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2000

Chairman's Statement

'2000 was the most difficult year for global stockmarkets since 1990 and reflected the overbought nature of most markets at the beginning of the year'

————— *Merrill Lynch Annual Survey*

The net profit of £18.7 million appears relatively ordinary but otherwise the year 2000, as a whole, was rather more successful than indicated in pure accounting terms.

It was a year of much useful activity and, in the post Tyndall phase, there was a quite high level of reinvestment from which there has not yet been any material return. However, it has created a definite level of added potential for the present and the future.

If there is any weakness in the GPG scenario, it is possibly the need to be more vigorous in crystallising and completing a greater number of what is always a wide range of investment projects in the Company's portfolio. This is not to abandon a long term approach but to recognise, in today's market, a demand for more rapid revisions of corporate strategies.

Already, in the current term, we have initiated various avenues of 'shareholder activism' which have been on the drawing board for some time and which are referred to later in this report. Without an unlikely first round 'knockout', these initiatives are invariably characterised as 'failures' by the media and analysts but this is a necessary part of the process where sensible and supportable proposals to enhance shareholder value are seldom unrewarded in the longer run.

Successful investments are the key to GPG's future performance and among the more significant new subsidiaries, associates and portfolio additions, not previously reported to shareholders are –

Staveley Industries plc

Staveley has been a difficult and unrewarding investment but, as a consequence of a successful takeover offer late last year, it is now wholly owned by GPG.

After the sale of the main subsidiary, British Salt Ltd, the residual group comprises some six engineering based manufacturing and contracting businesses in UK and USA. As the problems of the previous regime steadily diminish, GPG is probably not the most logical permanent owner of these businesses but, in the meantime, it has a valid role to support management in achieving consistent profitability and improved capital values.

Joe White Maltings

Joe White has exceeded expectations since we took effective control in March 2000 with a 45% holding. Necessary structural and personnel changes, the sale of the difficult foods businesses and, not least, an upturn in the malt price cycle have all contributed to a much better outlook than for many years past.

Enza

So far, less than satisfactory. Prior to the appointment of the new Board, the company was in a worse position than previously known, with possible severe repercussions for New Zealand apple and pear growers.

GPG has contributed a disproportionate level of input relative to the absolute size of our investment (18% of the capital with a book value of £1.8 million) but which we accept, within reason, as our contribution to the rescue of an important national industry.

Enza can become a large (Year 2000 sales of NZ\$800 million) and successful organisation if industry politics embrace a greater sense of unity and commercial logic.

Wrightson

Not a major investment (£3.3 million at cost) but a timely one, insofar as improved performance has reflected a more buoyant New Zealand rural economy. The market value of the shares is now 80% above our entry price.

Otter Gold

Another difficult situation where the adverse legacies of the previous convoluted ownership structure have lingered on. The recent cash issue has lifted GPG's holding to 44% and provides funds and greater proprietorial focus to extract the best value from the company's three gold mining ventures.

Tomorrow Ltd

This arises from a reconstruction of Mid-East Minerals which has reduced GPG's ownership from 88% to a fully diluted 36% of the enlarged company.

Tomorrow is not a 'technology' stock in its own right but an investor in distressed situations in that sector where additional funding is considered likely to produce a credible commercial result.

Chairman's Statement

GPG's other subsidiary and associated companies are **Canberra Investment Corporation** (69%), a Canberra based residential land developer with a solid, if unspectacular, earnings record and good asset strength and **Turners & Growers** (45%), one of New Zealand's oldest and most respected corporate names, which has made a most valued contribution to the group.

GPG's largest portfolio investments are **Coats Viyella Plc** (12% at cost, £38 million) and **Inchcape plc** (16% at cost, £37 million).

Coats is the world's leading thread manufacturer and was once one of Britain's major industrial concerns but its textile operations, including fashion labels 'Jaeger' and 'Viyella', have been severely impacted by the steady decline of the UK manufacturing industry. An exciting and worthwhile challenge for GPG's recently appointed Board representative!

Inchcape is another historic British Empire trading house but nowadays is a much smaller company operating exclusively in the motor trade (it contains a significant portion of the former TKM, an important subsidiary of BIL in the 1980's).

In our view, Inchcape's international model is no longer appropriate in the modern age and considerably greater value would be obtained by realising the strategic value of its individual components. The present Board of Inchcape does not share this view and the debate continues in the current term.

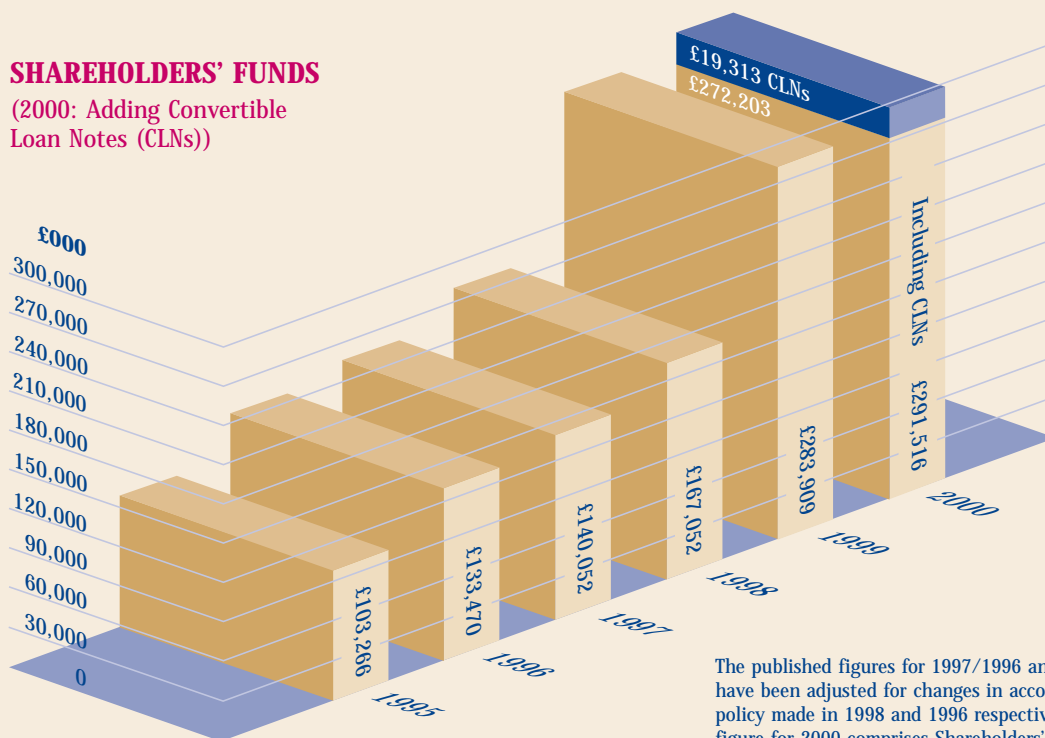
Other major investments are **De Vere Group** (5%, at cost, £18 million) and **Brickworks** (10%, at cost, £20 million). These two companies could not be further apart in geography and industry but they share a common characteristic of intrinsic value well in excess of market capitalisation and requiring serious structural reform to release that value to shareholders.

A badly directed company with good assets may be a little harsh, but is nevertheless a succinct description of De Vere. It owns a mix of prestige hotels, budget accommodation and leisure facilities in the UK which GPG proposes should be split into separate corporate units. This will happen eventually (if De Vere is not taken over in the meantime) but at present the 'synergy' card has not yet been played out to exhaustion.

During 2000, GPG made a takeover offer for Brickworks which was unsuccessful at that time but we retain complete confidence in the ultimate outcome of this investment.

SHAREHOLDERS' FUNDS

(2000: Adding Convertible Loan Notes (CLNs))



The published figures for 1997/1996 and for 1995 have been adjusted for changes in accounting policy made in 1998 and 1996 respectively. The figure for 2000 comprises Shareholders' Funds of £272,203,000 and £19,313,000 of CLNs.

The Board's capital and dividend proposals for this year are:

- A cash dividend of 1.0p per share (an effective increase of 10%)
- Reinstatement of the scrip dividend alternative
- The 8th successive 1 for 10 bonus issue. (An investor who purchased the equivalent of 100 10p shares in the 1991 placement at an effective cost of NZ90c and who took no subsequent action would now hold 195 shares at a cost of NZ46c each. In reality, cash issues and scrip dividends would have reduced the cost to less than NZ40c.)
- Serious consideration was given to offering shareholders another series of redeemable convertible notes on terms similar to last year's issue. However, it was decided preferable to conserve the Company's administrative and financial resources for a very full program of investment activity during the rest of the year rather than the diversion of non essential capital adjustments.

The year 2001 will be a critical one for GPG insofar as the Company has never been better placed to achieve a strong combination of realised profits, higher asset backing and the momentum for continuing gains in the future.

Ron Brierley

CHAIRMAN 23 March 2001

Financial Profile of Operations

	Consolidated Figures Year ended 31 December 2000			Consolidated Figures At 31 December 2000	
	GPG Holding 31 December 2000	Net Profit before Minority Interests £000	Group Turnover £000	Total Assets £000	Net Assets £000
Subsidiaries					
United Kingdom					
Staveley Industries plc	100.00%	712 [#]	48,058 [#]	71,742	16,276*
<i>Building services</i>					
<i>#Acquired on 27 September 2000</i>					
Australia					
Tomorrow Ltd	83.60%	(3,568)	527	8,926	8,803
<i>Investment company</i>					
Canberra Investment Corp Ltd	68.60%	991	7,637	16,989	6,270
<i>Property developer</i>					
Joe White Maltings Ltd	47.56%	190 [†]	51,396 [†]	48,251	27,771
<i>Malting/food processing</i>					
<i>†Acquired on 10 April 2000</i>					
United States of America					
Staveley Inc.	100.00%	(1,017) [#]	15,216 [#]	32,011	22,418
<i>Testing services</i>					
<i>#Acquired on 27 September 2000</i>					

* Includes net cash of £22,527,000

	GPG Holding 31 December 2000	GPG Share of Income Year ended 31 December 2000 £000	GPG Book Value at 31 December 2000 £000	Latest Published Shareholders' Funds 31 December 2000 £000
Associates				
New Zealand				
Turners & Growers Ltd	44.52%	905	7,711	17,321
<i>Fresh produce wholesaler and auctioneer</i>				
Otter Gold Mines Ltd.....	43.65%	(50)	5,319	12,720
<i>Gold mining</i>				
Wrightson Ltd	20.91%	1,661	4,384	31,170
<i>Agricultural services</i>				

The Group's share of Staveley's loss for the period when it was an associate was £284,000.

Amounts reported above in respect of subsidiaries do not include goodwill or the amortisation/release of goodwill. For associates, goodwill has been reflected in the amounts shown above.

Summary of Principal Quoted Investments

As at 30 March 2001

Disclosed Shareholdings

Subsidiaries

	Shareholding
Tomorrow Ltd	83.6%
Canberra Investment Corporation Ltd	68.6%
Joe White Maltings Ltd	47.6%

Other Shareholdings

United Kingdom

Young & Co's Brewery P.L.C. ('A' Shares)	25.2%
Dawson International PLC	21.0%
Time Products plc	18.1%
Perry Group plc	16.3%
Inchcape plc	15.9%
Coats Viyella Plc	12.2%
Gowrings PLC	11.0%
Quicks Group plc	9.3%
Stylo plc	8.0%
Ryland Group plc	6.3%
De Vere Group Plc	5.1%
Lookers plc	4.5%
Tops Estates PLC	3.1%

Australia

Tooth & Co. Ltd	24.9%
Reinsurance Australia Corporation Ltd	14.9%
Premier Investments Ltd	14.5%
G.U.D. Holdings Ltd	10.9%
Brickworks Ltd	9.6%
Capral Aluminium Ltd.....	8.2%
Tasmanian Trustees Ltd	7.4%
GME Resources NL	6.1%
Perpetual Trustees Tasmania Ltd	5.9%
Precious Metals Australia Ltd	5.5%
TAB Queensland Ltd	5.0%

New Zealand

Turners & Growers Ltd	44.5%
Otter Gold Mines Ltd	43.7%
Wrightson Ltd	20.9%
Enza Ltd	18.3%

United States of America

Santa Fe Financial Corporation	6.4%
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Analysis of Above Shareholdings

	Cost £000	Market Value £000
Subsidiaries	19,137	18,685
Other	70,617	76,493
Total	89,754	95,178

Board of Directors

Sir Ron Brierley, Chairman

Sir Ron Brierley (63) founded Brierley Investments Ltd in 1961 and as chairman implemented his investment approach successfully over the next 30 years. He retired as a director of that company on 30 March 2001. His other directorships include The Australian Gas Light Company Ltd.

T.J.N. Beyer, Non-Executive Director

Trevor Beyer (64) was a director of Brierley Investments Ltd from 1971 to 1994 and has extensive experience on the boards of many public companies. Other directorships include Alvis plc, Avimo Group Ltd, Lion Technologies plc and Newbury Racecourse plc.

Chairman of the Audit Committee and the Remuneration Committee

A.I. Gibbs, Executive Director

Tony Gibbs (53) has been involved with public company boards for many years. His experience includes mergers, acquisitions and divestments. He is chairman of Turners & Growers Ltd and Enza Ltd and a director of Otter Gold Mines Ltd, Staveley Industries plc and Wrightson Ltd.

B.A. Nixon, Executive Director

Blake Nixon (40) has wide experience of corporate finance in both the UK and Australia. He is chairman of Staveley Industries plc and his other directorships include Coats Viyella Plc and The Groucho Club London plc.

Member of the Audit Committee and the Remuneration Committee

Dr. G.H. Weiss, Executive Director

Gary Weiss (47) has considerable experience in the Australian business sector. He is chairman of Tomorrow Ltd and Joe White Maltings Ltd and is a director of various other public companies outside the UK.

Member of the Remuneration Committee

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Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2000.

Review of Activities

The Company is an investment holding company. During the year, Staveley Industries plc and Joe White Maltings Ltd became subsidiaries of the Group for accounting purposes. Mid-East Minerals Ltd changed its name to Tomorrow Ltd and re-focused its investment activities. Details of other activities during the year and a commentary on the outlook for 2001 are set out in the accompanying Chairman's Statement.

Results and Dividends

The results of the Group are shown on page 12 and movements on reserves are set out in note 27. A final ordinary dividend of 1.00p per ordinary share for the year ended 31 December 2000 is proposed. This represents the total payable for the year. In 1999 an interim dividend of 0.91p, adjusted for the 2000 Capitalisation Issue, was paid on 28 March 2000. This was the only dividend.

Share Capital

As a result of the exercise of options together with the 2000 Capitalisation Issue, an aggregate of 44,773,048 ordinary 10p shares of the Company were allotted and issued during the year. Following shareholder approval at an Extraordinary General Meeting of the Company's shareholders during 2000, the Company bought back 38,625,036 of its shares representing approximately 8.2% of the Company's issued ordinary share capital and issued an identical number of 8% convertible subordinated loan notes of 50p each ("CLNs"). As a result the Company's net issued shares increased during the year by 1.0%. Details of changes to the Company's share capital during the year are set out in note 26 to the financial statements.

A special resolution will be put to the 2001 Annual General Meeting to enable the directors to allot all the authorised but unissued share capital of the Company up to £12,432,512 in nominal value pursuant to section 80 of the Companies Act 1985 ("the Act"). Such authority will expire at the end of 5 years from the date of the passing of the resolution. The directors have no present intention of issuing any shares subsequent to the 2001 Annual General Meeting pursuant to this authority, other than in connection with the proposed Capitalisation Issue for 2001 (the "Capitalisation Issue"), the Scrip Dividend Alternative, the exercise of options under the Company's share option schemes, or in connection with the CLNs.

At the Annual General Meeting held on 2 June 2000, shareholders gave authority to the directors pursuant to section 95 of the Act to allot unissued shares for cash and to do so without regard to the statutory rights of pre-emption of existing shareholders. Such authority was limited to the allotment of shares in connection with a rights issue or up to an aggregate nominal value not exceeding £2,582,397. It is intended that the directors be authorised at the 2001 Annual General Meeting to allot unissued shares for cash in similar circumstances. The number of shares which may be allotted for cash will be up to an aggregate nominal value of £2,729,585 representing 5% of the total enlarged issued share capital of the Company assuming maximum take-up of the Scrip Dividend Alternative, full implementation of the Capitalisation Issue and maximum conversion of the CLNs maturing in 2001. Such authority, unless renewed or varied by the Company in general meeting, will expire at the end of the 2002 Annual General Meeting of the Company or fifteen months after the passing of the resolution whichever is the earlier. A special resolution relating to the powers of directors to allot shares pursuant to section 95 of the Act (as described above) will also be put to the 2001 Annual General Meeting.

The Company's shares are listed on the London, Australian and New Zealand Stock Exchanges. Addresses where the main and branch share registers are maintained in the countries where the Company's shares are listed are set out on page 70.

Scrip Dividend Alternative and Proposed Capitalisation Issue 2001

Further details of the proposed dividend, including the currency option and Scrip Dividend Alternative (on the basis of 1 new share for every 35 existing shares), and the proposed Capitalisation Issue (in the ratio of 1 new share for every 10 existing shares), are contained in the Circular to shareholders to be dated 18 April 2001 and entitled "Proposed Capitalisation Issue and Dividend Arrangements 2001". Ordinary resolutions to approve the dividend, the Scrip Dividend Alternative and the Capitalisation Issue will be proposed at the 2001 Annual General Meeting as set out in the above-mentioned notice.

General Authority to Purchase Own Shares on Market

A special resolution renewing the Company's authority to purchase its own issued ordinary shares of 10p each will be proposed at the 2001 Annual General Meeting. This authority is limited to purchases through the markets on which the Company's shares are traded (being the London Stock Exchange, the Australian Stock Exchange and the New Zealand Stock Exchange) at a price of not less than 10p per share and not more than 5% above the average of the middle-market quotations of the Company's shares as shown in the London Stock Exchange Daily Official List for the 5 business days before the purchase is made. It will cover a maximum number of 71,300,000 shares, being no more than 14.99% of the Company's present issued ordinary share capital.

The directors would not propose to exercise the authority to make purchases unless the expected effect of the purchase would be generally in the best interests of shareholders. Any shares purchased under this authority would be treated as cancelled and the number of shares in issue reduced accordingly. The directors presently intend that a resolution to renew this authority will be proposed at each succeeding Annual General Meeting.

Further information relating to this proposal is also contained in the Circular to Shareholders entitled "Proposed Capitalisation Issue and Dividend Arrangements 2001".

Substantial Interests

Notification has been received by the Company and is maintained in its Register of Substantial Share Interests, as required under the Act, that as at 30 March 2001 (the latest practical date before printing this report) Merrill Lynch Asset Management (on behalf of various funds) held 43,229,285 ordinary shares, 9.1% of the Company's issued capital, and Sir Ron Brierley held 18,907,271 ordinary shares, 4.0% of the Company's issued capital.

Fixed Assets

Details of fixed assets are set out in notes 15 to 17 to the financial statements.

Directors

Information regarding the directors is set out on page 8 and also in the Corporate Governance section on pages 58 to 64. Maurice Loomes retired as a director on 2 June 2000.

Creditor Payment Policy

The majority of the Company's trading activity takes place on regulated exchanges and the Company abides by the terms of payment laid down by those exchanges. Otherwise, and in the absence of dispute, amounts due to trade and other suppliers are settled within their terms of payment. The Company does not follow a specific code or standard in respect of such creditors. As at 31 December 2000, the Company's trade creditors (excluding amounts attributable to investments) represented 50 days' purchases.

Employees

Participation in the conduct and affairs of relevant employing companies is encouraged; arrangements for communication vary with each operating entity.

Within the investment holding companies, full and fair consideration to the employment of disabled persons is given having regard to their abilities and aptitudes, and any existing employee who becomes disabled is trained to ensure that, wherever possible, continuity of employment can be maintained. At operating subsidiary level, practice varies according to industry norms and national legal and regulatory obligations in the country in which the company operates.

Donations

During the year the Company and its subsidiaries made charitable donations of £25,000 (1999: £13,000) and no payments to political parties (1999: £nil).

Close Company Provisions

The directors are of the opinion that the Close Company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as the Company's auditors will be proposed at the next Annual General Meeting.

By order of the Board
Richard Russell
Secretary

11 April 2001

Consolidated Profit and Loss Account

Year ended 31 December 2000

	Notes	Year ended 31 December 2000 £000	Year ended 31 December 1999 Re-stated £000
Turnover: Group and share of joint ventures		36,278	54,890
Less: share of joint ventures		(2,748)	(5,309)
Continuing operations		33,530	49,581
Acquisitions		114,670	–
Group turnover – continuing operations		148,200	49,581
Group turnover – discontinued operations		–	54,193
Group turnover	2	148,200	103,774
Profit on disposal of investments and other net investment income ..	4	29,365	38,563
Net operating expenses	3	(157,310)	(119,364)
Operating profit – continuing operations		19,536	11,925
Operating profit – acquisitions		719	–
		20,255	11,925
Operating profit – discontinued operations		–	11,048
Group operating profit		20,255	22,973
Share of operating profit of joint ventures		447	1,065
Share of operating profit of associated undertakings	5	2,276	1,485
		22,978	25,523
Profit on sale of subsidiary – discontinued operations	7	–	95,498
Interest payable and similar charges	8	(2,001)	(619)
Profit on ordinary activities before taxation		20,977	120,402
Tax on profit on ordinary activities	10	(2,309)	(5,210)
Profit on ordinary activities after taxation		18,668	115,192
Equity minority interests		72	(3,246)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS		18,740	111,946
Equity dividends	13	(4,757)	(4,695)
Retained profit for the financial year		13,983	107,251
Earnings per Ordinary Share – basic (pence)	12	3.81p	21.81p
Earnings per Ordinary Share – diluted (pence)	12	3.78p	21.51p
Dividends per Ordinary Share (pence)	13	1.00p	0.91p

Notes on pages 17 to 57 form part of these financial statements
Auditors' report – page 66

Consolidated Balance Sheet

As at 31 December 2000

	Notes	31 December 2000 £000	31 December 2000 £000	31 December 1999 £000	31 December 1999 £000
Fixed assets					
Intangible assets.....	15		(3,152)		–
Tangible assets	16		50,552		1,665
Investments	17				
Investments in joint ventures					
Share of gross assets.....		6,957		6,295	
Share of gross liabilities		(5,259)		(4,002)	
		1,698		2,293	
Investments in associates		18,177		34,771	
Other investments		179,740		144,344	
			199,615		181,408
			247,015		183,073
Current assets					
Stocks and development work in progress	18		21,682		3,053
Debtors	19		76,554		11,501
Investments	20		31,277		36,747
Cash at bank and in hand			58,924		85,044
			188,437		136,345
Creditors: amounts falling due within 1 year					
Trade and other creditors.....	21		(84,725)		(26,292)
Convertible subordinated loan notes	22		(3,863)		–
Other borrowings	23		(18,304)		(2,632)
			(106,892)		(28,924)
Net current assets			81,545		107,421
Total assets less current liabilities			328,560		290,494
Creditors: amounts falling due after 1 year					
Trade and other creditors.....	21		(758)		(83)
Convertible subordinated loan notes	22		(15,450)		–
Other borrowings	23		(11,456)		(451)
			(27,664)		(534)
Provisions for liabilities and charges	24		(10,740)		(2,539)
Net assets			290,156		287,421
Capital and reserves					
Share capital	26		47,567		46,953
Share premium account	27		17,432		21,635
Capital redemption reserve.....	27		3,863		–
Profit and loss account	27		203,341		215,321
EQUITY SHAREHOLDERS' FUNDS			272,203		283,909
Equity minority interests			17,953		3,512
Capital employed			290,156		287,421

Blake Nixon
Director

Approved by the Board on 11 April 2001

Notes on pages 17 to 57 form part of these financial statements
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Company Balance Sheet

As at 31 December 2000

	Notes	31 December 2000 £000	31 December 1999 £000
Fixed assets			
Tangible assets	16	153	136
Investments	17	220,445	191,477
		220,598	191,613
Current assets			
Debtors	19	73,715	23,644
Cash at bank and in hand		30,113	80,548
		103,828	104,192
Creditors: amounts falling due within one year			
Trade and other creditors	21	(151,188)	(140,989)
Convertible subordinated loan notes	22	(3,863)	–
Other borrowings	23	(12,000)	–
		(167,051)	(140,989)
Net current liabilities		(63,223)	(36,797)
Total assets less current liabilities		157,375	154,816
Creditors: amounts falling due after one year			
Convertible subordinated loan notes	22	(15,450)	–
Provisions for liabilities and charges	24	(309)	(321)
Net assets		141,616	154,495
Capital and reserves			
Share capital	26	47,567	46,953
Share premium account	27	17,432	21,635
Capital redemption reserve	27	3,863	–
Profit and loss account	27	72,754	85,907
Equity shareholders' funds		141,616	154,495

Blake Nixon
Director

Approved by the Board on 11 April 2001

Notes on pages 17 to 57 form part of these financial statements
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Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2000

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Profit for the financial year	18,740	111,946
Currency translation differences on foreign currency net investments	(5,878)	5,074
Total recognised gains for the year	12,862	117,020
The currency translation difference arises as follows:		
	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Subsidiary undertakings	(5,575)	5,186
Joint ventures	(192)	165
Associated undertakings	(111)	(277)
	(5,878)	5,074

The Group is exempt from the requirement to disclose the results of its life assurance business on a historical cost basis. For the Group's other business activities, including all of its continuing operations, there is no difference between the profit figures reported in the segmental analysis on page 22 and their historical cost equivalents.

Reconciliation of Movements in Shareholders' Funds

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Profit attributable to ordinary shareholders	18,740	111,946
Currency translation differences	(5,878)	5,074
Total recognised gains for the year	12,862	117,020
Dividends proposed/payable	(4,757)	(4,695)
Dividends written back	–	1,985
(Release)/write-back of goodwill on disposals	(391)	1,930
Buy back of ordinary shares (including expenses)	(19,694)	–
Issue of share capital (net of Capitalisation Issue)	154	405
Share premium on issue of shares (net of expenses of issue)	120	212
Net movement in shareholders' funds	(11,706)	116,857
Shareholders' funds as at 1 January	283,909	167,052
Shareholders' funds as at 31 December	272,203	283,909

Notes on pages 17 to 57 form part of these financial statements
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Consolidated Cash Flow Statement

Year ended 31 December 2000

	Notes	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Net cash inflow/(outflow) from operating activities	30a)	26,961	(2,603)
Dividends received from associates and joint ventures	30b)	13,476	875
Returns on investments and servicing of finance	30c)	(2,528)	(2,437)
Taxation	30d)	(626)	88
Capital expenditure and financial investment	30e)	(53,583)	(109,658)
Acquisitions and disposals	30f)	(4,655)	126,685
Equity dividends paid	30g)	(4,662)	(530)
Cash (outflow)/inflow before management of liquid resources and financing		(25,617)	12,420
Management of liquid resources	30h)	25,063	(33,177)
Financing			
Issue of ordinary shares, net of buy back expenses	30i)	(74)	1,470
Increase/(decrease) in debt.....	30i)	5,787	(6,510)
Increase/(decrease) in cash for the year		5,159	(25,797)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year.....		5,159	(25,797)
Cash (inflow)/outflow from decrease/increase in liquid resources		(25,063)	33,177
Cash (inflow)/outflow from increase/decrease in debt		(5,787)	6,510
Change in net funds resulting from cash flows		(25,691)	13,890
Disposal of subsidiaries.....		-	6,035
Acquisition of subsidiaries		(21,453)	-
Currency translation differences		(5,653)	3,376
Other non-cash movements (see note below)		(19,313)	-
Movement in net funds for the year	30j)	(72,110)	23,301
Net funds as at 1 January.....		81,961	58,660
Net funds as at 31 December		9,851	81,961

Non-cash transaction:

On 2 June 2000, the Company repurchased 38.6 million ordinary shares for an aggregate consideration of £19,313,000 (excluding expenses), which was settled through the issue of convertible subordinated loan notes.

Notes on pages 17 to 57 form part of these financial statements
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Notes to the Accounts

Year ended 31 December 2000

1 Principal Accounting Policies

The following are the principal policies adopted in preparing the financial statements. The policies have been consistently applied, except as noted below under "Changes of Accounting Policy." The policies described in this note have been updated to reflect the principal accounting policies adopted by the subsidiaries and associates acquired during 2000.

a) Accounting Convention and Format

The financial statements comply with applicable UK accounting standards. They have been prepared under the historical cost convention, as modified (in 1999 and prior years) to include certain insurance assets at market value.

Following the disposal of Tyndall Australia Limited ("Tyndall") in May 1999, the Group ceased to operate an insurance business. The balance sheet format has been revised to reflect this, with the principal change being the removal of separate captions showing the assets and liabilities of the life assurance business. For the period when Tyndall was a subsidiary, the life assurance business was accounted for in a manner consistent with the Statement of Recommended Practice on Accounting for Insurance Business published by the Association of British Insurers in December 1998 ("the ABI SORP"). The results of the life assurance business are analysed in note 38.

b) Changes of Accounting Policy

The directors have amended the presentation of the financial statements in accordance with FRS 16, *Current tax*. Dividends from UK companies are no longer grossed up for the imputed tax credit. Comparative figures have been re-stated to reflect this change of accounting policy, involving a reduction in both dividends received and taxation of £252,000 each (2000: £854,000). There is no impact on shareholders' funds or the profit attributable to shareholders for either 1999 or 2000.

The adoption of FRS15, *Tangible fixed assets* has not had a material impact on the financial statements.

c) Basis of Preparation

The Group financial statements consolidate the accounts of the Company and its subsidiaries. The principal subsidiaries are listed in note 35. The results of subsidiaries acquired or disposed of are consolidated in the Group financial statements from and to the dates of acquisition and disposal respectively. Associates are accounted for using the equity method and joint ventures are accounted for using the gross-equity method. For associated undertakings listed on a recognised Stock Exchange, the equity method is applied using financial information that has been published by the associate.

d) Foreign Currencies

Assets and liabilities in foreign currencies are translated at the exchange rates ruling at the balance sheet date, unless hedged through foreign currency transactions in which case the relevant contract rate is used. Revenues and expenses arising in a foreign currency are translated either at the rate applicable when the transaction occurred or, in the case of foreign subsidiaries, associates and joint ventures, at the year end rate (except that the results attributable to businesses sold during the year are translated using the exchange rate on the date of disposal).

Differences on exchange arising from the retranslation of opening net investments in subsidiaries, associates and joint ventures are taken to reserves, including the exchange differences on loans between Group companies that form part of the net investment in foreign subsidiaries. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

e) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the expected useful life of the asset. The principal annual rates used are:

- Freehold land	not depreciated
- Freehold buildings	1-5%
- Leasehold buildings	2-5% or over the term of the lease if shorter
- Plant and equipment	2-20%
- Vehicles and office equipment	10-50%

Freehold buildings which are depreciated over a period exceeding 50 years are subject to an annual impairment review.

Land held for development is valued at cost or, where there has been an impairment in value, at directors' valuation.

Notes to the Accounts Continued

Year ended 31 December 2000

f) Investments

Investments acquired with the intention of being held for the long term (excluding investments in subsidiaries, associates and joint ventures) are recorded as fixed asset investments and are stated at cost or, where there has been a permanent diminution in value, at directors' valuation. Investments in art portfolios are valued at cost or, where there has been an impairment in value, at directors' valuation.

Investments held as current assets, including derivatives held as part of the Group's investment portfolio, are stated at the lower of cost and market value. In the Company's financial statements, investments in subsidiaries and associates are valued at cost or, where there has been an impairment in value, at their recoverable amount.

g) Leases

Assets held under finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. Operating lease payments are charged as an expense in the year in which they are incurred.

h) Goodwill

Goodwill represents the difference between the cost of acquiring subsidiaries, associates and joint ventures and the fair value of the attributable net assets. Positive goodwill is capitalised in the balance sheet and amortised through the profit and loss account on a straight line basis over its estimated useful economic life. If, in future years, any goodwill arises which is considered to have an indefinite useful economic life, amortisation will not be charged but the goodwill will instead be subject to an annual impairment review and, where appropriate, provided against.

Negative goodwill is also capitalised on the balance sheet, and is then released through the profit and loss account in the periods in which the acquired company's non-monetary assets are recovered, whether through depreciation or sale. Negative goodwill is matched with the acquired company's tangible fixed assets, and any excess is then attributed to the company's other non-monetary assets.

Prior to 1998, negative goodwill was written off directly to reserves. Any such goodwill has not been reinstated. This will be released through the profit and loss account on disposal of the business, or underlying asset, to which it relates.

i) Turnover

Turnover, which excludes VAT and other sales taxes, consists of amounts receivable in respect of goods supplied and services rendered to third parties. It includes disposals of current asset investments, premiums, commissions, brokerage and fees, and other miscellaneous trading income.

Sales of goods are recognised in revenue when control passes to the customer. Income from sales of property are recognised only when unconditional contracts have been exchanged and 10% of the contract price received.

Contracting turnover comprises the value of work executed during the year including the settlement of monetary claims arising from previous years.

Tyndall recognised fees on its investment management activities when they became billable to the client. Premiums on Tyndall's investment-linked business were recognised as premium income when due. Unpaid premiums were only recognised as revenue during the days of grace or where secured by the surrender value of the policy. Premiums were shown net of reinsurance premiums paid.

j) Stocks, work in progress and long term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

Raw materials and consumable stores are valued at actual or weighted average cost as appropriate.

Long term contracts are generally those exceeding a year in duration and are valued at cost, comprising direct expenditure and the relevant production overheads, plus the profit attributable to the work performed to date. The amounts recoverable from such contracts, being the excess of their valuation over payments received and receivable, are included in debtors. Provision is made for all losses expected to arise on completion of the contracts entered into at the balance sheet date, whether or not work on these has commenced.

Land for resale, including development work in progress, is valued at the lower of cost and net realisable value. Cost includes capitalised interest and those costs necessary to prepare the land for sale.

k) Pensions and Other Post Retirement Benefits

Pension costs in respect of defined contribution schemes are charged to the profit and loss account in the year to which they relate. Costs in respect of defined benefit pension schemes and other post retirement benefits are spread over the employees' service lives, in accordance with actuarial advice.

l) Taxation

Provision is made for domestic and foreign taxation assessable on the profit for the year as adjusted for disallowable and non-taxable items. Deferred taxation is provided using the liability method on timing differences which are expected to reverse within the foreseeable future. Deferred taxation has not been provided in respect of the accumulated reserves of overseas subsidiaries, associates and joint ventures since the parent company does not envisage the repatriation of these reserves in the foreseeable future.

m) Investment Income

The directors regard the Group's investment activities as an integral component of its continuing operations. Therefore interest receivable, the profit on disposal of fixed asset investments and other net investment income have been classified as part of operating profit. Income from investments (other than that attributable to the long term funds of Tyndall's Life operations) is recognised when declared. Investment income attributable to the long term funds of Tyndall's Life operations was recognised when earned.

Dividends from UK companies are presented net of the attributable tax credit. Dividends received from overseas companies include any withholding taxes, but exclude any underlying tax paid by the investee company on its own profit. Special dividends arising from the Group's investments are included as income in the profit and loss account and, where appropriate, an impairment provision is recognised against the investment.

n) Employee Entitlements

Provision is made by Australian and New Zealand subsidiaries for long service leave and annual leave payable to employees on the basis of statutory requirements.

o) Accounting Policies Specific to Otter Gold Mines Ltd

(i) Turnover

Sales revenue from gold and other metals sold by way of forward contracts is recognised at the contract forward price. Sales are recognised at spot market prices when sold for immediate settlement.

(ii) Stock

Stockpiles of unprocessed ore and any gold and silver in circuit are carried at the lower of cost and net realisable value. Supply inventories are carried at cost with a provision for obsolescence.

(iii) Property, plant and equipment

Direct mining asset costs carried forward are depreciated on a unit of production basis against the total proven and probable reserves or on a usage basis over the economic life of the asset, whichever is the shorter period.

(iv) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest, which is limited to an individual geological area related to a known mineral resource. Such expenditure is carried forward provided that certain conditions are met, for example the costs are expected to be recouped through successful development of the area or exploration has not yet reached a stage where assessment of the reserves is possible. All other expenditure is written off.

Notes to the Accounts Continued

Year ended 31 December 2000

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the costs of development and classified as development properties. No amortisation is provided until they are reclassified as mining properties, following the commencement of commercial levels of production.

(v) Restoration and rehabilitation expenditure

Significant restoration and rehabilitation expenditure to be incurred subsequent to the cessation of production from areas of interest is expensed in proportion to production.

p) Insurance Company

Until its disposal in May 1999, Tyndall's Life operations' accrued earnings were determined using the Margin on Services actuarial methodology. This approach is consistent, in all material respects, with the principles outlined in the ABI SORP. Its principal features are as follows:

- The liability to policyholders under existing life insurance policies is determined on the basis of the best estimate of future income and expenses arising from these policies using assumptions which reflect actual and expected future experience.
- Profit is recognised as it is earned through the provision of services and the receipt of related income over the life of the policies in force.
- Acquisition costs are deferred and amortised in a manner consistent with the pattern of emerging profits.
- Realised and unrealised gains and losses on investments are taken into account in full in the year in which they arise.

Realised gains and losses on investments were calculated as the difference between net sales proceeds and original cost or amortised value. Unrealised gains and losses represented the difference between the valuation at the balance sheet date and their purchase price or, if they had been previously valued, their valuation at the last balance sheet date.

The principal assumptions used in valuing policyholders' liabilities included an interest rate of 12.5% gross of tax, and mortality and morbidity rates based on local actuarial tables.

On acquisition of new Life operations, a value was attributed to the in-force business. This value was based on the net present value of the shareholders' interests in the expected after tax cash flows. That part of the shareholders' interest which was to be recognised as profit over the lifetime of the in-force policies was amortised and the discount unwound on a systematic basis over the anticipated lives of the related contracts, which the directors determined to be approximately 8 years. Each year the directors reviewed the carrying value and any diminution in its value, along with any amortisation charge, was recorded in the long term revenue account in "other technical charges".

A fund for future appropriations was recognised in respect of amounts which had yet to be allocated to either participating policyholders or to shareholders. Transfers to, or from, the fund reflected the accrued earnings on participating business to the extent that these had not been allocated to participating policyholders or to shareholders.

Claims under Tyndall's investment-linked business were recognised when the policy ceased to participate in the earnings of the fund. Claims on all other business were recorded, depending on the nature of the policy, when the insured event occurred or was notified.

2 Segmental Analysis

a Turnover

Geographic analysis by origin

	Continuing operations 2000 £000	Continuing operations 1999 £000	Discontinued operations 1999 £000	Total 1999 £000
UK/Europe	49,304	5,085	–	5,085
Australasia	86,767	49,805	54,193	103,998
North America	14,877	–	–	–
	150,948	54,890	54,193	109,083
Amounts relating to acquired businesses:				
UK/Europe.....	48,397	–	–	–
Australasia.....	51,396	–	–	–
North America	14,877	–	–	–
	114,670	–	–	–
Business analysis				
Investment	25,893	38,527	–	38,527
Property development	10,385	16,363	–	16,363
Malting/food processing (see note (iv))	51,396	–	–	–
Testing services (see note (iv)).....	15,216	–	–	–
Building services (see note (iv)).....	48,058	–	–	–
Life assurance/other	–	–	54,193	54,193
	150,948	54,890	54,193	109,083
Total				
– Group	148,200	49,581	54,193	103,774
– Joint ventures	2,748	5,309	–	5,309
	150,948	54,890	54,193	109,083

Notes:

- (i) There were no disposals in the year. Tyndall and its subsidiaries have been treated as discontinued operations in the 1999 comparatives.
- (ii) The geographical segmentation of turnover by destination is not materially different from turnover by origin.
- (iii) The turnover attributable to joint ventures arose from property development activities in Australasia.
- (iv) Turnover attributable to these business segments all arises from businesses acquired during 2000. These acquisitions did not impact on the other segments.

Notes to the Accounts Continued

Year ended 31 December 2000

2 Segmental Analysis *continued*

b Profit before tax and net assets

Geographic analysis

	Profit before tax 2000 £000	Profit before tax 1999 £000	Net assets 2000 £000	Net assets 1999 £000
UK/Europe.....	18,297	31,977	113,703	157,504
Australasia.....	3,341	(17,903)	156,856	129,917
North America	(1,214)	–	22,749	–
	20,424	14,074	293,308	287,421
Goodwill (subsidiaries)	553	–	(3,152)	–
	20,977	14,074	290,156	287,421
Discontinued operations – Australasia.....	–	10,830	–	–
Profit on sale of subsidiary	–	95,498	–	–
	20,977	120,402	290,156	287,421
Amounts relating to acquired businesses (including associates)				
UK/Europe.....	636	–	15,945	–
Australasia.....	2,073	–	37,474	–
North America	(1,017)	–	22,749	–
	1,692	–	76,168	–
Business analysis				
Investment	16,233	9,733	203,068	246,045
Property development	1,341	1,872	4,572	4,312
Malting/food processing	104	–	27,771	–
Testing services	(1,017)	–	22,749	–
Building services	712	–	15,945	–
	17,373	11,605	274,105	250,357
Goodwill (subsidiaries)	553	–	(3,152)	–
Group – continuing operations.....	17,926	11,605	270,953	250,357
Associates and joint ventures				
Building/testing services.....	(668)	–	–	27,020
Other	3,719	2,469	19,203	10,044
	3,051	2,469	19,203	37,064
Discontinued operations				
Life assurance/other.....	–	10,830	–	–
Profit on sale of subsidiary	–	95,498	–	–
	–	106,328	–	–
	20,977	120,402	290,156	287,421

2 Segmental Analysis *continued*

Amounts relating to acquired businesses
(including associates)

	Profit before tax 2000 £000	Profit before tax 1999 £000	Net assets 2000 £000	Net assets 1999 £000
Malting/food processing	104	–	27,771	–
Testing services	(1,017)	–	22,749	–
Building services	636	–	15,945	–
Other	1,969	–	9,703	–
	1,692	–	76,168	–
Total				
– Group	17,926	117,933	270,953	250,357
– Joint ventures	341	967	1,698	2,293
– Associated undertakings	2,710	1,502	17,505	34,771
	20,977	120,402	290,156	287,421

Notes:

- Profit arising from the Company's investment activities is deemed to be of UK origin.
- The assets of the Company are included in the UK/Europe geographical segment although a number of investee companies operate outside this area.
- The profits and net assets attributable to joint ventures arise from property development activities in Australasia.
- Staveley Industries plc ("Staveley") was treated as an associated undertaking from 3 November 1999 until 27 September 2000 when it became a subsidiary undertaking (see note 32). The profit attributable to associates in 2000 includes the Group's share of Staveley's results for the period from 3 November 1999 to 27 September 2000.
- Amounts reported above in respect of subsidiaries do not include goodwill or the amortisation/release of goodwill, which is therefore shown separately. For associates, goodwill has been reflected in the amounts shown above.

3 Net Operating Expenses

	Continuing operations 2000 £000	Acquisitions 2000 £000	Total 2000 £000	Continuing operations 1999 £000	Discontinued operations 1999 £000	Total 1999 £000
Cost of sales	(30,136)	(93,191)	(123,327)	(49,737)	(2,700)	(52,437)
Distribution costs	–	(2,223)	(2,223)	–	–	–
Administrative expenses	(12,757)	(19,003)	(31,760)	(5,654)	(61,273)	(66,927)
Net operating expenses	(42,893)	(114,417)	(157,310)	(55,391)	(63,973)	(119,364)

As a consequence of including Life assurance premiums within turnover, the directors have concluded that it is not practical or meaningful to report the gross profit from the Group's trading operations on the face of the profit and loss account. The gross profit attributable to the Group's other activities is summarised below:

	Continuing operations 2000 £000	Acquisitions 2000 £000	Total 2000 £000	Continuing operations 1999 £000
Turnover	33,530	114,670	148,200	49,581
Gross profit	3,394	21,479	24,873	(156)

Notes to the Accounts Continued

Year ended 31 December 2000

4 Profit on Disposal of Investments and Other Net Investment Income

	Year ended 31 December 2000 £000	Year ended 31 December 1999 restated £000
Commercial and investment activities		
Interest receivable (see note (i))	5,013	6,194
Profit on disposal of fixed asset investments	14,664	10,245
Income from listed investments (see note (ii)).....	12,457	4,633
Net writedown of certain investments.....	(4,553)	(5,087)
Other income	1,784	1,750
	29,365	17,735
Life assurance (see note 38)	–	20,828
	29,365	38,563

Notes:

- (i) Interest receivable and other investment income include £378,000 and £88,000 respectively in respect of businesses acquired during 2000.
(ii) Income from listed investments includes special dividends amounting to £4,916,000 (1999: £nil).

5 Operating Profit from Acquired Associates

Two associates were acquired during the year, Wrightson Ltd (20.9%) and Otter Gold Mines Ltd (43.65%), both registered in New Zealand. GPG's share of the operating profit of these new associates was £2,075,000.

6 Profit on Ordinary Activities Before Taxation

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Profit before taxation is stated after charging/(crediting):		
Amortisation of life business at acquisition	–	246
Depreciation of tangible fixed assets	2,798	625
Amortisation of goodwill	475	–
Release of negative goodwill.....	(1,734)	(562)
Group audit fees (see note below)	343	222
Operating lease rentals		
Plant and equipment	1,052	–
Other	1,749	825
Net foreign exchange losses/(gains)	5,619	(1,581)
Rental income from land and buildings	(1,176)	(1,089)

The audit fee for the holding company was £95,000 (1999: £94,000).

Non-audit fees paid to PricewaterhouseCoopers in the UK were £240,000 (1999: £252,000).

7 Profit on Sale of Subsidiary

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Profit on disposal of Tyndall	–	95,498

Tyndall was sold to Royal & Sun Alliance on 6 May 1999. There was no taxation attributable to this gain due to the availability of capital losses. The profit on disposal of Tyndall was arrived at after charging £2,492,000 of goodwill previously written off against reserves.

8 Interest Payable and Similar Charges

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Interest payable on bank loans and overdrafts	(1,397)	(565)
Unwinding of discount on provisions	(157)	(108)
Interest payable on CLNs	(885)	–
Interest payable on finance leases	(1)	(5)
	(2,440)	(678)
Interest capitalised	111	140
	(2,329)	(538)
Net interest receivable by associated undertakings	434	17
Interest payable by joint ventures (net of amounts capitalised)	(106)	(98)
Net interest payable	(2,001)	(619)

The cumulative amount of capitalised interest included in development land held on 31 December 2000 was £531,000 (1999: £711,000). Interest is capitalised gross of tax relief.

9 Employees and Directors

a) The average number of employees (including executive directors) during the year was:

Continuing operations

	Year ended 31 December 2000	Year ended 31 December 1999
Investment	49	27
Malting/food processing	157	–
Building services	2,394	–
Testing services	1,313	–
	3,913	27

Discontinued operations

Life assurance/other	–	716
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Total number of employees	3,913	743
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Notes to the Accounts Continued

Year ended 31 December 2000

9 Employees and Directors *continued*

The average numbers for 1999 include the average number of Tyndall employees for the period up to the date of disposal. Similarly, the average numbers for 2000 include the average number of employees of acquired businesses for the period since they became subsidiaries.

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
b) Group employment costs – all employees including directors		
Continuing operations		
Aggregate gross wages and salaries	38,460	2,731
Employer's national insurance contributions or foreign equivalents.....	2,858	232
Employer's pension contributions	1,473	189
	42,791	3,152
Discontinued operations		
Aggregate gross wages and salaries	–	4,932
Employer's national insurance contributions or foreign equivalents.....	–	244
Employer's pension contributions	–	356
	–	5,532
Total direct costs of employment	42,791	8,684
c) Directors' emoluments:		
Aggregate emoluments.....	904	1,382
Gains made on exercise of share options	326	1,881
Pension contributions	66	125
	1,296	3,388

The aggregate emoluments and gains on share options exercised for the highest paid director were £621,079 (1999: £935,623). Contributions paid to money purchase pension schemes in respect of the highest paid director were £40,173 (1999: £nil)

Further details of directors' emoluments are provided under the headings Directors' Remuneration Policy and Directors' Interests on pages 60 to 64.

10 Tax on Profit on Ordinary Activities

	Year ended 31 December 2000 £000	Year ended 31 December 1999 restated £000
UK corporation tax at 30%	(46)	–
Prior year over provision.....	–	222
Overseas tax	(909)	(3,870)
Transfer to deferred tax	(471)	(847)
	(1,426)	(4,495)
Tax attributable to associated undertakings	(767)	(433)
Tax attributable to joint ventures	(116)	(282)
Total tax charge	(2,309)	(5,210)

Notes:

- (i) Included in overseas tax for 1999 is an amount of £1,800,000 relating to over-provisions in prior years.
- (ii) In Tyndall's Life operations, quoted shares and other securities held in the long-term funds were recorded at market value and tax was accrued in 1999 on the potential gain. The tax charge was proportional to investment returns.
- (iii) Tax attributable to the joint ventures is recognised by the subsidiary undertaking which holds the Group's investment in the joint ventures.

11 Pension Costs

The Company has a liability in respect of former directors' and employees' pensions currently being paid, amounting to £51,797 per annum. Provision has been made for the estimated liability based on actuarial advice. The key assumptions made in arriving at the liability are as follows: a growth rate for pension payments of 3%, an average life expectancy of 7 years and a discount rate of 7%.

Most of the pension schemes for current employees in the Group are of the defined contribution type.

In the UK, one subsidiary operates a defined benefit pension scheme which is administered in accordance with the advice of independent, professionally qualified actuaries. The UK scheme is externally funded. For the purpose of determining the fair value of the UK scheme, an interim actuarial valuation was carried out as at 30 September 2000 using the projected unit method. The main long term assumptions were that the investment return for active members would be 7.0% per annum pre-retirement and 5.45% per annum post retirement and that annual increases in pensions and earnings would be 3.0% and 4.0% respectively. The market valuation of the scheme's assets at that date was £190 million and their actuarial valuation represented 101% of the value of the accrued benefits. It is intended that any surplus will be transferred in full to the defined contribution scheme.

An overseas subsidiary administers both defined contribution and defined benefit schemes. The defined benefit scheme will terminate during 2001 and the participants will all transfer to the defined contribution scheme. A review of the position on acquisition indicated that there was no surplus or deficit on the scheme.

The pension cost charge for the year in respect of all group pension schemes was £1,473,000.

Notes to the Accounts Continued

Year ended 31 December 2000

12 Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to ordinary shareholders of £18,740,000 (1999: £111,946,000) by the weighted average number of shares in issue during the year of 491,718,999 (1999: 513,362,893). EPS for 1999 has been adjusted for the 2000 Capitalisation Issue.

For the calculation of diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, being share options granted to employees.

	Profit (2000)	Shares	Per share amount pence
Earnings attributable to ordinary shareholders	18,740,000	491,718,999	3.81
Effect of dilutive securities – share options	–	4,574,968	
	18,740,000	496,293,967	3.78

	Profit (1999)	Shares	Per share amount pence
Earnings attributable to ordinary shareholders	111,946,000	513,362,893	21.81
Effect of dilutive securities – share options	–	6,997,858	
	111,946,000	520,360,751	21.51

The convertible subordinated loan notes are not dilutive and consequently have been excluded from the above calculations.

13 Dividends

The directors recommend payment of a final dividend of 1.00p per share for the year ended 31 December 2000 (1999: nil pence). The directors have not declared an interim dividend (1999: 0.91p, as adjusted for the 2000 Capitalisation Issue).

14 Profits of Holding Company

A profit of £11,298,000 (1999: £16,802,000) has been dealt with in the accounts of the Company. As permitted by Section 230 of the Companies Act 1985, the Company has not published a separate profit and loss account.

15 Intangible Fixed Assets

	Negative goodwill £000
Cost	
At 1 January 2000.....	–
Additions	(3,314)
At 31 December 2000	(3,314)
Cumulative amounts released	
At 1 January 2000.....	–
Release for the year.....	162
At 31 December 2000	162
Net book value at 31 December 2000	(3,152)
Net book value at 31 December 1999.....	–

Negative goodwill has arisen in respect of the subsidiaries acquired during 2000 (see note 32 for further details). This negative goodwill is being released to the profit and loss account over periods ranging from 10 to 16 years.

16 Tangible Fixed Assets

	Land and buildings £000	Plant and equipment £000	Vehicles and office equipment £000	Land for development £000	Total £000
The Group					
Cost					
At 1 January 2000	10	–	896	1,251	2,157
Acquisition of subsidiaries.....	22,158	55,802	–	–	77,960
Currency translation differences.....	(308)	(635)	(33)	(105)	(1,081)
Additions	171	752	153	11,010	12,086
Transfer to current assets	–	–	–	(8,949)	(8,949)
Reclassification	–	42	(42)	–	–
Disposals	(350)	(3,078)	(170)	–	(3,598)
At 31 December 2000	21,681	52,883	804	3,207	78,575
Accumulated depreciation					
At 1 January 2000	10	–	482	–	492
Acquisition of subsidiaries.....	4,143	23,313	–	–	27,456
Currency translation differences.....	(11)	(125)	(11)	–	(147)
Charge for the year.....	419	2,275	104	–	2,798
Reclassification	–	28	(28)	–	–
Disposals	(195)	(2,260)	(121)	–	(2,576)
At 31 December 2000	4,366	23,231	426	–	28,023
Net book value at 31 December 2000	17,315	29,652	378	3,207	50,552
Net book value at 31 December 1999	–	–	414	1,251	1,665

Notes to the Accounts Continued

Year ended 31 December 2000

16 Tangible Fixed Assets *continued*

	Vehicles and office equipment £000
The Company	
Cost	
At 1 January 2000	481
Additions	58
Disposals	(20)
At 31 December 2000	519
Accumulated depreciation	
At 1 January 2000	345
Charge for the year	41
Disposals	(20)
At 31 December 2000	366
Net book value at 31 December 2000	153
Net book value at 31 December 1999	136

	Group	
	31 December 2000 £000	31 December 1999 £000
Analysis of net book value of land and buildings		
Freehold	15,735	–
Leasehold		
Over 50 years unexpired	760	–
Under 50 years unexpired	820	–
	17,315	–

17 Fixed Asset Investments

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Interests in joint ventures (see note a) below).....	1,698	2,293	–	–
Interests in associated undertakings (see notes a) and c) below)	18,177	34,771	8,549	32,035
Shares in group undertakings (see note c) below)	–	–	67,331	38,670
Other investments (see notes b) and c) below)				
– listed investments	177,649	143,933	142,474	120,361
– unlisted investments	1,822	27	1,822	27
– art portfolio	269	384	269	384
	199,615	181,408	220,445	191,477

The Group

a) Interests in joint ventures and associated undertakings

	Joint ventures £000	Associated undertakings £000
At 1 January 2000	2,293	34,771
Currency translation differences	(192)	(111)
Reclassification from trade investments	–	5,635
Additions	–	3,198
Dividends receivable	(744)	(12,732)
Loans to associates	–	672
Share of profit after tax and minorities	341	1,943
Reclassified as a subsidiary	–	(15,199)
At 31 December 2000	1,698	18,177

Note:

The reclassification from trade investments relates to shares held in Wrightson Ltd and Otter Gold Mines Ltd on 1 January 2000, both of which became associated undertakings during 2000. The amount reclassified as a subsidiary relates to Staveley, which became a subsidiary on 27 September 2000.

Notes to the Accounts Continued

Year ended 31 December 2000

17 Fixed Asset Investments *continued*

	Joint ventures		Associated undertakings	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
These investments are analysed below:				
Share of net assets on acquisition	969	1,058	11,978	28,748
Share of post-acquisition retained profits	729	1,235	3,156	2,914
Share of net assets	1,698	2,293	15,134	31,662
Positive goodwill	–	–	3,802	3,109
Negative goodwill	–	–	(1,431)	–
	1,698	2,293	17,505	34,771
Loan	–	–	672	–
	1,698	2,293	18,177	34,771

Movements in the goodwill attributable to associated undertakings are shown below:

	Positive goodwill £000	Negative goodwill £000
At 1 January 2000	3,109	–
Fair value adjustments	1,062	–
Acquisitions during the year (see note 32)	3,895	(2,612)
(Amortisation)/amounts released.....	(475)	1,181
Reclassified as a subsidiary	(3,789)	–
.....	3,802	(1,431)

The fair value adjustments relate to Staveley. The fair values attributed to Staveley's net assets in 1999 were provisional and have been adjusted to reflect Staveley's published results for the period from 3 October 1999 to 1 April 2000. They have also been adjusted, where appropriate, to reflect the results of the fair value exercise carried out as at 27 September 2000 (see note 32 for further details).

Positive goodwill has been amortised over periods ranging from 7 to 10 years. Negative goodwill attributable to inventories has been released during the current year, with the balance (attributable to tangible fixed assets) being released over 10 years.

Notes:

- (i) The Group has a 50% interest in a joint venture, Harcourt Hill Estate, which is an unincorporated property developer whose principal place of business is Canberra, Australia. The Group's share of external borrowings of the joint venture at 31 December 2000 was £1,860,000 (1999: £406,000).
- (ii) A discount of £3,099,000 arose on acquisition of the Group's investment in Turner & Growers, which was taken directly to reserves in the year of acquisition.

17 Fixed Asset Investments *continued*

The Group's significant associated undertakings at 31 December 2000 are listed below:

Investment	Capital and reserves 000's	Latest profit/(loss) 000's	Date of last audited accounts	Country of incorporation	Nature of business	GPG shareholding	Class
Turners & Growers Ltd (held by Company)	NZ\$55,501	NZ\$7,852	30.06.00	New Zealand	Fresh produce wholesaler/auctioneer	44.52%	Ordinary
Wrightson Ltd (held by Company)	NZ\$104,065	NZ\$7,543	30.06.00	New Zealand	Agricultural services	20.91%	Ordinary
Otter Gold Mines Ltd (held indirectly)	NZ\$43,765	NZ\$(6,870)	30.06.00	New Zealand	Gold mining	43.65%	Ordinary

The associates listed above have all published their half-year accounts for the period to 31 December 2000, and have been accounted for using this updated financial information.

The following table provides summarised financial information on the Group's associated undertakings relating to the period when they were associates, including Staveley for the period to 27 September 2000.

Summarised profit and loss account information	31 December 2000			31 December 1999
	Wrightson Ltd £000	Other £000	Total £000	Total £000
Turnover	40,946	99,738	140,684	27,353
Profit before tax	2,005	705	2,710	1,502
Taxation	(344)	(423)	(767)	(433)
Profit after tax	1,661	282	1,943	1,069

Summarised balance sheet information	31 December 2000			31 December 1999
	Wrightson Ltd £000	Other £000	Total £000	Total £000
Fixed assets	1,488	27,146	28,634	17,225
Current assets.....	12,427	10,149	22,576	48,449
	13,915	37,295	51,210	65,674
Liabilities due within one year	(8,059)	(12,770)	(20,829)	(31,309)
Liabilities due after more than one year	–	(7,080)	(7,080)	(912)
Provisions	–	(7,918)	(7,918)	(1,791)
	(8,059)	(27,768)	(35,827)	(34,012)
Minority interest	(41)	(208)	(249)	–
Net assets	5,815	9,319	15,134	31,662

The Group's share of the associated undertakings' borrowings is £13,299,000, of which £6,541,000 is repayable within one year and £6,758,000 is repayable after one year. Borrowings due after more than one year are repayable over the period to June 2004.

Notes to the Accounts Continued

Year ended 31 December 2000

17 Fixed Asset Investments *continued*

There were two holdings at year end that exceeded 20% but were not treated as associated undertakings. The directors consider that the Group has not exercised significant influence over these companies due to the dominant influence of other members and/or the composition of the Boards. The details are as follows:

	Capital and reserves 000's	Latest profit/(loss) 000's	Date of last audited accounts	Country of incorporation	Nature of business	GPG shareholding	Class
Tooth & Co Ltd (held indirectly)	A\$2,102	A\$12,113	30.06.00	Australia	Investment	24.95%	Ordinary
Dawson International PLC (held by Company)	£53,100	£5,200	30.12.00	United Kingdom	Textiles	21.00%	Ordinary

The Group's principal operating subsidiaries are listed in note 35.

	Listed investments £000	Unlisted investments £000	Art portfolio £000	Total £000
b) Other investments				
Cost				
At 1 January 2000	150,611	27	384	151,022
Currency translation differences	(876)	–	–	(876)
Additions	108,007	1,809	–	109,816
Disposals	(38,328)	(14)	(115)	(38,457)
Reclassified as a subsidiary	(4,659)	–	–	(4,659)
Capital reduction	(21,963)	–	–	(21,963)
Reclassified as associated undertakings	(5,635)	–	–	(5,635)
At 31 December 2000	187,157	1,822	269	189,248
Provisions				
At 1 January 2000	6,678	–	–	6,678
Charge for the year	2,830	–	–	2,830
At 31 December 2000	9,508	–	–	9,508
Net book value at 31 December 2000.....	177,649	1,822	269	179,740
At 31 December 1999	143,933	27	384	144,344

The amount reclassified as a subsidiary relates to shares in Joe White Maltings Ltd held on 1 January 2000, which became a subsidiary on 10 April 2000.

The market value of the Group's listed investments at 31 December 2000 (excluding listed subsidiaries and associates) was £191,160,000 (1999: £176,972,000). All listed shares are quoted on recognised stock exchanges. The directors believe that any taxable gains arising from the disposal of the Group's listed investments at their market value would be substantially offset by tax losses carried forward.

17 Fixed Asset Investments *continued*

The Company	Investments in subsidiaries £000	Investments in associates £000	Listed investments £000	Unlisted investments £000	Art portfolio £000	Total £000
c) Other investments						
Cost						
At 1 January 2000	41,754	43,647	120,614	27	384	206,426
Additions.....	18,766	392	106,701	1,809	–	127,668
Disposals	–	–	(59,040)	(14)	(115)	(59,169)
Reclassifications.....	38,674	(35,490)	(3,184)	–	–	–
Capital reduction	–	–	(21,963)	–	–	(21,963)
At 31 December 2000	99,194	8,549	143,128	1,822	269	252,962
Provisions						
At 1 January 2000	3,084	11,612	253	–	–	14,949
Charge for the year.....	17,167	–	401	–	–	17,568
Reclassifications.....	11,612	(11,612)	–	–	–	–
At 31 December 2000	31,863	–	654	–	–	32,517
Net book value at 31 December 2000	67,331	8,549	142,474	1,822	269	220,445
Net book value at 31 December 1999	38,670	32,035	120,361	27	384	191,477

As at 31 December 2000, the market value of the Company's listed investments (excluding listed subsidiaries and associates) was £148,895,000 (1999: £133,210,000) and the market value of the Company's listed subsidiaries and associates was £5,401,000 (1999: £22,976,000). The carrying value of these listed subsidiaries and associates was £3,534,000 (1999: £27,020,000). In the opinion of the directors, the value of investments in subsidiaries is not less than the amount at which they are stated in the Company's balance sheet.

18 Stocks and Development Work in Progress

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Raw materials and consumables	10,766	–	–	–
Work in progress.....	1,598	–	–	–
Finished goods and goods for resale	3,117	–	–	–
	15,481	–	–	–
Development work in progress	6,201	3,053	–	–
	21,682	3,053	–	–

Notes to the Accounts Continued

Year ended 31 December 2000

19 Debtors

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Trade debtors	55,913	6,147	–	–
Amounts owed by group undertakings.....	–	–	67,320	19,799
Amounts owed by joint ventures	–	365	–	–
Amounts recoverable on contracts	5,169	–	–	–
Other debtors	9,655	3,980	5,845	3,251
Pension prepayment	1,293	–	–	–
Other prepayments and accrued income.....	3,185	980	550	594
Deferred tax asset (see note below)	1,339	29	–	–
	76,554	11,501	73,715	23,644

The Group's deferred tax asset in 2000 arose in respect of short term timing differences (£1,224,000) and tax losses carried forward (£115,000), and represents the amount where the recoverability of the asset is assured beyond reasonable doubt. Group debtors recoverable after more than one year total £1,335,000 (1999: £nil) comprising £1,042,000 in respect of deferred tax and £293,000 in respect of pension prepayments.

20 Current Asset Investments

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Listed investments	18,012	27,383	–	–
Unlisted investments.....	13,265	9,364	–	–
	31,277	36,747	–	–

The market value of listed current asset investments is £19,705,000 (1999: £28,856,000). These investments are all quoted on recognised stock exchanges.

21 Trade and Other Creditors

a) Amounts falling due within one year:

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Trade creditors	28,625	8,976	–	–
Amounts owed to group undertakings	–	–	138,733	126,907
Corporate taxes	3,465	2,010	71	70
Other tax and social security payable	1,421	31	39	31
Payments received on account	17,732	–	–	–
Other creditors	9,457	3,306	95	162
Accruals and deferred income.....	18,249	6,599	7,493	9,124
Employee entitlements	875	518	–	–
Dividend due to minority interests	144	157	–	–
Dividend payable	4,757	4,695	4,757	4,695
	84,725	26,292	151,188	140,989

b) Amounts falling due after more than one year:

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Other creditors	43	59	–	–
Employee entitlements	715	24	–	–
	758	83	–	–

22 Convertible Subordinated Loan Notes

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
CLNs repayable within one year	3,863	–	3,863	–
CLNs repayable between one and two years	3,863	–	3,863	–
CLNs repayable between two and five years	11,587	–	11,587	–
	19,313	–	19,313	–

On 2 June 2000, the Company repurchased 38.6 million ordinary shares for an aggregate consideration of £19,313,000, which was settled through the issue of 38.6 million convertible subordinated loan notes of 50p each ("CLNs").

Notes to the Accounts Continued

Year ended 31 December 2000

22 Convertible Subordinated Loan Notes *continued*

The CLNs are subordinated, unsecured obligations of the Company and carry interest at 8% per annum. The principal of 50 pence will be redeemed in five equal instalments of 10 pence per CLN per annum commencing 30 June 2001 or, at the option of the holder, the instalment due for redemption in any year may be converted to Ordinary Shares on the following basis:

On 30 June 2001, one Ordinary Share for every 50 pence in principal of CLNs

On 30 June 2002, one Ordinary Share for every 55 pence in principal of CLNs

On 30 June 2003, one Ordinary Share for every 60 pence in principal of CLNs

On 30 June 2004, one Ordinary Share for every 65 pence in principal of CLNs

On 30 June 2005, one Ordinary Share for every 70 pence in principal of CLNs

Any shares issued will rank *pari passu* with those already in issue, save that they will not rank for dividends or other distributions declared made or paid in respect of the financial periods or parts of financial periods ending on or prior to 30 June in that financial year.

Conversion prices will be subject to adjustment for capitalisation and rights issues and in certain other circumstances.

23 Other Borrowings

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Bank overdraft	172	–	–	–
Borrowings repayable within one year	18,132	2,632	12,000	–
	18,304	2,632	12,000	–
Borrowings repayable between one and two years	11,456	451	–	–
	29,760	3,083	12,000	–
Bank overdraft	172	–	–	–
Bank borrowings	20,289	3,083	12,000	–
Commercial bills	9,299	–	–	–
	29,760	3,083	12,000	–

Notes:

- (i) At 31 December 2000, the Group borrowings comprised £7,545,000 in secured borrowings and £22,215,000 in unsecured borrowings. Of the secured borrowings, £5,313,000 was secured against development property and the balance was secured against inventories. As at 31 December 1999, the Group's borrowings were all secured against development property.
- (ii) The Company had an unsecured loan at the year end of £12,000,000, which was repaid in January 2001.
- (iii) A subsidiary has revolving commercial bill facilities with two major Australian banks. The bills in issue on 31 December 2000 mature in 2001, but have been classified according to when the committed facilities expire (in 2002).

24 Provisions for Liabilities and Charges

	Group		Company	
	31 December 2000 £000	31 December 1999 £000	31 December 2000 £000	31 December 1999 £000
Deferred tax.....	5,540	965	–	–
Pension liabilities	1,090	321	309	321
Onerous lease commitments	3,450	1,253	–	–
Other provisions	660	–	–	–
	10,740	2,539	309	321

Group	Deferred tax £000	Pension liabilities £000	Onerous leases £000	Other provisions £000	Total £000
At 1 January 2000	965	321	1,253	–	2,539
On acquisition of subsidiaries.....	1,186	772	2,726	1,693	6,377
Currency translation differences	(97)	(4)	–	(1)	(102)
Utilised in year.....	–	–	(252)	(950)	(1,202)
Charged to the profit and loss account	1,226	(13)	(409)	(93)	711
Unwinding of discount	–	14	132	11	157
Charged to reserves.....	2,260	–	–	–	2,260
At 31 December 2000	5,540	1,090	3,450	660	10,740

Notes:

- Included in the Company's pension liability is an amount of £52,000 payable within one year (1999: £50,000).
- Included in the Group's provisions for onerous leases, pensions and other commitments are amounts totalling £796,000 (1999: £210,000) which are payable within one year. The leases relate to office buildings which are no longer occupied by the Group. Sub-leases have been granted in respect of these buildings but where the rent receivable is insufficient to cover the lease commitments a provision has been made for the deficit. The provision covers the period to 2011 and is based on assumptions concerning the outcome of rent reviews and the rent receivable from new sub-tenants, both of which are uncertain. The expected future cash flows have been discounted on a pre-tax basis at nominal interest rates of 6.5% (UK) and 4.5% (Germany).
- Other provisions mainly comprise post retirement healthcare obligations for former employees of Staveley in the UK and the US. These liabilities expire on the death of the beneficiaries. They are based on management's estimate of future costs, having regard to past experience, and have been discounted at 7%.

Deferred tax is analysed below.	31 December 2000 Provided £000	31 December 2000 Unprovided £000	31 December 1999 Provided £000	31 December 1999 Unprovided £000
Accelerated capital allowances	1,058	787	–	–
Short term timing differences.....	6,340	(2,977)	965	(1,164)
Trading losses carried forward.....	(1,858)	(4,966)	–	(4,804)
	5,540	(7,156)	965	(5,968)

In addition, a number of Group companies have capital losses carried forward. These losses are not recognised in the financial statements.

Notes to the Accounts Continued

Year ended 31 December 2000

25 Operating Lease Commitments

	Land and buildings 31 December 2000 £000	Other 31 December 2000 £000	Land and buildings 31 December 1999 £000	Other 31 December 1999 £000
Annual commitments of the continuing businesses under operating leases expiring:				
Within one year	166	545	39	–
Between two and five years	673	1,087	330	–
Over five years	2,336	–	1,293	–
	3,175	1,632	1,662	–

26 Share Capital

During the year 38,625,036 Ordinary Shares of 10p each (“Ordinary Shares”), with a nominal value of £3,862,504, were bought back by the Company for an aggregate consideration of £19,313,000. In exchange for the shares bought back 38,625,036 CLNs were issued. The purpose of the buy back was to allow shareholders to exchange their shares for CLNs at a price higher than the then market price, whilst allowing the Company to repurchase shares at a discount to net asset value.

	31 December 2000		31 December 1999	
	Number	£000	Number	£000
Authorised				
Ordinary Shares of 10p each.....	600,000,000	60,000	600,000,000	60,000
Issued and fully paid				
Ordinary Shares of 10p each.....	475,674,874	47,567	469,526,862	46,953

a) During 2000 the following issues, allotments and buy back of Ordinary Shares were made, representing an increase in the aggregate nominal value of the Company’s share capital of £614,801.

Date of event	Stock event	No. of shares	Price (pence per share)
20 April 2000.....	Exercise of options	1,540,000	17.80
2 June 2000.....	Buy back	(38,625,036)	50.00
13 June 2000.....	Capitalisation issue	43,233,048	Credited as fully paid

26 Share Capital *continued*

b) Following adjustments, grants, exercises and lapses during the year, options outstanding at 31 December 2000 were as set out below.

Share Option Scheme	Number	Date granted	Exercise price (p per share)	Exercise period
1985 Share Option Scheme				
Ordinary	1,305,608	05.06.92	13.68	05.06.95 to 04.06.02
Ordinary	1,465,739	19.04.93	16.18	19.04.96 to 18.04.03
1992 Share Option Scheme				
Ordinary	5,473,768	12.05.94	33.73	12.05.97 to 11.05.04
Super	4,210,588	12.05.94	33.73	12.05.99 to 11.05.04
Ordinary	813,405	06.10.94	31.87	06.10.97 to 05.10.04
Super	478,472	06.10.94	31.87	06.10.99 to 05.10.04
Ordinary	838,681	25.08.95	33.42	25.08.98 to 24.08.05
Super	1,890,593	25.08.95	33.42	25.08.00 to 24.08.05
Ordinary	27,888	03.01.96	38.11	03.01.99 to 02.01.06
Super	106,610	03.01.96	38.11	03.01.01 to 02.01.06
Ordinary	209,138	11.04.96	43.03	11.04.99 to 10.04.06
Super	167,311	11.04.96	43.03	11.04.01 to 10.04.06
Ordinary	1,186,270	08.05.96	43.63	08.05.99 to 07.05.06
Super	1,254,870	08.05.96	43.63	08.05.01 to 07.05.06
Ordinary	1,064,739	13.01.97	44.05	13.01.00 to 12.01.07
Super	190,132	13.01.97	44.05	13.01.02 to 12.01.07
Ordinary	2,174,425	01.09.97	54.97	01.09.00 to 31.08.07
Ordinary	76,051	07.11.97	53.52	07.11.00 to 06.11.07
Super	165,933	07.11.97	53.52	07.11.02 to 06.11.07
Ordinary	70,966	03.08.98	38.02	03.08.01 to 02.08.08
Super	22,203	03.08.98	38.02	03.08.03 to 02.08.08
Ordinary	1,605,670	22.03.99	47.11	22.03.02 to 21.03.09
Super	935,330	22.03.99	47.11	22.03.04 to 21.03.09
Ordinary	27,500	02.09.99	44.09	02.09.02 to 01.09.09
Super	9,597,500	02.09.99	44.09	02.09.04 to 01.09.09

Notes to the Accounts Continued

Year ended 31 December 2000

26 Share Capital *continued*

Share Option Scheme	Number	Date granted	Exercise price (p per share)	Exercise period
1994 Share Option Scheme				
Ordinary	997,331	12.05.94	33.73	12.05.97 to 11.05.04
Super	315,792	12.05.94	33.73	12.05.99 to 11.05.04
Ordinary	149,254	25.08.95	33.42	25.08.98 to 24.08.05
Super	298,512	25.08.95	33.42	25.08.00 to 24.08.05
Ordinary	78,722	03.01.96	38.11	03.01.99 to 02.01.06
Ordinary	33,455	11.04.96	43.03	11.04.99 to 10.04.06
Ordinary	68,599	08.05.96	43.63	08.05.99 to 07.05.06
Ordinary	62,219	01.09.97	54.97	01.09.00 to 31.08.07
Ordinary	9,680	03.08.98	38.02	03.08.01 to 02.08.08
Ordinary	30,250	22.03.99	47.11	22.03.02 to 21.03.09
Super	44,000	02.09.99	44.09	02.09.04 to 01.09.09

Super options will normally be exercisable after five years from date of grant subject to the satisfaction of the two following performance targets: first, that the consolidated net assets per share of the Group over the five year period prior to exercise increases at a rate which at least matches the rate of increase in net assets per share of the top 25% of the FTSE 100 companies; and second, the percentage increase in the Group's consolidated net assets per share must at least match 110% of the increase in the UK retail prices index over the relevant period. Options exercised during the year comprised 1,540,000 shares under the 1992 scheme.

Options outstanding at the beginning of the year have been adjusted as to price and number to reflect the 2000 Capitalisation Issue. Where required, Inland Revenue approval to changes was obtained.

27 Reserves

Group

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 1 January 2000.....	21,635	–	215,321
Release of negative goodwill on disposals (see note (i) below)	–	–	(391)
Premium on shares issued (net of expenses).....	120	–	–
Capitalisation issue of shares	(4,323)	–	–
Buy back of shares (see note (ii) below)	–	3,863	(19,694)
Currency translation differences (see note (iii) below).....	–	–	(5,878)
Retained profit for the year	–	–	13,983
At 31 December 2000	17,432	3,863	203,341

27 Reserves *continued*

Company

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 1 January 2000.....	21,635	–	85,907
Premium on shares issued (net of expenses).....	120	–	–
Capitalisation issue of shares	(4,323)	–	–
Buy back of shares	–	3,863	(19,694)
Retained profit for the year	–	–	6,541
At 31 December 2000	17,432	3,863	72,754

Notes:

- (i) The release of negative goodwill of £391,000 was in respect of the disposal of assets held in the Group which gave rise to a discount on acquisition.
- (ii) The amount charged to the profit and loss account in respect of the share buy back includes expenses of £381,000.
- (iii) The currency translation difference includes exchange gains of £7,533,000 on loans between Group companies, less a taxation provision of £2,260,000 in respect of these gains.
- (iv) Cumulative negative goodwill taken directly to reserves in respect of acquisitions prior to 1998 amounts to £3,271,000.

28 Contingent Liabilities

As at 31 December 2000, the Company did not have any significant contingent liabilities.

Staveley had contingent liabilities in respect of performance bonds, tender bonds and guarantees for third parties amounting to £11.0 million, in respect of which the company has recourse to third parties for £2.1 million. In addition, Staveley and certain of its subsidiaries are parties to legal actions and claims arising in the ordinary course of business, which the directors are advised and believe are likely to be resolved without significant effect on the net assets of the Group.

Significant contingent liabilities reported by associates are summarised below:

- (a) Otter Gold Mines has recognised a tax benefit in respect of losses triggered by a restructuring in 1998 (GPG share – £1,301,000). Retention of this benefit may be subject to judicial determination, but no adjustment is expected.
- (b) Otter Gold Mines has provided guarantees and letters of credit in respect of exploration and mining tenements (GPG share – £991,000).
- (c) Wrightson has received warranty claims amounting to £1,985,000 (GPG share – £415,000) in respect of a business it sold in a prior year. No liability is expected to arise.

In addition, a subsidiary of Otter Gold Mines has lodged insurance claims against its insurers and a building contractor in respect of contractual issues which arose during the construction of a mine. GPG's share of the amount claimed, which has not been recognised, is £767,000.

29 Capital Commitments

As at 31 December 2000, the Group had commitments of £1,182,000 in respect of contracts placed for future capital expenditure (1999 – £nil). Its share of the capital commitments reported by associated undertakings was £564,000. The Company did not have any significant capital commitments.

Notes to the Accounts Continued

Year ended 31 December 2000

30 Notes to Cashflow

a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Operating profit	20,255	22,973
Depreciation	2,798	625
Profit on disposal of tangible fixed assets	(145)	(142)
Release of negative goodwill	(553)	(562)
Amounts written off against investments	4,553	5,087
Decrease/(increase) in debtors.....	7,846	(4,585)
(Increase)/decrease in land under development	(5,705)	2,153
Decrease in stocks	6,048	-
Decrease in provisions	(1,717)	(189)
Accrued earnings – Life business	-	(8,131)
Decrease in creditors	(12,293)	(521)
Decrease/(increase) in current asset investments.....	697	(18,032)
Currency and other adjustments	5,177	(1,279)
Net cash inflow/(outflow) from operating activities.....	26,961	(2,603)

Notes:

- (i) Net cash inflow from operating activities includes the profits and losses resulting from the sale of investments, together with interest and dividends received, all of which are considered to be cash inflows generated in the normal course of business.

b) Dividends received from associates and joint ventures

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Dividends received from associated undertakings	12,732	875
Dividends received from joint ventures.....	744	-
	13,476	875

c) Returns on investments and servicing of finance

Interest paid	(2,384)	(570)
Dividends paid by subsidiaries to minority interests.....	(144)	(1,867)
	(2,528)	(2,437)

30 Notes to Cashflow *continued*

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
d) Taxation		
Overseas tax paid.....	(626)	(130)
UK tax refunded	–	218
	(626)	88
e) Capital expenditure and financial investment		
Payments to acquire property, plant or equipment.....	(994)	(468)
Purchase of fixed asset investments.....	(112,474)	(134,944)
Receipts from the disposal of property, plant or equipment	1,167	573
Sale of fixed asset investments, at book value	37,427	25,181
Repayment of capital	21,963	–
Loan to associated undertaking.....	(672)	–
	(53,583)	(109,658)
f) Acquisitions and disposals		
Net receipts from sale of shares in subsidiary undertakings (see note 33)	670	145,560
Cash held by subsidiaries sold	–	(17,365)
Net payments arising from the purchase of subsidiary undertakings (see note 32)	(29,377)	(1,510)
Cash held by subsidiaries acquired	27,250	–
Net payments arising from the purchase of associated undertakings (see note 34)	(3,198)	–
	(4,655)	126,685
g) Equity dividends paid		
Balance payable as at 1 January	(4,662)	(2,515)
Less: shares in lieu of cash dividend	–	1,985
	(4,662)	(530)
h) Management of liquid resources		
Cash placed on short term deposit.....	(34,272)	(137,953)
Withdrawals from short term deposits	59,335	104,776
	25,063	(33,177)

Notes to the Accounts Continued

Year ended 31 December 2000

30 Notes to Cashflow continued

i) Financing

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Issue of ordinary shares by Company	274	666
Issue of ordinary shares to minority shareholders in subsidiaries.....	33	853
Expenses of share buy back and share issues	(381)	(49)
Net proceeds from issue of ordinary shares	(74)	1,470
New loans taken out.....	33,027	5,773
Loans repaid	(27,240)	(12,283)
Increase/(decrease) in debt.....	5,787	(6,510)
Net cash inflow/(outflow) from financing	5,713	(5,040)

j) Analysis of net funds

	1 January 2000 £000	Cash flow £000	Acquisition of subsidiaries £000	Exchange and other movements £000	31 December 2000 £000
Cash at bank and in hand	85,044	(19,732)	–	(6,388)	58,924
Bank overdraft	–	(172)	–	–	(172)
Less: liquid resources	(77,813)	25,063	–	6,011	(46,739)
“FRS1” cash	7,231	5,159	–	(377)	12,013
Debt due within 1 year	(2,632)	(7,019)	(8,897)	(3,447)	(21,995)
Debt due after 1 year	(451)	1,232	(12,556)	(15,131)	(26,906)
	(3,083)	(5,787)	(21,453)	(18,578)	(48,901)
Liquid resources	77,813	(25,063)	–	(6,011)	46,739
Net funds	81,961	(25,691)	(21,453)	(24,966)	9,851

Exchange and other movements include the issue of CLNs of £19,313,000 in exchange for ordinary shares, as described in note 22. Liquid resources comprise cash deposits with an original maturity of more than 24 hours.

31 Analysis of Changes in Cash and Liquid Resources During the Year

	31 December 2000 £000	31 December 1999 £000
Opening balance	85,044	72,854
Net cash inflow/(outflow)	5,159	(25,797)
(Decrease)/increase in liquid resources	(25,063)	33,177
Increase in bank overdraft	172	–
Currency translation differences	(6,388)	4,810
Closing balance	58,924	85,044

32 Purchase of Subsidiary Undertakings

The Group acquired two new subsidiaries during the year, for which the consideration paid in the current year amounted to £29,377,000.

On 31 March 2000, the Group increased its holding in Joe White Maltings Ltd, an Australian maltings and food processor, to 44.47%. On 10 April 2000 GPG appointed two directors to the Board and three of the existing directors resigned, including the Chairman. From that date GPG exercised dominant influence over the company's financial and operating policies. In December 2000, a further purchase of shares was made and at the year end GPG's holding in Joe White Maltings was 47.56%.

From 3 November 1999 until 27 September 2000, GPG held 29.02% of Staveley and treated the investment as an associated undertaking. On 27 September 2000, GPG's recommended offer for the remaining shares in Staveley was declared unconditional and subsequently the remaining shares were acquired, resulting in 100% ownership.

Both of these transactions have been accounted for as acquisitions. The fair value of the net assets acquired, and the resultant negative goodwill, are analysed below.

(a) Acquisition of Joe White Maltings Ltd

	Book value £000	Revaluations £000	Accounting policy adjustment £000	Provisional fair value £000
Intangible fixed assets	400	(400)	–	–
Tangible fixed assets	30,528	1,260	–	31,788
Investments	128	(128)	–	–
Stocks	10,471	(190)	6,212	16,493
Debtors	10,666	(590)	–	10,076
Cash	203	–	–	203
Borrowings.....	(15,241)	–	(6,212)	(21,453)
Creditors	(7,378)	(322)	–	(7,700)
Provisions	(1,361)	115	–	(1,246)
	28,416	(255)	–	28,161
Less: minority interest				(15,638)
Net assets attributable to purchase consideration.....				12,523
Consideration				(11,565)
Negative goodwill arising on acquisition of control.....				958
Negative goodwill arising on additional purchase of shares in December 2000				48
Aggregate negative goodwill				1,006
Consideration reported above				11,565
Subsequent purchase of shares in December 2000				813
Total consideration				12,378
Cash payments made in prior years.....				(4,659)
Cash payments made in current year.....				7,719

Notes to the Accounts Continued

Year ended 31 December 2000

32 Purchase of Subsidiary Undertakings *continued*

The book values of the assets and liabilities have been taken from the management accounts of Joe White Maltings at the date of acquisition. The following revaluation adjustments have been made:

- (i) Tangible fixed assets have been increased by £3,405,000 to reflect the revaluation of the properties, plant and equipment used in the malting business.
- (ii) Goodwill of £400,000 has been eliminated.
- (iii) Prior to the acquisition of control by the Group, Joe White Maltings had announced the closure of the food products business, including a joint venture in China. With the exception of the joint venture, which had already been written down to £nil, the book values had not been adjusted to reflect the closure. As a result, GPG has made the following adjustments:
 - tangible fixed assets were written down by £2,145,000 to reflect their anticipated residual values;
 - investments, stocks and debtors were written down by £572,000 in aggregate, to their estimated realisable value;
 - additional creditors of £322,000 were identified, including employee entitlements and contract payments;
 - a deferred tax asset (£336,000) relating to losses carried forward was written off, and the deferred tax liability was reduced by £637,000 for expected tax relief on fair value adjustments.
- (iv) A redundancy provision of £522,000 was recorded in respect of a restructuring of the malting business announced before GPG acquired control. This provision was subsequently utilised in the year.

The values attributed to certain assets within the food products business are provisional, pending finalisation of the closure process.

The accounting policy adjustment relates to stocks purchased by an Australian bank on the company's behalf.

In its previous financial year to 30 June 1999, Joe White Maltings made a loss after tax and minority interests of £66,000. For the period since that date to the date of acquisition, 10 April 2000, Joe White Maltings' management accounts show:

	£000
Turnover	58,068
Operating profit	997
Profit before taxation	97
Taxation and minority interests	(111)
Loss attributable to shareholders	(14)
Currency translation differences	–
Total recognised loss for the period	(14)

32 Purchase of Subsidiary Undertakings *continued*

	Book value £000	Revaluations £000	Provisional fair value £000
(b) Acquisition of Staveley Industries plc			
Tangible fixed assets	18,059	657	18,716
Stocks	5,102	–	5,102
Debtors	60,978	1,543	62,521
Cash	27,047	–	27,047
Creditors	(69,090)	–	(69,090)
Provisions	(4,337)	(794)	(5,131)
	37,759	1,406	39,165
Less: share of Staveley's net assets previously recognised as associate.....			(11,410)
Net assets attributable to purchase consideration paid this year.....			27,755
Consideration			(21,658)
Negative goodwill arising on acquisition of control			6,097
Less: positive goodwill (net of amortisation) transferred from associates.....			(3,789)
Negative goodwill (net)			2,308
Consideration reported above			21,658
Consideration reported in prior year (net of provisions).....			27,020
Total consideration (net of provisions).....			48,678
Cash payments made in prior years (net of provisions)			(27,020)
Cash payments made in current year			21,658

The revaluation adjustments comprise:

- (i) The revaluation of freehold and leasehold buildings to open market value (£657,000).
- (ii) The recognition of an asset of £1,543,000 to reflect the pension fund surplus arising from a provisional actuarial valuation carried out as at 30 September 2000.
- (iii) An adjustment to deferred tax of £463,000 in respect of the pension fund asset.
- (iv) An increase of £331,000 to the provisions for onerous lease commitments and post-retirement healthcare costs, based on a review of the assumptions underlying these provisions.

Certain of the fair values are provisional, pending a more detailed examination of the pension fund surplus and the likely outcome of contractual disputes with customers.

Notes to the Accounts Continued

Year ended 31 December 2000

32 Purchase of Subsidiary Undertakings *continued*

In its previous financial year to 1 April 2000, Staveley made a profit after tax and minority interests of £600,000. This profit was arrived at after charging impairment provisions of £6,000,000 in respect of its properties and fixed asset investments. These provisions were incorporated into the fair value exercise carried out as at 3 November 1999, when Staveley became an associate.

For the period from 1 April 2000 to the date of acquisition, Staveley's management accounts show:

	£000
Turnover	127,271
Operating loss	(2,773)
Loss before taxation	(1,147)
Taxation and minority interests	(30)
Loss attributable to shareholders	(1,177)
Currency translation differences	-
Total recognised loss for the period	(1,177)

(c) Cash Flows from Acquired Business

The subsidiary undertakings acquired during the year contributed an outflow of £12,647,000 to the Group's net operating cash flows, paid £797,000 in respect of returns on investments and servicing of finance, were refunded £1,000 in respect of taxation and utilised £202,000 for capital expenditure.

33 Disposals of Subsidiary Undertakings

There were no disposals of subsidiary undertakings during the current year. In 1999, the Group disposed of its interest in Tyndall and its subsidiaries for a cash consideration of £145,560,000.

34 Purchase of Associated Undertakings

During the year, GPG acquired two new associated undertakings. On 10 January 2000, two Directors were appointed to the Board of Wrightson Ltd and from that date GPG exercised significant influence over the company's activities. On 3 November 2000, GPG increased its holding in Otter Gold Mines Ltd to 43.6%. The goodwill arising from these transactions is analysed as follows:

	Wrightson £000	Otter £000
Fair value of net assets (GPG share)	6,190	1,360
Consideration	(3,578)	(5,255)
Negative/(positive) goodwill	2,612	(3,895)

The aggregate consideration of £8,833,000 includes £5,635,000 paid in prior years, with the balance of £3,198,000 being paid during 2000. The net assets of the associates are based on their published accounts, as adjusted to reflect any published information concerning differences between book values and fair values (including relevant accounting policy adjustments). The only significant fair value adjustment relates to the hedge book held by Otter Gold Mines (see note 37 for further details).

35 Principal Subsidiary Undertakings

The Group's principal subsidiary undertakings at 31 December 2000, all of which are included in the Group's consolidated financial statements are set out below.

Company name	Country of incorporation/ registration	Class and percentage of shares held	Nature of business
GPG Securities Trading Ltd	England	100% ordinary shares 100% preference shares	Securities trading
Staveley Industries plc	England	100% ordinary shares	Building services
Staveley Inc	USA	100% ordinary shares	Testing services
Guinness Peat Group (Australia) Pty Ltd	Australia	100% ordinary shares 100% preference shares	Investment company
Canberra Investment Corporation Ltd	Australia	68.60% ordinary shares	Property developer
Joe White Maltings Ltd	Australia	47.56% ordinary shares	Malting/ food processing
Tomorrow Ltd (formerly Mid-East Minerals Ltd)....	Australia	83.6% ordinary shares	Investment company
Guinness Peat Group New Zealand Ltd	New Zealand	100% ordinary shares 100% preference shares	Securities trading

Tomorrow Ltd has issued partly paid shares to certain of its employees. These shares have an issue price of A\$1.15, partly paid to A\$0.001. The dividend and voting rights for these shares are based on the paid up amount relative to the total issue price. The company has also issued bonus options to all existing shareholders, at an exercise price of A\$1.15. If the partly paid shares are called up, and assuming the bonus options are also exercised, GPG's shareholding will reduce to 36%. As at 31 December 2000, Tomorrow Ltd's net asset value per share was A\$1.10.

36 Related Party Transactions

There were no material related party transactions during 2000. In 1999, Tyndall received fees of £4,651,000 from its Statutory Funds and Canberra Investment Corporation sold some land to a company connected to certain of its directors for £60,000.

37 Derivatives and Other Financial Instruments

The Group's main financial instruments comprise:

- investments in equity shares with both UK and international exposure. These investments are held both as fixed and current asset investments
- other investments, such as non-equity shares and guaranteed bank bills
- derivatives, including forward foreign currency contracts, interest rate swaps, equity options and Low Exercise Price Options ("LEPOs")
- trade debtors and trade creditors that arise directly from the Group's operations
- cash and bank deposits
- bank borrowings and commercial bills
- convertible subordinated loan notes.

GPG is an investment holding company and it, together with certain of its subsidiaries, are principally involved in managing a portfolio of cash and investments (see Review of Activities in the Directors' Report on page 10). The profile of the Group's financial assets, and in particular the relative balance between cash and investments, varies during the year depending on the timing of purchases and sales of investments.

Most of the Group's investments are listed on a recognised stock exchange and so could be converted into cash or liquid resources at short notice. In addition, the Group typically holds cash balances in deposits with a short maturity, and further resources can be drawn through committed borrowing facilities. In managing liquidity, the Group's objective is to ensure it has access to the funds needed to take advantage of any attractive investment opportunities that may arise.

37 Derivatives and Other Financial Instruments *continued*

The main risks arising from the Group's financial instruments are as follows:

- market price risk
- currency risk
- interest rate fluctuation risk.

The Board's policies for managing those risks are described below and, except as noted below, have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

The Group can be affected by market price movements on its equity investments. Since it generally invests for the medium or long term, the Board does not believe it is economic or necessary to hedge market price risk, which in any event it considers to be a relatively short term factor. No significant equity investment is made without exhaustive research and unless a margin of safety has been identified. Once a significant investment has been made, the investment is continually monitored and managed in the light of new information or market movements. As an active investor, the Group's objective is to utilise shareholder influence to enhance the value of its investments and therefore, ultimately, their price. Exposure to price movement is further mitigated through holding a spread of investments, diversified across a range of sectors and countries.

Equity options and LEPOs are purchased from time to time as part of the Group's investment portfolio. These derivatives do not form a significant proportion of the portfolio, and are subject to the same rigorous research procedures as other equity investments.

Foreign currency risk

The income and capital value of the Group's financial instruments can be affected by exchange rate movements as a significant portion of its financial assets (principally cash and investments) and financial liabilities are denominated in currencies other than sterling, which is the Group's reporting currency. The accounting impact of these exposures will vary according to whether or not the Group company holding such financial assets and liabilities reports in the currency in which they are denominated.

The Board recognises that the Group's sterling balance sheet will be affected by short term movements in exchange rates, particularly the value of the Australian and New Zealand dollars. The Board takes the view that the major currencies in which the Group is invested move within a relatively stable range and that currency fluctuations should even out over the long term. The Group's policy is to hold over time a broad balance of cash and investments in sterling and Australian dollars, being the two currencies in which it mainly invests.

At certain times, the Board will make limited use of forward foreign currency contracts and swaps to maintain the Group's relative exposure to the Australian dollar. These contracts tend to have a maturity of less than 3 months. At year-end, the Group held forward contracts to buy Australian dollars for this purpose. Otherwise, the distribution of the Group's net assets between the principal currencies in which it does business is driven largely by the availability of suitable investment opportunities within each country.

The subsidiaries acquired during 2000 (being Staveley and Joe White Maltings) both use forward foreign currency contracts to eliminate the currency exposure that arises on business transacted in currencies other than their own reporting currency. These companies only enter into foreign currency contracts when there is a firm commitment to the transaction.

The contracts used to hedge future transactions typically have a maturity of between 6 months and 2 years.

In 2000, borrowings drawn by the Group were all denominated in the reporting currency of the relevant company of which they were liabilities.

37 Derivatives and Other Financial Instruments *continued*

Interest rate risk

In 2000, the Group financed its operations through shareholders' funds, bank borrowings, commercial bills and CLNs. The CLNs, which were issued during 2000, carry a fixed interest rate. The Company's other borrowings are charged at floating rates of interest, but trading subsidiaries use a mixture of fixed and floating rate debt. Surplus cash is placed on deposit for up to six months at fixed rates of interest. In practice, this means the Group's interest income does not vary significantly from the returns it would generate through investing surplus cash at floating rates of interest since the interest rates are re-set on a regular basis. The Company also has access to bank facilities amounting to some £51 million, of which £12 million had been drawn down at year-end (but was repaid in January 2001). In the past, it has been Group policy not to use interest rate swaps or other such derivatives in managing its interest rate exposure. However, Joe White Maltings held certain interest rate swaps when it was acquired, and these have been retained. These interest rate swaps are used to achieve a fixed interest rate on floating rate borrowings. Any amounts paid or received under the swap agreements are included as part of the interest expense, on an accruals basis.

In adopting the requirements of FRS13, *Derivatives and other Financial Instruments*, the Group has taken advantage of the exemption that short term debtors and creditors can be excluded from the following disclosures (other than the currency disclosures).

a) Interest rate and currency profile of financial liabilities

The interest rate and currency profile of the Group's financial liabilities, after taking account of the interest rate swaps and forward foreign currency contracts used to manage the interest and currency profile, was as follows:

Currency	2000				1999			
	Floating rate £000	Fixed rate £000	Interest free £000	Total £000	Floating rate £000	Fixed rate £000	Interest free £000	Total £000
Australian dollars	8,461	9,299	254	18,014	2,698	385	–	3,083
Sterling	13,819	19,313*	–	33,132	1,253	–	–	1,253
Other.....	1,631	–	–	1,631	–	–	–	–
	23,911	28,612	254	52,777	3,951	385	–	4,336

* CLNs

Other financial liabilities included above comprise the Group's borrowings, onerous lease commitments and certain derivatives.

Details of fixed and non interest-bearing liabilities are provided below.

Currency	2000			1999		
	Weighted average interest rate %	Fixed rate financial liabilities Weighted average period for which rate is fixed months	Financial liabilities on which no interest is paid Weighted average period until maturity months	Weighted average interest rate %	Fixed rate financial liabilities Weighted average period for which rate is fixed months	Financial liabilities on which no interest is paid Weighted average period until maturity months
Australian dollars	6.40%	18	1	6.24%	10	–
Sterling	8.00%	30	–	–	–	10
	7.48%	26	1	6.24%	10	10

The benchmark for determining floating rate liabilities in the UK is LIBOR. In Australia, floating interest rates are fixed in advance for periods up to one year by reference to the Australian Bank Bill rate.

Notes to the Accounts Continued

Year ended 31 December 2000

37 Derivatives and Other Financial Instruments *continued*

b) Interest rate and currency profile of financial assets

The interest rate and currency profile of the Group's financial assets, after taking account of forward foreign currency contracts, was as follows:

	2000			1999		
	Investments £000	Cash at bank and in hand £000	Total £000	Investments £000	Cash at bank and in hand £000	Total £000
Sterling.....	125,058	–	125,058	85,311	4,862	90,173
Australian dollars	79,387	52,333	131,720	78,544	75,351	153,895
New Zealand dollars	6,030	586	6,616	16,107	1,337	17,444
United States dollars	–	1,868	1,868	–	–	–
Other currencies.....	945	4,137	5,082	745	3,494	4,239
	211,420	58,924	270,344	180,707	85,044	265,751
Floating rate	9,168	51,274	60,442	–	84,984	84,984
No rate	672	7,650	8,322	–	60	60
	9,840	58,924	68,764	–	85,044	85,044

The investments included above comprise listed and unlisted investments in shares (excluding associates and joint ventures), equity options, LEPOs and guaranteed bank bills.

Floating rate cash balances include deposits of £51,274,000 (1999: £84,984,000) that have been placed on deposit with banks for a variety of fixed periods, not exceeding six months, and earn available market rates based on LIBID equivalents. The Group's investment portfolio principally comprises equity shares and derivatives. All such investments have been excluded from the interest rate analysis because the investments do not generate a fixed entitlement to interest. The interest-bearing investments principally comprise guaranteed bank bills with a maturity of less than six months. A non-interest bearing loan of £677,000 has been provided to an associate which has no fixed repayment date. Non-interest bearing deposits are payable on demand and were substantially transferred early in 2001.

c) Maturity of financial liabilities

The maturity of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, was as follows:

	31 December 2000 £000	31 December 1999 £000
In one year or less, or on demand	22,959	2,757
In more than one year but not more than two years	15,704	576
In more than two years but not more than five years	12,922	375
In more than five years	1,192	628
	52,777	4,336

37 Derivatives and Other Financial Instruments *continued*

d) Borrowing facilities

The Group had the following undrawn committed borrowing facilities in respect of which all conditions precedent had been met at the year-end.

	31 December 2000 £000	31 December 1999 £000
Expiring within one year	44,324	2,912
Expiring between one and two years	–	40,000
	44,324	42,912

e) Fair value of financial assets and financial liabilities

The fair value of the Group's financial assets and liabilities is summarised below:

	2000		1999	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Primary financial instruments				
Cash at bank	58,924	58,924	85,044	85,044
Investments (fixed and current)	205,890	221,035	171,964	206,476
CLNs	(19,313)	(18,347)	–	–
Other borrowings	(29,760)	(29,756)	(3,083)	(3,073)
Other financial liabilities	(3,450)	(3,450)	(1,253)	(1,253)
Derivative financial instruments held as part of the investment portfolio				
Equity options and LEPOs	4,858	4,868	8,743	8,743
Forward foreign currency contracts	(254)	(254)	–	–
Derivative financial instruments held to manage interest rate exposures				
Interest rate swaps	–	(103)	–	–
Derivative financial instruments held to hedge currency exposures				
Forward foreign currency contracts	–	(744)	–	–

Investments are held for strategic growth or trading purposes. Market values have been used to derive the fair value of all listed investments and the CLNs. Unlisted investments are valued according to the most recent price at which they have been traded. Unlisted options have been valued using an option-pricing model and LEPOs have been valued by a financial institution according to the market value of the equity shares to which they relate. For floating rate financial assets and liabilities, and for fixed rate financial assets and liabilities with a maturity of less than six months, it has been assumed that fair values are approximately the same as book values. Fair values for forward foreign currency contracts have been estimated using applicable forward exchange rates at the year end. All other fair values have been calculated by discounting expected cash flows at prevailing interest rates.

Gains and losses on forward foreign currency contracts used for hedging are not recognised until the exposure to which they relate is itself recognised. Such gains and losses are incorporated in the value of the transaction being hedged.

Notes to the Accounts Continued

Year ended 31 December 2000

37 Derivatives and Other Financial Instruments *continued*

f) Currency exposure

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency after taking account of forward foreign currency contracts held as hedges. Foreign exchange differences arising on retranslation of these assets and liabilities are taken to the Group's profit and loss account. The table excludes loans between Group companies that form part of the net investment in overseas subsidiaries on which the exchange differences are dealt with through reserves.

Functional currency of Group operations

2000

	Sterling £000	Australian dollars £000	New Zealand dollars £000	US dollars £000	Other £000	Total £000
Sterling.....	–	63,394	3,492	61	15,539	82,486
US dollars	(4,110)	–	–	–	(1,662)	(5,772)
	(4,110)	63,394	3,492	61	13,877	76,714

1999

	Sterling £000	Australian dollars £000	New Zealand dollars £000	US dollars £000	Other £000	Total £000
Sterling.....	–	69,281	508	–	3,450	73,239

g) Hedges

As explained at the beginning of this note, following the acquisition of Joe White Maltings and Staveley during the year the Group now hedges the following exposures:

- interest rate risk – using interest rate swaps
- currency risk – using forward foreign currency contracts.

The table below shows the extent to which the Group has off-balance sheet (unrecognised) gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. It also shows the amount of such gains and losses which have been included in the profit and loss account.

	Losses £000
Unrecognised losses on hedges at 1.1.00	–
Unrecognised losses on hedges at 31.12.00	(847)
Of which	
Losses expected to be recognised in 2001	(701)
Losses expected to be recognised after 2001	(146)

All unrecognised losses as at 31 December 2000 relate to subsidiaries acquired during 2000, and have arisen during the current year.

Otter Gold Mines, an associated undertaking, uses derivative contracts to hedge against movements in gold and silver prices. These derivatives are used to cover up to 75% of the company's gold reserves. A fair value adjustment of £6,061,000 (pre-tax) was recorded by GPG in respect of its share of the unrealised loss attributable to these contracts on 3 November 2000. As at 31 December 2000, GPG's share of the mark-to-market value of the hedge book was negative £1,940,000.

37 Derivatives and Other Financial Instruments *continued*

h) Gains/(losses) on financial assets/liabilities

The net gain/(loss) from buying and selling financial assets and financial liabilities shown in the profit and loss account is analysed as follows:

	31 December 2000 £000	31 December 1999 £000
Gain on disposal of investments (excluding derivatives)	19,292	10,291
(Loss)/gains on disposal of equity options and LEPOs	(3,354)	830
Net write-down of investments (excluding derivatives).....	(4,973)	(4,008)
Net write-back/(write-down) of equity options and LEPOs	420	(1,079)
	11,385	6,034

38 Life Assurance Business

Long term revenue account

Earned premiums, net of reinsurance

Investment income

Profit on disposal of investments and other investment income

Unrealised gains

Claims incurred, net of reinsurance

Net change in policyholders' liabilities

Policyholders' liabilities for linked business

Change in long term business provision

Net operating expenses

Acquisition costs

Change in deferred acquisition costs

Administrative expenses.....

Other technical charges

Investment expenses and charges

Tax charge attributable to long term business

Transfer to fund for future appropriations

Balance on the long term revenue account

Minority interests

Profit attributable to GPG shareholders.....

	Year ended 31 December 1999 £000	Year ended 31 December 1999 £000
		40,799
	6,932	
	13,896	
		20,828
		(20,268)
	(21,741)	
	(5,691)	
		(27,432)
	(2,454)	
	4,335	
	(6,706)	
	(246)	
		(5,071)
		(546)
		(4,575)
		(179)
		3,556
		(1,787)
		1,769

The profits attributable to GPG shareholders in 1999 represent the profits for the period up to the disposal of Tyndall on 6 May 1999.

Compliance

The Company's corporate governance arrangements comply with Section 1 of the Financial Services Authority's Combined Code ("the Code") insofar as its terms are considered relevant and practical. Set out below is an overview of the Group's size, structure and management style. Given this style, the direct involvement of the directors in the day-to-day activities of the Group and their geographically diverse locations, full compliance with the Code is considered inappropriate. Exceptions are mentioned under the appropriate subject headings, and the position is continually reviewed and monitored by the directors and management.

Directors

As shareholders are aware, Guinness Peat Group plc ("GPG") is a strategic investment company with interests principally in the United Kingdom, Australia and New Zealand. The Board consists of two non-executive directors, being the Chairman, Sir Ron Brierley and Trevor Beyer, together with three executive directors. Short biographies of each of the directors appear on page 8. None of the directors has a contract of service with the Company or any of its subsidiaries. The non-executive directors are not appointed for a specified term but, in accordance with the Company's Articles of Association, retire by rotation.

The Board as a whole is responsible for the Group's assets and operations, the management of which, on a day-to-day basis, is delegated to the executive directors one of whom is situated in each of the United Kingdom, Australia and New Zealand. The directors are in frequent and regular contact with each other and have put in place suitable communication and reporting systems which enable them to have a clear appreciation and measure of the Group's operations on a timely basis. The Board meets at least three times a year; the directors also hold further meetings as required to discuss any matters which they consider merit formal Board attention.

The London office is responsible for all corporate activities, including compliance requirements for the three Stock Exchanges on which the Company's shares are listed, as well as all treasury and communication functions. Executive responsibility for the Group's operations is shared as follows: Blake Nixon is the executive director responsible for the London office, Gary Weiss is the executive director in charge of Guinness Peat Group (Australia) Pty Ltd and Tony Gibbs is the executive director in charge of Guinness Peat Group New Zealand Ltd. As mentioned above, given the small size of the Board, the close and direct proximity of the directors to the Company's activities and the geographically diverse location of the directors, some aspects of the Combined Code are considered inappropriate. In addition to those matters described elsewhere in this report:

- Both Sir Ron Brierley and Trevor Beyer, who acted as non-executive directors throughout the year, have considerable experience on the Boards of a variety of companies and have reputations for independent mindedness at the companies on whose Boards they are, or have been, represented. However, it is accepted that as the interests of both are linked to those of shareholders by means of the granting of share options, and as they have had a long association with the Company as directors, neither would be regarded as "independent" in terms of the strictures of the Combined Code.
- The size of the Board and their direct responsibility for all significant matters affecting the Company, including the appointment of other directors (should such requirement arise), make the establishment of a formal procedure for new appointments or a Nomination Committee unnecessary.
- Under the Articles of Association of the Company, one-third of the directors are required to retire by rotation each year, which is similar, but not identical to, the requirement of the Combined Code for all directors to submit themselves for re-election at least every three years.
- It has not been considered necessary formally to identify a senior non-executive director.

In accordance with the Articles of Association, Sir Ron Brierley and Gary Weiss retire by rotation at the conclusion of the 2001 Annual General Meeting and, being eligible, offer themselves for re-election.

The interests of the directors, including connected persons, in the share capital of the Company and its subsidiaries are set out in the Report on Remuneration and Related Matters below. No director, either during or at the end of the year under review, was interested in any material contract (not being a contract of employment) with the Company or any of its subsidiaries nor has become so interested since the year end.

Internal Controls

The directors describe below the system of internal control established within the Group. The objective of this process, which has been in place throughout the year and up to the date of approval of the Annual Report except as noted below, is to identify, evaluate and manage risk, including the risk of non-compliance with the laws and regulations of the countries within which the Group operates. The system is regularly reviewed by the Board and, except as described below, accords with the Turnbull guidance.

The directors acknowledge that they are responsible for the Group's system of internal controls and for reviewing its effectiveness. However, it must be recognised that any system cannot provide absolute assurance against material misstatement or loss.

The Board as a whole is responsible for setting and achieving the Group's objectives and policies, and the maintenance and custody of its assets. It meets with such frequency as is practical and necessary to ensure full and effective control over the Group. Clear management responsibilities have been established in relation to internal control, and clear procedures exist for Board notification of control failures.

Risks are identified by management and Board review. The identification and consequent management of risk is an inherent feature in the investment evaluation process. The principal risk identified is market price risk.

The investment evaluation process and its relationship to market risk is referred to in detail in note 37 to the financial statements. Derivatives and Other Financial Instruments, under the heading "Market price risk".

At Group level, information systems are in place to provide directors with a weekly report on cash movements, investment transactions, portfolio holdings and market values. In addition the Board monitors and reviews the progress of investment strategies.

The major control procedures in place include the following:

- clear management responsibilities in relation to internal controls
- Board and Audit Committee review of control procedures
- regular monitoring of the investments
- investment policy and strategy implemented by the local executive director, following agreement with the board of investing group companies
- investment transactions effected by the relevant local investment manager pursuant to investment policy
- Board approval required for any investment in excess of £2 million
- documents of title are held either within the Company or by a reputable custodian.

In addition, the directors have carried out an annual review of the effectiveness of the internal controls across the Group's investment management activities.

At a subsidiary level, the Group has five subsidiaries which are partly owned and/or involved in activities other than strategic investment. In aggregate the Group's share of their net assets ("Group Share") represents some 23% of GPG's shareholders' funds of £272 million. At least one GPG director is appointed to the board of each principal subsidiary. Each subsidiary's board has been notified of its responsibilities for identifying key business risks appropriate to its own sector or business environment and establishing appropriate and relevant control and compliance procedures. They are also required to acknowledge that they are responsible for their internal control systems. The systems operated by these companies are reviewed annually through the completion of internal questionnaires, the results of which are reported to the Audit Committee and the Board.

Staveley Industries plc ("Staveley") (Group Share £38.7 million) was acquired by the Group in September 2000, and was subsequently reorganised into Staveley Industries plc and Staveley Inc. It had gone through a period of major change and reorganisation, particularly in the US. Prior to the acquisition of control by GPG, Staveley had initiated a programme of risk assessments at business unit and group level to enable management continually to monitor the control environment. It is expected that this programme will be completed during 2001, and the Board of GPG will work with management of the two entities towards achieving full compliance by 31 December 2001.

Tomorrow Ltd (Australia) (Group Share £7.4 million) has also undergone significant change. During the latter half of 2000, it disposed of its investment portfolio to GPG, recruited a new Chief Executive and Managing Director and intends to invest the cash thus generated in the technology sector. As the new business develops, its control procedures will be kept under review at subsidiary and Group level.

Joe White Maltings Ltd (Australia) (Group Share £13.2 million) became a subsidiary during the year. It too has undergone a period of rationalisation, and has not yet introduced an ongoing procedure for reviewing internal controls in the terms of the Combined Code. GPG will work with local management with the intention of being able to report full compliance with the Turnbull guidance by 31 December 2001.

Canberra Investment Corporation Ltd (Australia) (Group Share £4.3 million) does not have a formal procedure for reviewing the effectiveness of internal controls, but its directors are closely involved in most of the day-to-day activities.

At least one director has been appointed to the Board of each significant associate, which enables them to review the procedures for dealing with major risks. Associates are encouraged to review the effectiveness of their own internal controls, but the Group is not able to enforce this. Associates are not requested to complete an internal control questionnaire each year.

Finally, guidance issued by the Financial Services Authority obliges the directors of public companies to consider the need for internal audit. Staveley operates an internal audit procedure. The Group reviews the position annually and considers that the Group is not sufficiently large or complex to justify a centralised internal audit function.

Shareholder Meetings

In 2000, the Company held an Annual General Meeting and an Extraordinary General Meeting, both in London. The level of proxies lodged in each resolution was announced during the meeting. In its annual and interim reports and other corporate announcements the Company endeavours to present an accurate, objective and balanced picture in a style and format which is appropriate for the intended audience.

Audit Committee

An Audit Committee was established on 19 December 1995. It consists of one non-executive director, Trevor Beyer, who chairs the committee and one executive director, Blake Nixon. The Board considers that the appointment of one non-executive director to the Audit Committee is sufficient to ensure the integrity of the Group's financial reporting and controls. The Committee was supplied on establishment with written terms of reference dealing with its authority and duties, and these are reviewed periodically to ensure they remain appropriate.

Going concern

Giving due consideration to the nature of the Group's business and underlying investments, the directors consider that the Company and the Group are a going concern and the financial statements are prepared on that basis.

Report on Remuneration and Related Matters

Introduction

For completeness, this report covers the remuneration of executive and non-executive directors and also related matters such as directors' interests in shares of the Company. It therefore covers issues which are the concern of the Board as a whole, in addition to those dealt with by the Remuneration Committee.

Remuneration Committee

The Remuneration Committee was established on 12 December 1995. It is chaired by Trevor Beyer, a non-executive director. The Chairman of the Company, Sir Ron Brierley, has delegated full responsibility and authority to Trevor Beyer to chair the committee. As with the Audit Committee, it is the view of the Board that the appointment of Trevor as the only non-executive director on the Committee is sufficient to ensure the integrity and independence of the Remuneration Committee in fulfilling its duties. The Committee also includes two executive directors. It sets the remuneration packages for all the directors. No director is involved in deciding his own remuneration. Save as aforesaid, this Committee complies with the Principles of Good Governance regarding directors' remuneration as set out in Section B of Part 1 of the Combined Code. It meets with such frequency as may be required to fulfil its responsibilities and has access to external professional advice as deemed necessary. The Committee gives full consideration to the provisions in Schedule A to the Combined Code in carrying out its duties.

Current membership of the Committee is indicated on page 8.

Directors' Remuneration Policy

It remains the Remuneration Committee's policy that remuneration and benefit levels should be sufficiently competitive, having regard to local remuneration practice in the country in which the director works, to attract, incentivise, reward and retain the directors.

The make-up of directors' remuneration varies according to geographical location and the nature of the appointment but includes:

- Annual benefits: including a competitive basic salary, directors' fees as appropriate, health and car benefits and life assurance. Save in exceptional circumstances, directors are not entitled to any performance related cash bonuses (but see notes 2 and 3 below).
- Long term incentives: directors are entitled to receive awards of options under the Company's share option schemes, as referred to overleaf.
- Pension contributions: see the Notes below the following table.

The Remuneration Committee has concluded that it would not be appropriate to provide explicitly for compensation commitments in the event of early termination.

Details of individual directors' emoluments

	Sir Ron Brierley £	T J N Beyer £	A I Gibbs £	B A Nixon £	G H Weiss £	M W Loomes £
Salaries and fees	–	80,000	207,358	261,000	285,501	46,097
Benefits in kind	–	2,236	–	12,312	9,098	–
Total 2000	–	82,236	207,358	273,312	294,599	46,097
Total 1999	54,846	123,910	261,166	390,613	367,133	184,568
Gains on Options 2000	–	–	–	–	326,480	–
Gains on Options 1999	880,777	163,504	148,758	–	542,276	145,916
Pension 2000	–	–	–	26,100	40,173	–
Pension 1999	–	–	–	25,000	38,975	61,129

Notes:

1. Overseas directors' emoluments, which are paid in local currency, have been translated at the relevant year end exchange rate.
2. Share options are awarded to directors and senior staff in accordance with the terms of the Company's share option schemes, the terms of which have been approved by shareholders. The Company does not operate any other long term incentive schemes nor does it normally award cash bonuses. It is felt that the grant of options is more appropriate since this contains an element of reward for individual achievement together with an incentive allied to the Group's longer term performance. The approach also aligns management interests with those of shareholders. Awards are made each year in the context of the Company's recent trading performance, the individual's contribution to that performance, and his or her expected performance and contribution in the future. In addition, awards are calculated having regard to the individual's existing holdings. Directors are not required to hold their shares for a further period following exercise of their options.
Details of directors' share options and shareholdings are set out in note a) below.
3. In light of the exceptional gain realised in 1999 from the disposal of Tyndall, cash bonuses were awarded to staff, including directors.
4. In addition to his salary B A Nixon receives contributions to a Personal Pension arrangement of his choice assessed at 10% of his salary. The remaining executive directors are entitled to direct that a variable amount of their total salary, as determined by the Remuneration Committee each year, be paid by way of contribution to any pension arrangement which they may establish for the purpose.
5. All pension contributions are in respect of defined contribution arrangements.
6. "Benefits in kind" include provision of a fully expensed company car, private health insurance and miscellaneous expenses.
7. Directors are entitled to direct that a variable amount of their total salary, as determined by the Remuneration Committee each year, be paid in a form other than cash.
8. T J N Beyer's remuneration figure includes an amount of £35,000 by way of directors' fees.
9. M W Loomes' remuneration includes £35,607 in respect of long service leave and holiday pay which became payable when he retired. He did not receive any compensation for loss of office.

Corporate Governance Continued

Directors' Interests

a) The interests of the directors who held office during the year, and connected persons, in the shares, options and Loan Notes of the Company and its subsidiaries as at 31 December 2000 and 1999, or on retirement if earlier, are set out below.

(i) Guinness Peat Group plc

I Ordinary 10p shares

	31 December 2000	31 December 1999
Sir Ron Brierley	18,907,271	19,064,619
T J N Beyer	335,337	1,304,888
A I Gibbs.....	–	538,846
M W Loomes	2,586*	2,586
B A Nixon	88,880	80,800
Dr G H Weiss	4,240,011	2,294,556

*At retirement on 2 June 2000.

On 27 March 2000, AI Gibbs purchased 30,000 shares at a price of NZ\$1.49 each.

Options over ordinary 10p shares of the Company

	Number 2000	Number 1999	Exercise price (pence per share)	Exercise period
Sir Ron Brierley				
Ordinary	2,105,297	2,105,297	33.73	12.05.97 to 11.05.04
Super	1,052,648	1,052,648	33.73	12.05.99 to 11.05.04
Ordinary	209,145	209,145	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
T J N Beyer				
Ordinary	105,263	105,263	33.73	12.05.97 to 11.05.04
Super	105,263	105,263	33.73	12.05.99 to 11.05.04
Ordinary	140,545	140,545	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
Ordinary	68,599	68,599	43.63	08.05.99 to 07.05.06
Ordinary	138,276	138,276	54.97	01.09.00 to 31.08.07
Super	275,000	275,000	44.09	02.09.04 to 01.09.09
A I Gibbs				
Ordinary	105,263	105,263	33.73	12.05.97 to 11.05.04
Super	157,896	157,896	33.73	12.05.99 to 11.05.04
Ordinary	478,475	478,475	31.87	06.10.97 to 05.10.04
Super	239,236	239,236	31.87	06.10.99 to 05.10.04
Ordinary	426,449	426,449	33.42	25.08.98 to 24.08.05
Super	1,066,124	1,066,124	33.42	25.08.00 to 24.08.05
Ordinary	209,145	209,145	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
Ordinary	380,266	380,266	44.05	13.01.00 to 12.01.07
Ordinary	345,697	345,697	54.97	01.09.00 to 31.08.07
Ordinary	304,920	304,920	47.11	22.03.02 to 21.03.09
Super	179,080	179,080	47.11	22.03.04 to 21.03.09
Super	1,705,000	1,705,000	44.09	02.09.04 to 01.09.09

M W Loomes (on retirement at 2 June 2000)

Ordinary	1,052,648	1,052,648	33.73	12.05.97 to 11.05.04
Super	789,485	789,485	33.73	12.05.99 to 11.05.04
Ordinary	241,653	241,653	33.42	25.08.98 to 24.08.05
Super	483,310	483,310	33.42	25.08.00 to 24.08.05
Ordinary	209,145	209,145	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
Ordinary	345,697	345,697	54.97	01.09.00 to 31.08.07
Ordinary	171,820	171,820	47.11	22.03.02 to 21.03.09
Super	100,430	100,430	47.11	22.03.04 to 21.03.09

B A Nixon

Ordinary	1,081,733	1,081,733	13.68	05.06.95 to 04.06.02
Ordinary	1,135,819	1,135,819	16.18	19.04.96 to 18.04.03
Ordinary	789,485	789,485	33.73	12.05.97 to 11.05.04
Super	1,052,648	1,052,648	33.73	12.05.99 to 11.05.04
Ordinary	209,145	209,145	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
Ordinary	345,697	345,697	54.97	01.09.00 to 31.08.07
Ordinary	76,230	76,230	47.11	22.03.02 to 21.03.09
Super	44,770	44,770	47.11	22.03.04 to 21.03.09
Super	1,705,000	1,705,000	44.09	02.09.04 to 01.09.09

Dr G H Weiss

Ordinary	2,105,297	2,105,297	33.73	12.05.97 to 11.05.04
Super	1,052,648	1,052,648	33.73	12.05.99 to 11.05.04
Ordinary	209,145	209,145	43.63	08.05.99 to 07.05.06
Super	209,145	209,145	43.63	08.05.01 to 07.05.06
Ordinary	345,697	345,697	54.97	01.09.00 to 31.08.07
Ordinary	396,880	396,880	47.11	22.03.02 to 21.03.09
Super	232,320	232,320	47.11	22.03.04 to 21.03.09
Super	1,925,000	1,925,000	44.09	02.09.04 to 01.09.09

During the year directors exercised options as follows:

Director	Scheme	Date of Exercise	Exercise Price (pence per share)	Market Price at date of exercise (pence per share)	No. of Options
Dr G H Weiss	1992	20.4.00	16.18*	35.48	1,694,000*

*adjusted for 2000 Capitalisation Issue

No options lapsed or were granted during the year or since the year end (1999: nil).

Options outstanding at 31 December 1999 have been restated as to price and number to reflect the effect of the 2000 Capitalisation Issue.

A description of the terms of exercise of Super options is set out in note 26 to the financial statements.

The middle market price of the shares at 29 December 2000 was 44.00p and the range during the financial year was 34.12p to 44.50p (as adjusted for 2000 Capitalisation Issue).

Corporate Governance Continued

II Convertible subordinated loan notes

	31 December 2000	2 June 2000
Sir Ron Brierley	1,966,789	Nil
T J N Beyer	1,000,000	1,000,000
A I Gibbs.....	687,737	687,737
B A Nixon	675	Nil
Dr G H Weiss	Nil	Nil

The CLNs were issued on 2 June 2000.

(ii) Tomorrow Ltd

Ordinary shares, fully paid

	31 December 2000	31 December 1999
T J N Beyer	60,000	Nil
B A Nixon	125,000	Nil
Dr G H Weiss	21,654	11,617

No other director had an interest in the shares of this company during 2000 or 1999, save in respect of the following options:

Options over ordinary shares

	Number 2000	Number 1999	Exercise Price (A\$ per share)	Exercise Period
T J N Beyer*	24,000	–	1.15	29.11.00 to 28.11.10
A I Gibbs**	125,000	–	1.10	22.08.00 to 21.08.05
M W Loomes***	125,000	125,000	0.93	8.04.97 to 7.04.02
B A Nixon*	50,000	–	1.15	29.11.00 to 28.11.00
Dr G H Weiss**	125,000	125,000	0.93	8.04.97 to 7.04.02
Dr G H Weiss*	8,662	–	1.15	29.11.00 to 28.11.10

* Bonus options

** Under the terms of an Employee Share Option Scheme these holders of employee share options will be entitled to participate in a bonus offer of 50,000 options at an exercise price of A\$1.15 upon exercise of their employee share options.

*** On retirement as a director of Guinness Peat Group plc on 2 June 2000

No directors' options were exercised or lapsed during the year under review or since the year end (1999: Nil).

The middle market price of the shares on 29 December 2000 was A\$1.60 and the range during the financial year was A\$0.95 to A\$2.53.

b) There were no loans or guarantees from Group companies to directors or connected persons at 31 December 1999 and 31 December 2000 or during the year and, save as disclosed above, no director has any interest in the share capital of the Company or any of its subsidiaries (other than as a nominee of the Company). Other than as stated above there has been no change in the interests of the current directors of the Company between 1 January 2001 and 30 March 2001, the latest practical date before the printing of the report and accounts.

Statement of Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report

to the members of the Guinness Peat Group plc

We have audited the financial statements on pages 12 to 57 which have been prepared in accordance with the accounting policies set out on pages 17 to 20.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's statement, the financial profile of operations, the summary of principal quoted investments, the directors' report and the corporate governance statement.

We review whether the corporate governance statement on pages 58 to 60 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
11 April 2001

Notice of Annual General Meeting

Notice is hereby given that the 2001 Annual General Meeting of Guinness Peat Group plc will be held at 9.30am on Friday 11 May 2001 at The Farmers and Fletchers Hall, 3 Cloth Street, London EC1A 7LD to consider and, if thought fit, to pass the following resolutions which will be proposed as:

Ordinary Business

Ordinary Resolutions

1. To receive the directors' report, auditors' report and the financial statements for the year ended 31 December 2000.
2. To declare a final dividend of 1.00p per ordinary share, payable in cash.
3. That subject to the passing of Resolution 2 of this notice:
 - (a) pursuant to Article 152 of the Articles of Association of the Company, the Directors be authorised to offer those shareholders entitled to the final dividend of 1.00p per ordinary share payable in cash pursuant to Resolution 2 the right to elect to receive additional ordinary shares, credited as fully paid, in lieu of the final cash dividend on the terms and subject to the conditions set out in a circular to be sent to shareholders on 18 April 2001 ("Proposed Capitalisation Issue and Dividend Arrangements 2001") or on such basis as the directors in their absolute discretion think fit and provided that no partial elections may be permitted except if the directors in their absolute discretion think fit; and
 - (b) pursuant to Article 152(e) of the Articles of Association of the Company, the directors be and are hereby authorised to capitalise out of the amount for the time being standing to the credit of any reserve or fund whether or not the same is available for distribution, or any profits which could otherwise have been applied in paying dividends in cash, as the directors may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted pursuant to elections made as aforesaid, and to apply such sum in paying up in full the appropriate number of unissued ordinary shares in the Company and to allot such ordinary shares to the members of the Company who have validly so elected; and
 - (c) in the event that the middle market quotation of an ordinary share on the Official List of the London Stock Exchange as at 10 May 2001 is less than 35p per share the directors be entitled to withdraw the Scrip Dividend Alternative in which case those shareholders who have elected for the Scrip Dividend Alternative will receive the cash dividend if approved pursuant to Resolution 2 of this notice.
4. To re-elect Sir Ron Brierley a director of the Company.
5. To re-elect Dr G H Weiss a director of the Company.
6. To re-appoint PricewaterhouseCoopers as auditors.
7. To authorise the directors to fix the remuneration of the auditors.

Special Business

Special Resolutions

8. That:
 - (a) the directors of the Company be and they are hereby generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 ("the Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act), up to a maximum nominal amount of £12,432,512 to such persons and at such times and on such terms as they think proper during the period expiring at the end of five years from the date of the passing of this resolution, such authority being in substitution for any existing authority to allot relevant securities of the Company; and
 - (b) the Company be and it is hereby authorised to make, prior to the expiry of such period, any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the directors may allot relevant securities pursuant to any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

Notice of Annual General Meeting continued

9. That the directors be empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash, pursuant to the authority conferred by Resolution 8 of this notice, as if Section 89(1) of the Act did not apply to the allotment, provided that the power conferred by this resolution shall be limited to:
- (a) (i) the allotment of equity securities in connection with a rights issue in any or all jurisdictions where equity securities are listed on any recognised stock exchange in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on the record date of such allotment but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas holders, fractional entitlements or otherwise; and
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value not exceeding £2,729,585.
- (b) this power, unless renewed or otherwise varied by the Company in general meeting, shall expire at the end of the Annual General Meeting of the Company to be held in 2002 or the date which is fifteen months after the passing of this resolution whichever is the earlier;
- (c) the Company may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and
- (d) any earlier power of the directors to allot equity securities as aforesaid be and is hereby revoked.
10. That, upon the recommendation of the directors, it is desirable to capitalise up to £4,892,656 being part of the amount standing to the credit of the share premium account of the Company and accordingly such amount be set free for distribution among the holders of the ordinary shares of 10p of the Company whose names are entered on the register of members at close of business on the UK register of members or the NZ branch register on 18 May 2001, or on the Australian branch register on 21 May 2001, in proportion to the number of such ordinary shares then held by them respectively on the basis that it be not paid in cash but be applied in paying up in full at par up to 48,926,561 ordinary shares of 10p each and that such shares be allotted and distributed, credited as fully paid up, to and among the said holders of ordinary shares of 10p each and that the directors be authorised and directed to apply the said £4,892,656 and generally and unconditionally authorised to allot the said 48,926,561 ordinary shares accordingly on or prior to 31 December 2001 upon terms that such new ordinary shares of 10p shall each rank in all respects *pari passu* with such of the existing issued ordinary shares of 10p as are fully paid or credited as fully paid.
11. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 10p each in the Company provided that:
- (i) the maximum number of ordinary shares hereby authorised to be acquired is 14.99% of the current issued share capital;
 - (ii) the minimum price which may be paid for any such share is 10p;
 - (iii) the maximum price which may be paid for any such share is the amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased;
 - (iv) the authority hereby conferred shall expire on 31 May 2002 or the date of the next Annual General Meeting of the Company whichever shall be the later;
 - (v) the Company may contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority, and may purchase its ordinary shares in pursuance of any such contract.

REGISTERED OFFICE:
2nd floor
21-26 Garlick Hill
London EC4V 2AU

BY ORDER OF THE BOARD
Richard Russell
SECRETARY
11 April 2001

Notes to Notice of Meeting

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy need not be a member of the Company. A relevant form of proxy is enclosed.
2. Forms of proxy and a Power of Attorney or other authority, if any, under which they are signed or a notarially certified copy of a power or authority should be sent to Computershare Services PLC, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG (from UK registered members), Computershare Registry Services Limited, Private Bag 92119, Auckland 1020 (from New Zealand registered members) or Registries Limited, PO Box R67, Royal Exchange, Sydney NSW 1224 (from Australian registered members) so as to arrive not later than 48 hours before the time appointed for the meeting. Completion and return of the appropriate form of proxy enclosed with this Notice will not preclude a member from attending and voting at the meeting in person should he find himself able to do so.
3. No director has a service contract with the Company or any subsidiary.
4. A summary of the proceedings at the Annual General Meeting of the Company will be made available upon request to any shareholder applying to any one of the Company's share registrars whose locations are set out on page 70 or to the Secretary, Guinness Peat Group plc, 2nd Floor, 21-26 Garlick Hill, London EC4V 2AU.
5. To have the right to attend and vote at the Annual General Meeting (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the register by no later than 9.30am UK time on 9 May 2001. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

United Kingdom

2nd Floor, 21-26 Garlick Hill, London EC4 2AU
Tel: 020 7236 0336 Fax: 020 7329 8870

Australia

c/o PKF
Level 20, 1 York Street, Sydney NSW 2000
Tel: 02 9251 4100 Fax: 02 9420 9821

New Zealand

c/o Computershare Registry Services Limited
Private Bag 92119, Auckland 1030
Tel: 09 488 8700 Fax: 09 488 8789

Registered in England No. 159975

Location of share registers

The Company's register of members is maintained in the UK with branch registers in Australia and New Zealand. Register enquiries may be addressed direct to the Company's share registrars named below:

UK Main Register:

Computershare Services plc

Telephone and postal enquiries

Owen House, Bankhead Crossway North
Edinburgh EH11 4BR
Tel: 0870 702 0010 Fax: 0131 452 4924

Inspection of Register

7th Floor, Jupiter House
Triton Court, 14 Finsbury Square
London EC2A 1BR

Australian Register:

Registries Ltd

PO Box R67
Royal Exchange, Sydney NSW 1224
Tel: 02 9279 0677 Fax: 02 9279 0664

Level 2, 28 Margaret Street
Sydney NSW 2000

New Zealand Register:

Computershare Registry
Services Limited

Private Bag 92119, Auckland 1020
Tel: 09 488 8777 Fax: 09 488 8787

Level 2, 159 Hurstmere Road
Takapuna
North Shore City



