770	3,878	4,353
Net Current Assets	3,922	4,474	5,854	7,410	7,402
Ordinary Stockholders' Equity ..	5,468	5,882	7,032	7,583	7,915

CHAIRMAN'S REVIEW

In my Review last year I referred to the Group's policy of expansion in its traditional and allied fields, both by research and development within the companies that then formed the Group and also by the acquisition of other companies engaged in similar fields. The past year has seen a continuation of this policy. Indeed, it has witnessed the largest expansion since the merger of Joseph Baker & Sons Ltd. and Perkins Engineers Ltd. in 1919.

A circular dated 10th February 1961 to the Ordinary stockholders and various announcements in the Press have given details of these recent acquisitions and I have included in this review a mention of certain others which have taken place since the end of the year.

Rose Brothers (Gainsborough) Ltd. and its subsidiary Job Day & Sons Ltd. have brought into the Group a wide range of wrapping and packaging machinery which is largely complementary to that made by The Forgrove Machinery Company Ltd. In the relatively few cases where the companies manufacture competing machines, a process of rationalisation is being pursued, keeping in mind the requirements and interests of our customers. The concentration of the design, development and production facilities available in these three companies places the combined enterprise in a very strong position to meet growing foreign competition.

Another subsidiary of Rose Brothers (Gainsborough) Ltd. namely The Northern Manufacturing Co. Ltd. of Gainsborough, manufactures gears and gear boxes for a wide variety of industries. It is intended to expand this business to meet the increasing requirements of their customers.

Rownson Conveyors Ltd., London, was acquired in June 1960. This company has specialised since 1910 in mechanical handling equipment and had for some time been supplying conveyors to the Group. Apart from its application in the traditional bread, biscuit, laundry and chemical industries served by the Parent Company, Rownson equipment will continue to be developed and sold for other purposes, and as an example of this a contract has been received for the supply of all the baggage handling conveyors for the new long-distance terminal building at London Airport (Central).

Prior to its acquisition, The Granbull Tool Company Ltd., Kingston-on-Thames, had been associated with Baker Perkins in the supply of equipment for the plastics industry, and under the new name of Baker Perkins Granbull Ltd. is now the centre of the plastics fabricating machinery activities of the Group.

Alfred Porter & Co. Ltd., Teddington, and another subsidiary, William Douglas & Sons (Engineering) Ltd. of Putney, are now under one management. A steady expansion is envisaged in the field of industrial refrigeration work and in the sale of packaged chilled liquid units, which are a speciality that Alfred Porter & Co. Ltd. has developed mainly for use in the air-conditioning of shops, offices and factories where controlled temperatures and humidity are essential.

William Jack & Sons Ltd., in which we have acquired a controlling interest, makes amongst other products, a range of laundry presses which has gained an increasingly good reputation in recent years, and a new company known as Baker Perkins Jaxons Ltd. has been established to handle the sale of its products and those of the Laundry Machinery Department of the Parent Company.

In March 1961, negotiations were completed for the acquisition of James Halley & Sons Ltd. of West Bromwich, manufacturers of rotary printing presses and other equipment for the printing trades and particularly for the packaging industry. Baker Perkins had experience of manufacturing this type of equipment during the inter-war years and considers that this further expansion into an industry catering for a basic and growing need will benefit the Group.

The management is now occupied with the rationalisation and, where necessary, the integration of these acquisitions in order that they may make the best possible contribution to the Group.

These acquisitions have necessitated the raising of additional permanent and long-term loan capital, and in February 1961 a Rights Issue of Ordinary Shares was successfully made and fully subscribed. The investing public's reaction to the issue was even more favourable than could have been foreseen in the circumstances then prevailing. In addition a further £1,500,000 Debenture Stock was issued.

As a record of the companies now forming the Group, I am sure that you will be interested in the booklet enclosed with this Report and Accounts. It does not claim to cover all the equipment manufactured by each company, but the representative products shown indicate the wide variety of skilled engineering carried on within the various companies to meet the requirements of many basic industries.

I should also like to direct your attention to the statistics on page 12 of this Report and Accounts, which give certain details of the record of the Group over the past few years.

The Group as a whole had a more satisfactory year's trading and turnover increased. The balance of Group trading profit before taxation showed a substantial increase and this resulted from the fact that larger profits made in certain subsidiary companies, particularly the American subsidiary, more than offset the reduced profits of the Parent Company.

I do not propose to comment in great detail on all the remaining companies, except to highlight the more meritorious and also the less satisfactory performances.

Dealing firstly with the Parent Company, Baker Perkins Ltd., the trading profits (leaving aside investment income) were adversely affected by a period of reduced output from the two factories during the first four months of 1960, caused by the setback in the national economy as a whole during the previous year. The level of orders placed by customers in those industries served by your Company declined during the latter half of 1959, and although the order intake improved at the commencement of 1960 and continued at the improved rate throughout the year, such is the length of time required for the design, manufacture and erection of the majority of the Company's products that the benefits of this increase in activity were not reflected in output until some way through the year. Moreover, the Company is currently incurring considerable expenditure in developing rubber processing machinery, mineral dressing equipment and foundry machinery.

These factors, together with increased costs resulting from the effects of the reduction in working hours to 42 per week in March 1960, caused lower trading profits before tax.

The present high level of activity in both the Parent Company's factories and the satisfactory state of the order book give hope of some improvement in the current year's trading.

The Forgrove Machinery Co. Limited expanded its turnover and showed an increased profit in comparison with the previous year. The expansion in turnover was due, almost entirely, to increased sales in overseas markets.

Baker Perkins (Exports) Ltd. achieved a substantially increased volume of sales and made a proportionately larger contribution to Group profits. This increase was noticeable in all sections of the business, but especially so in the biscuit plant department where export turnover has more than doubled. There has been a marked improvement in sales to Europe and the continued demand for our wrapping, packaging and sugar confectionery machinery in the highly competitive German market has led to the construction of larger offices, demonstration and servicing facilities in Cologne for our German subsidiary, Forgrove G.m.b.H.

Exports of equipment from your companies in the United Kingdom were at the rate of 25 to 30 per cent of total output, and this high level was achieved in spite of increased local manufacture by subsidiary and associated companies in certain overseas countries and import restrictions in others. The prospects of maintaining exports at the 1960 level are very encouraging, although experience leads one to be cautious in forecasting results which can suddenly be affected by governmental restrictions in so many markets.

One of the major exhibition efforts in the present year will be made at the British Trade Fair to be held in Moscow in May. Both Forgrove and Rose wrapping and packaging machinery will be shown on separate stands and a consortium has been formed of Baker Perkins (Exports) Ltd., William Jack & Sons Ltd. and other laundry engineers to exhibit a complete working laundry installation. We also have this year the Plastics Exhibition in June and the Packaging Exhibition in September in London.

I am glad to report that the American subsidiary, Baker Perkins Inc., more than fulfilled the expectations forecast in my last Review and had a better year, contributing substantially to the Group's profits. Both the Food Machinery and Chemical Machinery Departments of that business contributed to this result. Unfortunately, experience has shown that it is impossible to predict with any accuracy the level of orders to be placed by the industries served by the American company over a period of a year, as trading conditions can change rapidly. However, it appears that the current year's profit will be lower.

The Australian subsidiary, Baker Perkins Pty. Ltd., enjoyed a record year both in turnover and profits. Turnover was the highest in that company's history, and the present state of the order book indicates that this will be exceeded in the current year.

The political troubles that have beset South Africa during the past year have left their mark on that country's economy, but I am pleased to record that Baker Perkins South Africa (Pty.) Ltd. nevertheless achieved a very creditable profit from its reduced turnover. During the latter part of the year the value of orders received showed an increase which we can only hope will lead to a gradual improvement in trading for the future.

An announcement has already been made concerning plans for the future of Baker Perkins do Brasil Ltda. We were happy to come to an arrangement with Molins Machine Company Ltd. of London, manufacturers of cigarette-making and packaging machinery, whereby that company is to hold 50% of the increased capital of the Brazilian company. The Brazilian company, which has now changed its name to Baker Perkins Molins do Brasil S.A., will therefore cease to be a subsidiary and in future its accounts will not be consolidated with those of Baker Perkins Ltd. The Brazilian company had commenced to earn profits, but needed expansion of its manufacturing facilities and range of products to secure its future.

Turning now to the United Kingdom, I am glad to report that the four companies which joined the Group in 1958—1959, namely, Steele & Cowlishaw Ltd., Yates Plant Ltd., Packman Machinery Ltd. and William Douglas & Sons (Engineering) Ltd., made satisfactory contributions to Group turnover and profits. Steele & Cowlishaw Ltd. has successfully introduced new designs of equipment for the paint, ink and paper-coating industries after much research and development work, and Yates Plant Ltd. substantially increased its turnover and order-taking for heavy manipulating and welding equipment, including a further contract for manipulating and welding the large heat exchange vessels for another Nuclear Power Station.

To employees in all the companies of the Group I should like to pay a tribute to the skill and loyalty which they have displayed. Your Directors are well aware that trained manpower is the most valuable asset in any organisation, and the Company constantly strives to ensure that its training programmes and conditions of employment generally are in the forefront of modern practice.

Although certain member companies of the Group have experienced a difficult year's trading, the general position is healthy and reveals a steady upsurge in activity. The level of production in the first few months of this current year, coupled with the number of orders at present on hand and the prospects for the remainder of this year, indicate a reasonable year's trading, provided that the economic background of the United Kingdom and the United States during 1961 does not deteriorate.

Finally, I should like to draw the attention of Ordinary Stockholders to the notice convening the Annual General Meeting. The issues of Ordinary share capital during the past year and the recent Rights Issue leave the Company with practically no unissued capital, and notice is given of the proposal to consider an increase in the authorised Ordinary capital of the Company by the creation of additional shares. Your Directors have at present no plans for the issue of any of these shares, other than for the purposes of the Company's Profit-sharing Schemes, and no part of the unissued capital will be issued in circumstances which would be likely to result in a change in the control of the Company or in the general nature of its business without the Stockholders' consent.

A. I. BAKER,

Chairman.

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