

Annual Report to Employees

February 1979 No. 2

(Year ending October 1st, 1978.)

The EVODIAN



Commitment to growth

An introduction by our new Chairman, Peter J. Wright.



1978 was not a record year - although it was a record second half. We did well at home, but, for a number of reasons, we had problems overseas. As you know, perhaps the most significant event of the whole year happened in the final month with the death of the Company's Founder and Chairman - "The Doctor". My great regret is that I didn't know him better or for longer.

With "The Doctor's" death, an era of this Company ended, but, at the same time, a new one started - and, as he would have said, it's the future that is exciting. Although the new era has only just begun, I can say, even at this stage, that both eras will have at least one thing in common - a commitment to growth. One of the main functions of the Chairman of a Company is to look ahead - and further ahead than just the next year. He must plan where the Company should be going and how it is going to get there. I have not been Chairman long enough to have come to conclusions on either *where* - which is a big subject - or *how* - which is, perhaps, even bigger. However, I am sure none of you will begrudge me the time for consideration of our future. That future will be, I am confident, as exciting as the past, but I am equally as certain that it will be different - if for no other reason than that the new era starts from a very different position than the old one did. Few of you know that "The Doctor" took this company from a very small beginning right into the big league - albeit the bottom division - because in 1978 we became, for the first time, one of the top 1000 biggest U.K. companies. Regrettably, "The Doctor" didn't live long enough to know of this achievement.

Although we should look forward, it does not do any harm, every now and again, to review the past. So while, at this moment of time, I am considering the future beyond 1979, the 1978 report to you will contain a considerable element of the last era - the 15 years from 1963 when Evode Holdings Limited was formed.

P. J. Wright, Chairman.

We scored a Bull's eye



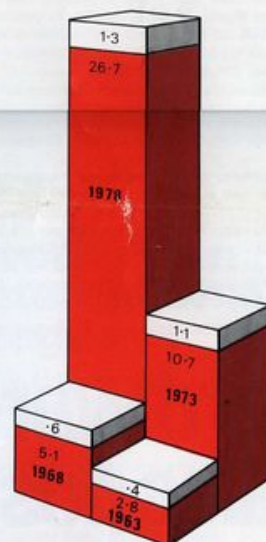
...but only just!

hit a bull's eye your aim is a fraction off centre which makes all the difference between anticipated and actual profit. Relating a moving target to the uncertainties of the escalating costs of raw materials, power, transport and many other rising costs which have taken place throughout the year, you may well understand that it is a major achievement to hit the target at all.

The block diagram illustrates the difficulties that cloud the industrial scene of 1979. Each block represents a five year period of the development of Evode sales since 1963. Although the sales figures show a remarkably healthy progression, this growth is not represented in related profits....profits needed to sustain Evode strength.

Looking to the future, we can all, with determination help to raise profits. We can tackle waste, we can tackle business methods, we can tackle efficiency, we can tackle many internal problems. One thing we cannot do is tackle outside rising costs therefore it is vital that a cohesive effort is made throughout the Group to preserve job security.

■ Sales Em □ Net profit before taxation Em



Farewell to a founder and a friend

A tribute to Dr. Hermann Simon, C.B.E. on behalf of the employees of Evode Limited, by Ron Dale and Lionel Fletcher. Ron is the Chairman of the Association of Scientific, Technical and Managerial Staff, Administrative, Professional and Sales Force Bargaining Unit, whilst Lionel is the Senior Convener for the Transport and General Workers' Union. Both are long serving employees - Ron will reach a grand total of thirty years and Lionel sixteen years in April this year.

'On behalf of the employees of Evode Limited, we would like to add our tribute to the many which have been forthcoming following the death of our Chairman, Dr. Hermann Simon, C.B.E.

Those of us who worked with Dr. Simon in the early days of the Company remember with affection the enthusiasm and singleness of purpose with which he



inspired employees in the late 1940's and early 1950's. Following the Company's transfer of premises to its present site and the resulting rapid expansion, employees were inspired by his ability to adapt quickly to the changing circumstances of national and international commerce.

His obvious belief in the strength of the

family life concept was reflected in his relationships with his employees, all of whom regarded themselves as part of the 'Evode' family. Despite, or perhaps because of, his international reputation and commitments, Dr. Simon became part of the development and prosperity of Stafford and always remained a Staffordian at heart.

Probably because of his early experiences in Germany, Dr. Simon was, in an era when patriotism seemed unfashionable, fiercely proud of his adopted country, and when awarded the C.B.E. for his services to British export, maintained that the honour was achieved by each of his employees as much as by himself.

He was known and revered as 'The Doctor' by all employees and despite the success and acclaim which followed in later years Dr. Simon always retained what Kipling called the *common touch*. It was this innate respect for humanity which was reflected in all his actions and which endeared him to us all.

Dr. Simon had all the instincts and bearing of the old-fashioned concept of an English gentleman and his passing sees the end of an era. We would like to convey to his family our deepest respect and sorrow for their loss which is felt by us all.'

The end of an era ... a review of group activities since 1963

Year end results

By A.H. Simon, Chief Executive

The results for the year ended 30th September, 1978 were very disappointing although the results in the second half of the financial year proved to be a record. The overall improvement in performance was occasioned by greater volume sales, improved margins and better productivity, caused by an active cost reduction programme, positively pursued by management and all employees.

There were continued problems with some of our overseas operations, but steps have been taken to prevent similar problems occurring during the current financial year. The wholly-owned distribution company in the U.S.A. has been turned into a non-owned agency operation to maintain valuable exports, but under the new arrangements no further losses will be sustained. Action taken to overcome the losses of our French operation resulted in exceptional costs, as one division was closed down, and other steps to reduce costs resulted in redundancy payments. The sales volumes improved in the second half of the year, and this trend has continued into the first quarter of this year. This and other action should enable us to either eliminate or sharply reduce the losses.

In view of the uncertainty associated with the Carpets of Worth, and hence the Bondax process, it was decided to write down the Bondax coating machine in our books. This has been treated as an exceptional item in our Accounts.

The death of the Founder and Chairman of the Company has prompted the overall theme of this Report to Employees, which reviews the progress of the Group since it became a Public Company in 1963.

The past fifteen years can be split into two periods. The first period, during the sixties and early seventies, was still one of rapid entrepreneurial growth, as many new applications for our products were being developed and the general U.K. economy was also growing relatively fast. During the period from 30th September, 1963 to 27th September, 1973 the sales grew from £3m to in excess of £10m, and



the profits from over £300,000 to £1,135,000. At this time we were to encounter a number of problems, some of which were the problems of past success, some of our own making, and some caused by factors beyond our control, such as the world oil price explosion and a significant slowing down of growth in the U.K.

By 1973 the Group organisation structure required some adjustment to cater for management succession, better definition of accountabilities and as a preparation for new growth opportunities. New products had to be found to replace the successful ones of the fifties and sixties, and new systems and controls had to be introduced to give the future growth firmer foundation. All of the above have taken time and cost money during a period when U.K. and overall world economic conditions have not been in our favour. Notwithstanding these problems, the profits in the last ten years have only just doubled from £630,000 to £1,340,000 (compound growth of 7% per annum). This merely serves to illustrate the task that faces us in the immediate future. It is under these circumstances that we end the old era and face the challenges of the new.

The new financial year has started with a number of difficulties which are well known to you all. This means that for the rest of the year our sales and profit will have to be even better than the record ones achieved in the second half of last year. I am sure that I can count on the co-operation of everyone.

Hard work maintains sales position

By V. Vohralik, Managing Director, Evode Limited

We all knew that 1978 was not going to be any easier than 1977 and we had to work very hard to maintain our position in the market-place. After a particularly disappointing first quarter we did well to finish the year with an improved sales figure.

We continued with our capital investment programme, effecting a number of plant improvements and one particular development deserves a specific mention - the installation of plant for in-house silicone sealant manufacture. This will enable us to continue the development of specialised high performance sealants, both in the building and industrial sector, and we are now in a position to build on the groundwork of the last three years. Our

effort to break into specialised sealant applications paid off in the area of double-glazing, where we established ourselves as a supplier of high quality modified polysulphide sealants. We have also made some very useful gains in the industrial area of hot melts through sustained marketing/sales effort and, as a result of the increased market share, we are improving our manufacturing facility for hot melt products.

The financial year ended on a sad note with the death of the late Chairman and Founder of the Company, Dr. H. Simon, C.B.E., and it is perhaps appropriate to look back and enumerate some of the achievements of the Company during his leadership.



Evode's Epoxy Polysulphide Sealant 2793 being applied to a double glazing unit at Anglian Windows Limited.

12 year unbroken record of sales and profits!

By J. Cardy, Managing Director, Allweather Evode Paints Limited

Allweather Evode Paints had another highly successful year in 1978, breaking all previous records. This gave us a 12 year unbroken track record of increased sales and profits. Thanks to adopting an attitude of refusing to accept the word 'depression' we managed, in a period of so called 'stagnation', to improve sales considerably and show a satisfactory increase in profits over the previous year. Thanks are due to all employees for a great team effort. A dedicated sales force, with strong sales management, first class products, backed by efficient production and technical service must succeed. And succeed we did.

But let us go back a few years.....

1947 saw the formation of the Company, then known as Allweather Paints Limited, by the late Max Heilbrun, the late Eric Robinson and myself, all with a grand total of £250 each (borrowed!). We progressed steadily with increased sales until 1968 when the Company merged forces with the Evode Surface Coatings Division. The new Company was called Allweather Evode Paints, which caused a lot of surprise in the trade - could Allweather have

taken over Evode? Of course this was not the case! This joining of forces quickly led to increased sales and profits.

Health and Safety continues to receive a high priority, to ensure the safest possible working environment for our employees. In fact in 1971 and 1972, Gillingham won the British Safety Council Safety Award and proudly flew the Safety Council flag.

The Allweather Evode 25 Year Club has 8 members clocking up a grand total of 231 years between them! In 1979 we once more plan to maintain our 12 year unbroken record of increased sales and profits. Plans include expanding our sales force and the introduction of 'Galvogard' a one coat paint for newly produced galvanised steel. We shall continue to major on epoxy and chlorinated rubber based paints for which there is an ever increasing market. Our philosophy is to continue to grow by increasing sales and profits each year, to strive for excellence in every department of the operation, to involve all employees in achieving success and to provide a healthy and stimulating environment for all of them.

Evode in Ireland

By F.B. Lynch, Managing Director, Evode Industries Limited

In 1955, when the vision and planning which were to set Ireland on the way to becoming an industrialised society were at an embryonic stage, Dr. Hermann Simon had the foresight to establish a company to manufacture adhesives for the shoe industry. His confidence was such that he is on record as saying that 'Evode had come to Ireland, and had come to stay.' These proved to be prophetic words.

Evode Industries began operations with only seven employees and the products which were to be manufactured were exclusively for the footwear industry. Today, Evo-Stik is regarded as a household name and the Company is the largest manufacturer of domestic, D.I.Y. and industrial adhesives in Ireland. Evo-Stik is the undisputed brand leader in the market place.

The Company now employs over 100 people and operates from a modern purpose-built factory on a 10 acre site near Swords in north County Dublin. The factory was built in 1963 with the objective of producing a wide range of adhesives, sealants and waterproofing materials to supply a much broader customer base. Because of the diverse nature of the Company's selling activities, it was realised at an early stage that a formal sales structure to support and service our products would be necessary. The Marketing and Merchandising Division was therefore established and a Roof Waterproofing Division

organised, to apply the Company's products, under contract and using specialist labour.

In 1968, in response to the necessity of finding new products and new markets, a joint venture with S. Dugdale and Sons, a Yorkshire company specialising in the manufacture of P.V.C. compounds, led to the formation of Vik Plastics Limited. Vik Plastics has, through diversification, continued to prosper, and the major share of its production is now sold to the electrical and chemical industries.

With the death of our former Chairman in the Autumn of 1978, it was felt that we had come to the end of an era. The Group's Irish company stands as an eloquent tribute to its Founder's foresight and will continue to be an inspiration to those of us who have played a part in building up the two companies.

We now stand on the threshold of a new era. This is particularly relevant to Ireland, where recent events and decisions have firmly committed our country to Europe and the European ideal. Every company in Ireland has an opportunity to be part of this new and exciting adventure and we at Evode Industries - realising the problems that exist for the future - are also aware of the opportunities. We owe it to ourselves and to our Founder to take full advantage of these opportunities and ensure the growth of the Company in years to come.

Furniglas acquisition opens up new opportunities



Perhaps the most important development in 1978 was the acquisition of Furniglas Limited. The products manufactured by Furniglas are in a technology related to our own and the product range gives us an opportunity to expand in new market areas.

In our recent advertising campaign on T.V. we featured Furniglas PU.15, which is the star product of the new range. Already we have noticed a considerable increase in demand for this product from the campaign.

I suppose that one of the most significant decisions taken by the late Chairman was the entry into adhesive technology at a time when the Company's activities revolved mainly around bituminous products, building chemicals, polishes and chlorinated rubber paint. This diversification led to a number of opportunities for the Company as, during the early 1950's, adhesive technology was undergoing a rapid change with a large number of new and exacting applications. Evode can certainly boast a number of 'firsts' in novel adhesive development such as contact adhesive, ceramic wall tile adhesive, one-way emulsion flooring adhesive, hot melts for edge veneering applications, a truly non-inflammable solvent free contact adhesive - and we must not forget allied products, such as Flashband and Rok-Rap, both of which cannot be classified as adhesives, but their development was made possible through our interest in adhesive and coating technology.

Our shoe trade interest also deserves a mention, especially the introduction of general purpose polyurethane sole bonding adhesives and the establishment of Evacor as a joint venture with Terrell Corporation of the U.S.A.

On the whole Evode employees have a lot to be proud of - but we cannot live in the past nor will pride alone sustain us for very long. We must continue to use all our ingenuity to maintain and improve our position in an ever more competitive environment.

I am sure that the future will mean some changes, changes which will gradually evolve from our present position. We at Evode Limited must play a central role in the future development of the Group and I know that the Company can count on your continued support.

Wages, Salaries and Pensions

80-44**9-35**

Shareholders' Dividends

2-23

Interest

1-88

Taxation

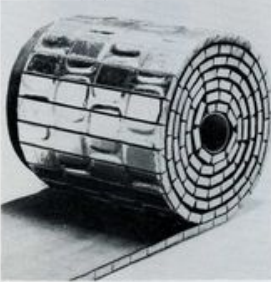
6-10

The relentless dribble of resources

As a Group we earned £26,761,000 of sales last year. We had to spend £19,264,000 on essential raw materials and services to keep the Group operating. This left us with a surplus of £7,497,000 out of which we had to pay wages, social security, bank interest, shareholders dividend, the taxman and invest in replacement of plant and equipment. Above shows how each £1 of our surplus disappeared last year.

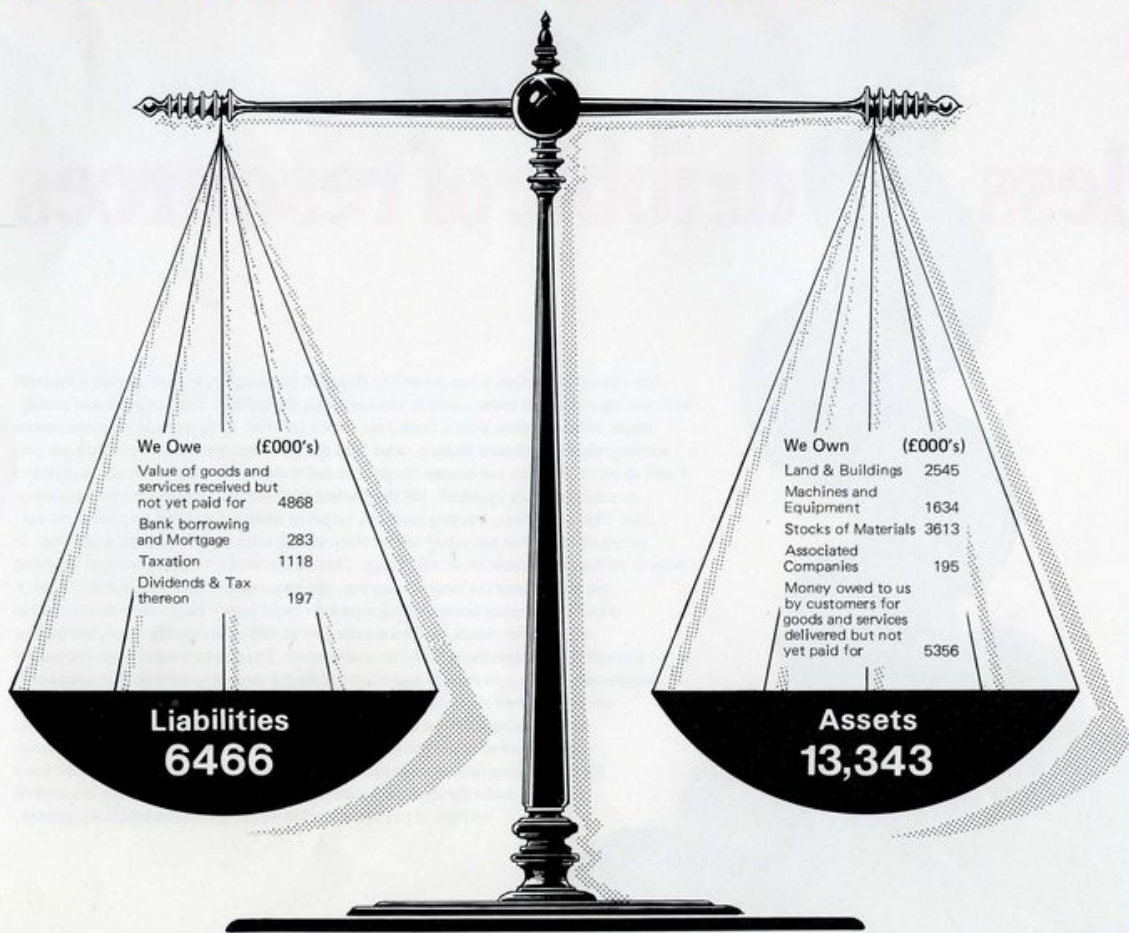
Sometimes companies, when presenting financial information, equate running a business with running a home. It seems a simple way to explain the baffling financial jargon of profits, losses, balance sheets, debits, credits etc. Not a bit of it! In no way can domestic house-keeping relate to company finance, other than the nightmare we all face to remain solvent. Think about it! We take our income for granted and budget accordingly. Alright, sometimes we might incur an overdraft, but the prudent of us redress the balance over a period of time. That new fridge, washing machine, carpet or whatever makes a hole in our pocket, yet we all know that our salary will be there, month after month, or week after week, to meet it. Of course we could all do with more....but on the whole, we get by without worrying too much about the future....anyway, our pensions will take care of that! When it comes to company housekeeping what a different story! No fixed amount comes in month after month. A forecast can give an idea of eventual income, but trading anomalies can defeat the best of financial wizards. The good months do not necessarily compensate for the lean months and often it is during those lean months that companies, not by their own choosing, are obliged to embark on spending sprees to get the raw materials that keep the shop floor moving. There is no way of knowing that the expenditure of today will be met by tomorrow's income. This is a sound reason for maintaining financial strength, therefore, we look to profits because the more profit we make the stronger we are, the less we have to borrow, the less interest we have to pay and the more we can finance international growth.

The products and services that produced the resources



1. Evo-Stik Flashband Aluminium Faced Self Adhesive Sealing Strip.
2. Evomastic and Monopol Sealants.
3. The Evode retail product range.
4. The Royal Windermere Yacht Club's main club house was treated with the Evode System of Roof Waterproofing and Evocol green.
5. Tekurat insulation material.
6. Allweather Evode Paints
7. Granulate and ThermoFlo, two of the products of Vik Supplies.
8. Evode Polevo two part polysulphide sealant.
9. The Headquarters for the Kent County Library Service, Maidstone, treated with Evode Monopol Sealant by Evode Joint Sealing Ltd.

Preserving the balance in order to maintain job security for all Evode employees



PENSIONS

Careful Planning for Your Retirement History

The first Evode Scheme for Pensions commenced in July, 1952, when it was organised through an insurance company. Whilst small improvements to this Scheme were made almost annually, it was not until 1963 that Actuaries were commissioned to examine the whole of the Company's pension arrangements and make recommendations. These were received in the early part of 1964, and in September of that year both the Works and Staff Funds were completely revised, and transferred from the insurance company to Funds under the control of the Evode Pension Trust Limited. These Funds are completely independent of the Group.

At the end of the first year under the new arrangements, the Works and Staff Funds stood at over £7,000 and £71,000 respectively.

Various other improvements were made, culminating in the new Group Schemes, which commenced in April, 1978, when they were contracted-out of the New State Scheme.

At the 5th April, 1978, the Works and Staff Funds exceeded £250,000 and £1,600,000 respectively. These sums are important in so far as they are sufficient to meet the obligations of the Funds.

Periodical valuations by the Actuaries have been carried out and the last of these was at the 5th April, 1978. In making their Report, the Actuaries evaluate the liabilities of the Funds to the members and compare these with the actual funds in hand, and the anticipated contributions from both members and the Companies and also the income from investments.

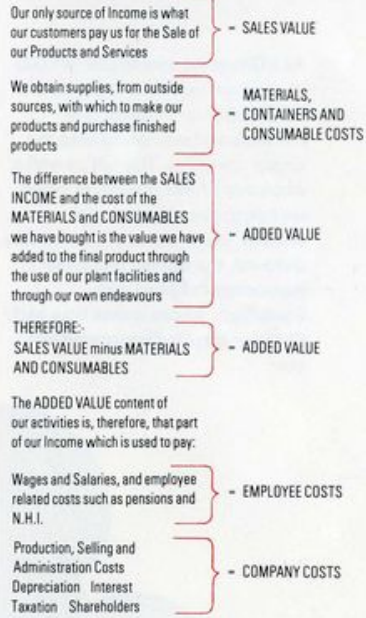
As a result of their calculations, the Actuaries were able to report that in both Schemes, the funds were sufficient to meet its anticipated liabilities. Having regard to the inflationary experience of the past few years, this situation can only be considered as most satisfactory, and the Trustees will use their best efforts to ensure that this situation is maintained.

Present Position

By the end of the Company's financial year, the Funds had exceeded £302,000 and £1,800,000 respectively.

What is meant by added value?

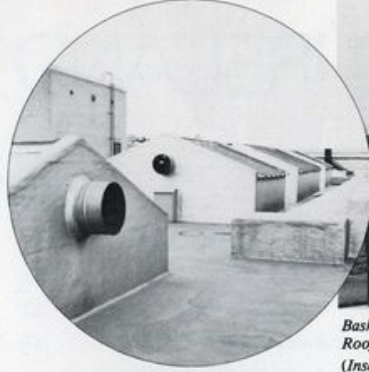
Accounting terminology is more often than not a mystery language to the uninitiated. There is a new phrase around these days called 'added value' - here is a simple explanation of what it means.



New names break old records

By A.A.R. Cobbold, Managing Director, Evode Roofing Limited and Evode Joint Sealing Limited

1978 was a pleasing year for many aspects of our business. We achieved our financial plan with a bit to spare, breaking records in all sections of the business. We changed our name in March and successfully introduced our new corporate identity. A fifth employee qualified for membership of the 25 year club - between them they have 144 years service. We completed the Evode Roofing Film and put it out on circuit. The Joint Sealing Division re-sealed the 21 storey Westminster City Hall in London and became a separate company. Following 2 years research we introduced Tekurat to the over-deck roof insulation market and took our annual company conference to Scotland for the first time.



Baskerville House in Birmingham which has been recently waterproofed by Evode Roofing Limited.

(Inset left) A detail of the complex roof on Baskerville House incorporating the Evode System of Waterproofing with a Silverfilm finish.

Our experience of roof waterproofing goes back more than 40 years. The formulation for Evode Silverfilm for instance, originated in 1938 and the present formulation for Paste 1 becomes a member of the 25 year club this year. In 1963 roof waterproofing contract turnover was £¼m. and administratively the business was the responsibility of Mr. John Forman. The contract department (of Evode Limited) was in the hands of Colin Williamson and the sales effort came from the Building Chemical and Bitumen Products Division. The principal literature of the day was 'the little green book' which included photographs of many of the early 'greats' of roof waterproofing: the North Light Shell Roof at Plymouth Market, the massive Barrel Vault Roof of Bowaters at Ellesmere Port, the Hyperbolic Paraboloid Timber Roof at Haughey Park Egg Packing Station and of course Oxford Road Station, Manchester.

From 1963 to 1966 the contract business flourished but by 1967/68 it seems to have run into a bit of a bad patch. PA Management Consultants had been called in to advise and in November '68 their report was published and its recommendations implemented. It forecast that £1m. of annual turnover was achievable, over the next 5 years - in the event the figure turned out to be £995,000! It commented that sustained growth would be dependent on 'creative marketing and keen selling'.

That era ended and a new one began in September 1969 when Roger Willetts took over as General Manager of the Contract Division and turnover exceeded £½m. for the first time. In retrospect it

seems that the under-lying theme of the 60's was the struggle to gain volume particularly in difficult winter conditions. In 1973 the theme of the 70's started to emerge. The award to us of the contract for the Carlsberg Brewery was not only the first really big new roof we had undertaken but also our first large scale venture into roof insulation. That roof was satisfactorily completed but the quest for an effective roof insulation product was to occupy us right up until 1978.

Evode Waterproofing Systems Limited was formed in May 1973 to bring together the contracting and selling elements of the business under an independent



Anthony Cobbold triumphantly holds aloft the 1978 'Building' Innovation Award, won by TEKURAT roof insulation. TEKURAT was considered the best entry in the class for building materials and products. Peter Fairley, Science Editor of ITV's 'News at Ten' presented the awards.

Board of Directors. 1975 saw the birth of EWS News, our first full scale company conference and turnover above £1m. In the same year we became members of the National Federation of Roofing Contractors and moved into our first suite of offices in a single location. Particular progress had been made since 1973 with material sales so that these were now a significant part of total performance. 1976 saw our admission to the National Roofing Contractors Association of America and company turnover up again to £1½m. By November 1977 further growth necessitated our move to more spacious offices in St. Albans Road, Stafford and turnover - including a revitalised Joint Sealing Division - was just under £2m.

We have already made a satisfactory start to the 1979 financial year. The weather was kind in October and November but what it gave us in those two months it has surely taken away with interest in December and January! TEKURAT has been very well received by specifiers since its introduction last year and in January was selected for a 'Building' Innovation Award by Building Magazine, being judged amongst the best of some 50 to 60 entries.

The crystal ball is never a reliable piece of equipment but there seems good reason to suppose that in the years ahead our interests in roof waterproofing contracts and materials will continue to grow steadily; our Joint Sealing business perhaps a little more rapidly and our insulation business most speedily of all. For this is rightly an age of conservation and we are well placed to contribute to it and benefit from it.



Evode Potevo two-part polysulphide sealant being gun-applied to joints between slabs of Lancashire Grit Stone on the Lancaster Town Hall Clock Tower, by the Evode Joint Sealing contract team.

Taking advantage of opportunities

By K.J. Robinson, Managing Director, Vik Supplies Limited

1978 was a year of consolidation for Vik Supplies Limited. For the first time our operations were all together under one roof, giving us an opportunity to take advantage of a relatively buoyant domestic shoe industry and a period of price stabilisation. Other advantages included an invitation by the shoe industry to produce new products and services. With employee support and participation we achieved most of our aims and had a successful year.

Vik Supplies Limited is the oldest company in the Evode Group. Styles and product ranges have changed considerably since 1963 - a year when inflation in the U.K. was unknown and our Company was a market leader in its field. Prior to 1968 sales were in three different product groups, toe puff materials, shoe making machinery and of course Evo-Stik adhesives. 1968 was a significant year in the Company's growth pattern, as new products were introduced - like thermoplastic compounds for the production of P.V.C. shoe soles and thermoplastic hot melt adhesives which were imported from the U.S.A. The Company also wanted to increase its growth in the sale of toe puff and stiffener materials and it was decided that this area of activity could be supplemented with small acquisitions.

Our efforts to increase our market share led us to purchase from Calico Printers Limited their Wadalex Division, which was a company operating

from Lancashire and supplying toe puff material in sheet form to all of our U.K. competitors. Production was consolidated into Stafford and we sold the surplus equipment to our Italian licensee!

The following years 1969-1972, saw considerable growth, albeit against a backdrop of increased competition, the result of a diminishing U.K. shoe industry which in turn was a result of massive imports of shoes.

Coupled with our growth the Group was also helped as a result of Vik sales efforts and two new companies were established as a direct result - Evacor Resins Limited to manufacture hot melt adhesives, and Vik Plastics Limited to produce P.V.C. compound for the Irish market.

October 1972 saw the acquisition of Louis Holt (Chemicals) Limited of Enderby - a strong competitor in the toe puff market. A series of horrific events followed. The acquisition was completed at noon on October 2nd and before the 'ink was dry' at about 5.20 p.m. on the same afternoon a fire, followed by a series of explosions, almost completely wrecked the factory - and with it our future ambitions.

When the fire was extinguished we found exactly what we had bought - not only a compatible business, but a co-operative work force. For the next twelve months they worked under appalling conditions, whilst the factory was re-built around them. By



the end of 1974 toe puff and stiffener activities transferred from Stafford to Enderby and the amalgamation resulted in a high increased turnover figure.

In 1976 the remaining Vik Stafford factory transferred to Evode Limited and although we are now operating from one centre at Enderby we still have a Sales Office in most shoe making areas.

The search for new products continues, to prepare for the challenge of the 1980's. Dr Simon supported our Company throughout its long history and always showed confidence that we could grow, in spite of the adverse environment surrounding the U.K. shoe industry. Grow we have, during the year our sales have reached an all time high, which we consider a fitting tribute to our late Chairman.

Evode in the international league

By S.J. Wynn-Simmonds, Managing Director, Evode Export Ltd.

In its early years Evode depended almost entirely on its licensing activities for its overseas earnings. As a consequence of this Export Sales grew only slowly, but continuing production growth emphasised a need for additional product turnover.

It was in 1972 that Evode (Export) Limited was first formed and from that date priorities have been changed to direct exporting rather than licensing. Nevertheless the Company maintains liaison with all licensee companies, some of whom are loyal friends and supporters of many years standing.

By 1978 the Company had trebled its sales, but for many reasons the year was a difficult one. The opportunity was taken to review the whole of the exporting organisation and as a result it has been a year of change and re-organisation. Our sales force has been re-organised and now more people than ever before travel to customers - as it is well known that it is only by direct contact that the best results are obtained. Sales were in any event difficult to come by for many reasons, not least of which was a lack of funds in some countries, credit restrictions and in some cases difficulties in getting the goods to the customers as fast as they would have liked.

As this is being written the delivery situation has become impossible, due to the closure of U.K. ports. As soon as our own national difficulties are resolved we will go ahead with greater determination to make up for the time now being lost, and ensure that the report for 1979 paints a brighter picture.



(Left to Right) David Bromley, David Mellor and Bob Studzinski preparing Evode products for shipment overseas.

Bob joined Export Packaging in 1966 and tells us 'things have changed a lot since then. In 1964 a gross shipment weighing 180 pounds would contain only 60 pounds net weight of product.

Now if we pack up 80 kilograms gross it would contain about 70 kilograms net weight.

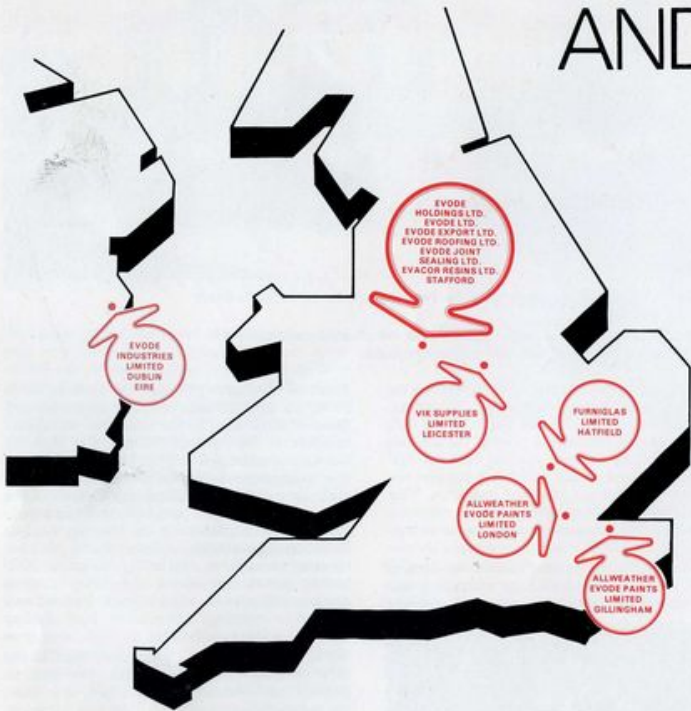
We've changed from pounds to kilograms since then too! But you can see that we have saved a lot in packaging costs and a lot of freight costs for our customers.'



Louis Holt (Chemicals) Limited, after the devastating fire which almost completely wrecked the factory, immediately following our acquisition in 1972.

The 'Action Shot' (above) was taken by a keen 14 year old whose mother informed us on delivery of the print that 'if my son had known you were having a fire he would have taken a cine-film of the event!' We promised to let him know if we ever planned to have another!

EVODE IN GREAT BRITAIN AND IRELAND



Average Number of Employees in 1978

Evode Holdings Limited	18
Evode Limited	639
Furniglas Limited	22
Evode (Export) Limited	17
Evode Roofing Limited and Evode Joint Sealing Limited	179
Evacor Resins Limited	13
Vik Supplies Limited	68
Allweather Evode Paints Limited (2 Sites)	72
Evode Industries Limited and Vik Plastics Limited	110
Total Number of Employees in U.K. Companies and Ireland	1138

Safety matters

A Review of Health & Safety in 1977-1978

Safety has top priority in the Evode Group and the efforts of the Safety Committees have been rewarded in the form of enthusiastic approval by the Health and Safety Inspectorate. This is particularly pleasing bearing in mind the complex range of processes and materials dealt with. Detailed arrangements have been set up well in advance of the date required by legislation and these are subject to continuous review in terms of both organisation and responsibilities.

Ploughing Back

Whenever improvements have been made to premises, plant and machinery, a proportion of the money made available has been ploughed into ensuring a high standard of health and safety. Lighting levels have been increased where necessary and escape routes in case of fire well organised. At Stafford where no safe packaging machinery of a certain type was commercially available we designed and constructed our own purpose built machine, to the complete satisfaction of the Health and Safety Inspectorate.

Concern

A concern for health and safety also extends to our lifeblood - the customer - and research into safer packaging and safer methods of transport rate high on our list of priorities. Research and development has also been undertaken to generate products with a reduced 'risk' potential.

Improving productivity with benefits for all

By Robin Tomkins, Group Director of Personnel

There are many things that employees look for in their jobs. Two of the most important are growth in earnings and security of employment. Both can only come from being part of a successful business.

Investing in the Future

Over the past twelve months the difficulties faced by the U.K. economy and high inflation have been widely expressed. Like it or not however, greater competition in the market-place is here to stay. Therefore, even without the efforts of the Price Commission there are real limits on how much we can charge for our products in any given period (and of course we also want to help to keep down inflation). We are investing more in new plant and equipment, in developing new products, and in advertising and marketing both existing and new products. This is the basis for future growth - success and job security - and has to come from what we earn from sales of our products.

Improve Productivity

Faced then with this tougher picture, how can we ensure that we gain a reasonable growth in wages and salaries? If we pay ourselves more than we can afford, this can only reduce the amount available for investment, product development etc. - or

else we have to borrow more and pay more interest. This in turn lessens our chances of achieving success and stable employment in the future. The answer must lie in a determined and continuous programme to improve productivity. We all have our part to play, and if we can genuinely improve productivity we can afford to pay ourselves more.

This is why during the past twelve months we have been developing and introducing schemes to encourage employees to participate in improving productivity. We intend to continue with this policy - to improve our performance as a Company and achieve growth in earnings of employees without uneconomic increases in the costs of all products.

Teamwork Pays

Improving productivity requires a high degree of understanding, being prepared to accept changes in working methods and systems and in some cases jobs as well. When this is done, as we are attempting, by discussion, consultation and joint co-operation, real benefits can be achieved in which both employees and the Company can share.

Teamwork can really pay and help us all to meet the future with confidence.



A STAR IS BORN

Infant Product

Looking back a little over fifteen years, Evo-Stik was an infant product emerging into a world of vast technological change. Evo-Stik itself was a technological innovation, being the first resin based adhesive to supersede the brittle glues of the time. The 'impact' was an 'instant' success.

Top of the Pops

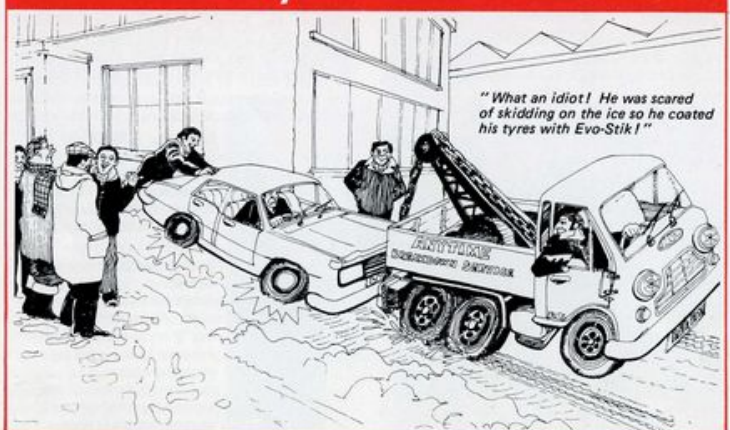
Evo-Stik rocketed to the top of the sticky 'pops' and the following decade witnessed its progressive growth to leadership in adhesives. This could only be attributed to the sound marketing strategy of a unique product with efficient bonding properties in advance of any adhesive of that time. Evo-Stik became the cornerstone of the Evode business providing funds for expansion and the development of other products and services. Over the following years Evode consolidated its position and not only Evo-Stik but other

products also became leading brand household names, whilst on the industrial front Evode was also highly regarded.

Struggling in the Market

Today, evidence in the D.I.Y. markets and T.V. commercials serve as a sharp reminder that other competitive brands of resin based adhesives are clamouring for a sizeable share of the adhesive market. New competitive products are being developed every day and promotional pressure is becoming more intensive. This not only applies to Evo-Stik but to the many products we manufacture which are continually threatened by advancing technological change. This means that we must remain constantly alert, developing and improving the products we make and keeping one step ahead on quality, delivery and price - in order to maintain our leadership. Unless profits are adequate there is very little left for development and improvement.

... a sticky situation!



This year, let's all take aim for higher profits!