

*J.R.B.*  
G.C. Detticocks by his attorney *J.R.B.*

*H.K.*  
*L.J. Sullivan*

*[Signature]*

980761

A copy of this document, which comprises listing particulars relating to Fairfield Enterprises PLC in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration as required by Section 149 of that Act.

Application has been made to the London Stock Exchange for the entire issued Ordinary share capital of Fairfield Enterprises PLC to be admitted to the Official List. It is anticipated that admission to the Official List will become effective and that dealings in the Ordinary shares will commence on 11 August 1997. No Ordinary shares are being made available to the public in conjunction with the Application.

The Directors of Fairfield Enterprises PLC, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Persons receiving this document should note that ARM Corporate Finance Limited is acting for Fairfield Enterprises PLC and no one else in connection with the introduction of the Ordinary shares in Fairfield Enterprises PLC to the Official List and will not be responsible to anyone other than Fairfield Enterprises PLC for providing the protections afforded to customers of ARM Corporate Finance Limited or for providing advice in relation to the Introduction.

# FAIRFIELD ENTERPRISES PLC

*(Incorporated in England and Wales under the Companies Acts 1948 to 1967, with registered number 980761)*

## Introduction to the Official List Sponsored by ARM Corporate Finance Limited Listing Particulars

<i>Authorised</i>	<i>Issued and fully paid</i>	<i>Share Capital</i>	<i>Number of shares Authorised</i>	<i>Number of shares Issued and fully paid</i>
<u>£2,500,000</u>	<u>£1,688,421</u>	in Ordinary shares of 20p each	<u>12,500,000</u>	<u>8,442,105</u>

At the close of business on 11 July 1997 the Group had no borrowings or indebtedness in the nature of borrowing or liabilities under trade letters of credit, obligations under finance leases or hire purchase commitments.

Apart from intra-Group liabilities, at the close of business on 11 July 1997 no member of the Group had any loan capital outstanding or created but unissued, or any term loans or guarantees or other material contingent liabilities.

At the close of business on 11 July 1997, the Group had cash and bank balances of £4,513,970.



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## DIRECTORS AND ADVISERS

Directors	James Ramsey Venn ( <i>Chairman</i> ) David John Sawyer ( <i>Deputy Chairman non-executive</i> ) William John Wallis ( <i>Finance</i> ) Geoffrey Crosland Darricotte ( <i>Sales and Marketing</i> ) Christopher Edward Cobden Cooke ( <i>Non-executive</i> )  all of 250 Waterloo Road, London SE1 8RE
Company Secretary	William John Wallis FCA, BA
Registered Office	250 Waterloo Road, London SE1 8RE
Sponsor and Financial Adviser	ARM Corporate Finance Limited 12 Pepper Street London E14 9RP
Reporting Accountants and Auditors	Kidsons Impey <i>Chartered Accountants and Registered Auditors</i> Spectrum House 20-26 Cursitor Street London EC4A 1HY
Stockbroker	Teather & Greenwood 12-20 Camomile Street London EC3A 7NN
Solicitors to the Introduction	Theodore Goddard 150 Aldersgate Street London EC1A 4EJ
Solicitors to the Company	Rooks Rider Challoner House 19 Clerkenwell Close London EC1R 0RR
Bankers	National Westminster Bank plc 1 Princes Street London EC2R 8PA
Registrars	Moorgate Registrars PLC Dukesmead House 39 High Street Chelmsford Essex CM1 1DE

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires

“the Act”	the Companies Act 1985, as amended by the Companies Act 1989;
“Approved Scheme”	the Fairfield Enterprises PLC Approved Share Option Scheme 1997 details of which are set out in Part III;
“ARMCF”	ARM Corporate Finance Limited, which is regulated by the Securities and Futures Authority;
“the Board” or “the Directors”	the directors of the Company named on page 3;
“the Company”	Fairfield Enterprises PLC;
“Employee Benefit Trust”	the settlement for the benefit of the employees of Oscar Friedheim established by a Trust Deed dated 3 September 1979 details of which are set out in Part III;
“the Group”	the Company and its subsidiaries;
“ICTA”	the Income and Corporation Taxes Act 1988;
“the Introduction”	the admission of the issued Ordinary share capital of the Company to the Official List;
“Lasercomb Dies”	Lasercomb Dies Limited;
“the London Stock Exchange”	London Stock Exchange Limited;
“the Official List”	the Official List of the London Stock Exchange;
“Ordinary shares”	Ordinary shares of 20p each in the capital of the Company;
“Oscar Friedheim”	Oscar Friedheim Limited;
“Profit Sharing Scheme”	the Fairfield Enterprises PLC Profit Sharing Scheme details of which are set out in Part III;
“the Share Option Schemes”	the Approved Scheme and the Unapproved Scheme;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“Unapproved Scheme”	the Fairfield Enterprises PLC Unapproved Share Option Scheme 1997 details of which are set out in Part III;
“the Warrants”	the Warrants issued by the Company to subscribe for up to 1,250,000 Ordinary shares on the terms and conditions set out in Part IV of this document.

# PART I

## INFORMATION ON THE GROUP

### 1. Introduction

The Group's origins date back to 1884, when Oscar Friedheim, the founder of the Group's principal trading subsidiary, Oscar Friedheim Limited, commenced trading in Blackfriars, London. Oscar Friedheim Limited was incorporated in 1913.

Over a century later the business Oscar Friedheim founded has become recognised in the trade as one of the leading suppliers of graphic arts machinery in the UK and Eire, with turnover in the year ended 30 September 1996 exceeding £63.4 million and profits before taxation of £2.1 million.

### 2. The Business

The Group, which operates through subsidiaries based in London, Leeds and Redditch, is involved in the importation, distribution and sale of a wide range of machinery, tooling, spares and related consumables used by printers, converters and finishers in the carton, corrugated board, label, newspaper, envelope, commercial printing, business forms and book production markets.

This machinery, which includes corrugators, high speed flat-bed and rotary die cutters, folder-glueers, flexo printing presses, folding machines, label cutters, guillotines, business forms and envelope production machinery, specialist direct mail machines and material handling systems, is sourced mainly from leading European manufacturers and many of the products supplied by the Group are market leaders in their individual fields.

Through its subsidiary, Lasercomb Dies, the Group manufactures and supplies high quality sets of laser-cut dies and tooling which are designed to improve cutting and creasing efficiency for autoplaten machines by reducing machine downtime and increasing running speeds. The Group has recently also entered into a small joint-venture project for the supply of belts, bearings and lubricants to customers.

The Group's freehold head office building in Waterloo Road, London, houses the administrative offices together with a modern, purpose built showroom and customer training facilities for operators and maintenance personnel, providing training courses specially tailored to individual customer requirements. Also at Waterloo Road the Group operates a fully computerised service and parts department, which is able to provide a rapid response to customer requirements and a '24 hour' parts service to most of the UK. The Group is the holder of the internationally accredited ISO 9001 and BS5750 quality standards through Oscar Friedheim and Lasercomb Dies, respectively.

### 3. Sales and Customers

The Group currently sells to more than 4,000 customers throughout the UK and Eire, including international businesses and nationally known or leading names in their respective fields. No single customer accounts for a significant proportion of sales, measured year on year. In the main, sales are conducted through a 19 strong central sales team based at Waterloo Road but additional sales and service staff are also strategically located throughout the country to provide coverage in specific areas and markets.

The market for graphic arts equipment of the types supplied by the Group is well developed and served by many manufacturers and other distributors, with whom the Group competes. Although there are no reliable estimates available to the Board of the overall size of the markets served by the Group, because many of the products it distributes are the acknowledged market leaders, the Directors believe that the Group enjoys a prominent position in its field of operations.

#### 4. Suppliers

The Group acts as the exclusive distributor in the UK and Eire for the products of a select number of leading European manufacturers, including:—

various companies in the Bobst S.A. group, Lausanne, Switzerland—for *printing, converting and corrugating machinery for the packaging industries;*

M.B.O. Binder & Co. of Oppenweiler, Germany—for *paper folding and processing machinery;*

KG Schneider-Senator Verkaufs-GmbH & Co. of Hamburg, Germany—for *paper cutting and handling equipment;*

Jos Hunkeler AG of Wikon, Switzerland—for *specialist converting machinery for business forms, direct mail and electronic data processing products;* and

Winkler + Dunnebler of Neuwied, Germany—for *envelope printing and processing machinery.*

Each of these suppliers represents a significant percentage of the Group's business and, in the case of the various Bobst group companies represented in aggregate approximately 65 per cent. of the Group's sales in the financial year ended 30 September 1996. Although in each case the Group operates under informal distribution arrangements, which, in theory could be terminated at relatively short notice, these arrangements have been in place for very many years and have formed the basis for mutually successful trading associations which have stood the test of time.

Relationships with all the Group's principal suppliers are considered by the Directors to be excellent and there is no reason to suppose that this will not continue. The Directors nevertheless recognise the Group's dependence on its major suppliers and their continuing goodwill.

Group purchases are normally effected in the local currency of the supplier and the Group has traditionally purchased currency forward to meet its obligations or entered into back to back arrangements with its customers, thereby avoiding as far as practicable the effects of significant currency fluctuations.

#### 5. Directors and Employees

##### Directors

##### **James Venn**—*Executive Chairman (aged 58)*

Mr. Venn joined the Group in 1961, becoming a director of Oscar Friedheim in 1976, where he was Managing Director between 1982 and 1992. He became a director of the Company in 1982 and Group Chairman in 1995. He has extensive experience in all aspects of the Group's activities, having been closely associated with the Group's development over many years. He now has overall responsibility for the Group's performance and future strategy and is also responsible for liaison with the Group's major suppliers. Prior to joining the Group Mr. Venn served for four years in the Royal Air Force. He is currently President of The Association of Printing Machinery Importers, the recognised trade association for the industry. He represents the Company in its capacity as a trustee of the Group's pension funds.

##### **David Sawyer**—*Deputy Chairman non-executive (aged 55)*

Mr. Sawyer was appointed to the Board in June 1997 and it is intended that he will spearhead the structuring and implementation of the Group's corporate development programme.

Between 1975 and 1988 he was a director, and from 1977 managing director, of Trent Holdings PLC, at that time a company listed on the London Stock Exchange and engaged in the manufacture of building products. He was chairman of Scanro Holdings PLC, which was quoted on the former Unlisted Securities Market ("USM"), from 1984 to 1986; a non-executive director of The Pelican Group PLC, a themed restaurant operator, whose shares were initially traded on the USM; and chairman, between 1988 and 1996, of Bruntcliffe Aggregates PLC, whose shares were listed on the London Stock Exchange in 1993. He is currently chairman of St. Clare Engineering (Holdings) Limited, a privately owned engineering group engaged in the manufacture of meteorological, environmental and medical products. He was a non-executive director of Villmar Travel Limited which was placed in administrative receivership in September 1995; the overall deficiency has not yet been determined.

**William Wallis—Finance Director (aged 60)**

Mr. Wallis joined the Company as a Director and Group Financial Controller in 1982 and is responsible for all aspects of the Group's financial controls and reporting. He is a trustee of the Group's directors' pension fund, the Profit Sharing Scheme and the Employee Benefit Trust. He is a chartered accountant and holds an economics degree from the University of Wales. Mr Wallis was a partner, from 1972 to 1982, with the Company's auditors, then known as Kidsons, where he was an audit and tax partner to the Company. Prior to its merger with Kidsons, he was with Halletts, a firm of chartered accountants which he joined in 1963, becoming a partner in 1969.

**Geoffrey Darricotte—Sales and Marketing Director (aged 55)**

Mr. Darricotte joined the Group in 1982, becoming a director of Oscar Friedheim in 1984 and a director of the Company in 1989. He is Group Sales and Marketing Director and Managing Director of Oscar Friedheim. He began his career as an engineer with Henry Simon Limited before moving on to spells with various companies in the carton and corrugated board industry including Hugh Stevenson & Sons Limited (now part of Bowater Packaging Limited) and John Waddington Limited. He subsequently moved to William Crosland Limited, a family company run by his father, which was a manufacturer of machinery for the paper and board industry, before returning to Simon Engineering Limited, where he shared responsibility for international sales. Subsequently, he joined Lucas Electrical, a division of Lucas Industries PLC, where he was employed for 8 years and had responsibility for export marketing of original equipment products.

**Christopher Cooke—Non-executive Director (aged 53)**

Mr. Cooke was appointed to the Board in June, 1997. He is Senior Partner of the Company's solicitors, Rooks Rider, whom he joined in 1963, becoming a partner in 1970. He has specialised in corporate law for many years and has extensive experience as a director of public and private companies, including being for many years a non-executive director of Combined Precision Components plc until it was acquired by Farnell Group plc, now Premier Farnell plc, in 1995. He is currently a director of ARD Electronics plc, Camplasco Electronics Limited and CDB Meats Limited.

**Other key personnel**

**Bruce Beveridge—director, Oscar Friedheim (aged 37)**

Mr. Beveridge, A.C.A. is a member of the Institute of Chartered Accountants of New Zealand; he is finance director of Oscar Friedheim; he joined the Group in 1989.

**Mark Bristow—director, Oscar Friedheim, (aged 35)**

Mr. Bristow achieved a BA (Hons) degree in English at Nottingham University and is a Fellow of the Association of Chartered Certified Accountants; he is responsible for Administration and Personnel in Oscar Friedheim; he joined the Group in 1987; he is Company Secretary of Oscar Friedheim.

**Philip Dawson—director, Lasercomb Dies (aged 48)**

Mr. Dawson is Production and Technical Director of Lasercomb Dies; he joined Lasercomb Dies when it was founded in 1984. Mr. Dawson served his time as an apprentice die maker and has worked in a number of major carton companies as well as a leading die manufacturer before joining Lasercomb Dies.

**John Kendal—Managing Director, Lasercomb Dies (aged 61)**

Mr. Kendal has overall responsibility for all aspects of the Lasercomb Dies business. He has extensive experience in the carton industry and was Managing Director of Lithopak Limited, Stockport a subsidiary of the Tootal Group; he was also a non executive director of a leading die manufacturer before he joined and set up Lasercomb Dies in 1984.

**Peter Morris—director, Oscar Friedheim (aged 50)**

Mr. Morris is responsible for Oscar Friedheim's print & finishing division and sales and service activities; he has worked in the capacity of Manager in a trade finishing house in the Midlands; he joined the Group in 1977. Mr. Morris is also responsible for maintaining contact with the suppliers for his division and makes regular liaison visits to the various factories.

**Mark Ridings**—*director, Lasercomb Dies (aged 41)*

Mr Ridings joined Lasercomb Dies when it was founded in 1984, having been apprenticed as a die maker and having worked for a number of major carton manufacturers; he is now responsible for Lasercomb Dies, Leeds operations.

**Peter Speer**—*director, Oscar Friedheim (aged 54)*

Mr Speer has responsibility for the Group's spares division and has more than 35 years experience with the Group having joined the Group in 1959. Mr. Speer makes regular visits to all the Group's major suppliers to ensure full co-operation in supporting the spares division activity.

**Employees**

The Group currently employs approximately 200 people full-time and 2 part-time, excluding Directors, of whom approximately 142 are engaged in service and sales and 60 in management and administration.

The Group operates a non-contributory pension scheme for directors of the Company and of Oscar Friedheim and a contributory pension scheme for Oscar Friedheim's employees, both of which schemes are 'final salary' schemes, and a contributory pension scheme which is a 'money purchase' scheme for Lasercomb Dies directors and employees. In addition, the Group operates the Employee Benefit Trust and the Profit Sharing Scheme and has recently adopted the Unapproved Scheme and, subject to Inland Revenue approval, the Approved Scheme.

The Directors consider that relationships between management and staff are excellent and the Group is committed to maintaining and enhancing employee relationships to ensure that the Group is able to attract and retain the high calibre personnel essential to maintaining the Group's standing with its suppliers and customers and its future development. Although some employees are members of trades unions, including the Graphic Paper Media Union (GPMU) and the Amalgamated Engineering Electrical Union (AEEU), there is no official recognition of any particular trades union or practices within the Group.

**Corporate Governance**

The Company intends to comply with the provisions of the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance (usually referred to as the "Cadbury Committee") in so far as appropriate for smaller companies.

The Board has established an Audit Committee and a Remuneration Committee whose membership comprises Messrs. Sawyer and Cooke, both of whom are non-executive Directors. In the absence of a third non-executive Director, Mr. Wallis is a member of the Audit Committee and Mr. Venn is a member of the Remuneration Committee, except in so far as matters concern them personally. Each of the committees has formally delegated duties and responsibilities. The Audit Committee, which is chaired by Mr. Sawyer, is responsible for ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls. The Remuneration Committee, which is chaired by Mr. Cooke, has primary responsibility to review the performance of the executive Directors and to set their remuneration and other terms of employment.



## 6. Financial Information

The trading record for the Group for each of the three years ended 30 September 1994, 1995 and 1996, and for the six months ended 31 March 1997 is set out in the Accountants' Report in Part II of this document, from which the following information has been extracted:

	<i>Year ended 30 September 1994 £000's</i>	<i>Year ended 30 September 1995 £000's</i>	<i>Year ended 30 September 1996 £000's</i>	<i>6 months ended 31 March 1997 £000's</i>
Turnover	39,621	50,373	63,452	29,568
Operating profit	1,293	1,862	1,997	1,075
Net interest received	10	43	106	75
Profit on ordinary activities before taxation	1,303	1,905	2,103	1,150
Taxation	(373)	(660)	(732)	(415)
Profit on ordinary activities after taxation	930	1,245	1,371	735

The Group has achieved substantial growth in turnover and profits over the period covered by the above table. However, this growth has to be judged in the context of a recovery from the period covering the three years ended 30 September 1993, when, as shown in the Company's audited consolidated accounts for those years, turnover fell from £54.5 million to £34.9 million, due to recessionary trading conditions, and pre-tax profits fell from £1.2 million in 1991 to £0.19 million in 1992 before recovering to £1.0 million in 1993.

## 7. Dividend forecast and policy

A first interim net dividend of 6p per £1 Ordinary share (equivalent to 1.2p per share following the sub-division of shares which has subsequently taken place) for the financial year ending 30 September 1997 was paid to shareholders on 2 June 1997 and a second interim dividend of 4p (equivalent to 0.8p per share following the sub-division of shares) which was paid on 29 July 1997, in line with previous years, when the Company normally paid three dividends per year.

The Board intends to change to two dividend payments per year and to pursue a progressive dividend policy in the future, whilst maintaining an appropriate level of dividend cover, and consistent with the Group's anticipated financial requirements. It is intended that the Company would, in future, normally pay an interim dividend in respect of the six months ending 31 March, in October and a final dividend in April, in respect of each year and that the interim dividend would amount to approximately 45 per cent. of the total dividends payable in respect of each year. The Board expects, in line with this revised dividend policy, to pay a final dividend in respect of the year ending 30 September 1997 in April 1998.

If the policy referred to in the preceding paragraph had applied to the whole of the current year, based on the present share capital of the Company the Directors would have expected to have paid an interim dividend of 2.1p net per share (equivalent to 2.625p per share inclusive of the associated tax credit at the current rate of 20/80ths).

## 8. The Introduction

The Company's Ordinary shares are already widely held by existing shareholders and, accordingly, application is being made to the London Stock Exchange for the 8,442,105 Ordinary shares in issue to be admitted to the Official List by way of an Introduction. No new shares are being marketed in conjunction with these arrangements and no application will be made for the Warrants to be admitted to the Official List.

## 9. Reasons for the Introduction

The Directors believe that the Introduction will achieve improved marketability for the Ordinary shares and will also help to improve the Group's visibility in the markets in which it operates, enabling it to continue to serve its international suppliers and its customers more effectively. The Directors also believe

that, following the Introduction, the Group will benefit from being able to use its shares as consideration for acquisitions as and when suitable opportunities arise and that it will be better placed to attract and retain high calibre employees by being able to offer marketable shares in connection with the Share Option Schemes.

#### **10. Current trading and prospects**

The Group's current trading position is encouraging, with a strong order book, although the Directors do not expect the Group to be able to continue to maintain the very high percentage growth rates in sales volumes that have been achieved in the past two years. Sales in the first half of the current year exceeded £29.5 million and the Directors are confident of another satisfactory outcome for the current year. Operating profits in the first half were approximately 3.6 per cent. of sales, which is in line with the levels maintained over the last three years.

It is the Group's practice, in respect of sales of much of the new equipment supplied, to invoice its customers on the basis of the rates of exchange of the currency of the country of origin of the equipment applicable, at the time each payment is effected. This policy has tended to work well both for the Company and its customers and has served to protect the Group from material exchange rate exposure. However, a high proportion of purchases are accounted for in Swiss Francs and Deutschmarks and in the past year the relative strength of Sterling against these currencies has resulted in an increase of more than 20 per cent. in its value. This has resulted in a corresponding fall in the relevant unit sales values when currency prices are translated into Sterling. In expressing their confidence in the outcome for the current year, the Directors have taken this factor into account but they are unable to predict the longer term trends in international exchange rates or the effects that such trends may have on unit sales values and margins for the Group's business.

The Group has focused on its training initiative for customers and on the development of its tooling, spares and maintenance activities, all of which are seen as vital strengths for the future. The Group's training facilities in London and Redditch provide customers with a means of achieving a better performance from their equipment and, thus, added value. This helps to promote stronger customer relationships and provides valuable market intelligence for both the Group and its suppliers, which can be expected to contribute to improved sales potential. Similarly, by concentrating on the continuing development of its tooling, spares and maintenance activities, the Directors believe that the Group will be able to build on its customer and supplier relationships with enhanced prospects for the future.

The Directors intend to build on these established strengths and to develop the Group's business both by internally generated growth and by acquisition if suitable opportunities arise; they believe that the Group is well placed to be able to maintain its progress.

## PART II

### ACCOUNTANTS' REPORT

The following is a copy of a report from Kidsons Impey, the Auditors and Reporting Accountants:—

“The Directors  
Fairfield Enterprises PLC  
250 Waterloo Road  
London SE1 8RE



Chartered Accountants

The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London E14 9RP

Spectrum House 20-26 Cursitor Street  
London EC4A 1HY

The Partners  
Teather & Greenwood  
12-20 Camomile Street  
London EC3A 7NN

5 August 1997

Dear Sirs

#### **Fairfield Enterprises PLC and subsidiaries (“the Group”)**

We report in connection with the application by Fairfield Enterprises PLC for its shares to be admitted to the Official List of the London Stock Exchange.

Fairfield Enterprises PLC (“the Company”) was incorporated in England on 29 May 1970 as a private company.

From 1 October 1993 the Company’s authorised share capital has been 2,000,000 Ordinary shares of £1 each of which 1,688,421 were issued, and fully paid. On 14 July 1997 each of the issued and unissued Ordinary shares of £1 each was subdivided into five Ordinary shares of 20p each. On the same day, the authorised share capital was increased to £2,500,000 by the creation of a further 2,500,000 Ordinary shares of 20p each.

The Company was re-registered as a public company on 14 July 1997.

The Company has three trading subsidiaries, Oscar Friedheim Limited, Lasercomb Dies Limited and Fairguard Machinery Limited and one dormant subsidiary, Oscar Friedheim (Offset) Limited. Fairguard Machinery Limited was incorporated in 1977 and Oscar Friedheim (Offset) Limited in 1980 but neither company continues with its original role, those aspects of the business having been re-integrated within Oscar Friedheim Limited. The Group acquired a 50% interest in Lasercomb Dies Limited in 1984 and purchased the remaining 50% in 1991. There have been no changes in the composition of the group since 1991.

We have examined the audited financial statements of the Group for the three years and six months ended 31 March 1997, which financial statements were audited by Kidsons Impey throughout the period. The auditors’ report on the financial statements of the Group for all periods under review has been unqualified.

The financial information set out in this report is based on the audited financial statements of the Group and no adjustments to these are considered necessary. Our work has been carried out in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant”.

Group cash flows have been restated in accordance with FRS1 (revised) and information regarding directors emoluments has been included in line with the Greenbury recommendations.

In our opinion, the financial information set out below gives, for the purposes of the Listing Particulars prepared for the Introduction to the Official List dated 5 August 1997, a true and fair view of the state of affairs of the Group as at 30 September 1994, 1995 and 1996 and 31 March 1997 and of its consolidated profit and cash flows for each of the periods then ended.

## GROUP PROFIT AND LOSS ACCOUNTS

	Note	For the years ended 30 September			6 months ended
		1994	1995	1996	31 March
		£	£	£	1997
					£
<b>Turnover</b>	1	39,621,111	50,373,359	63,452,526	29,568,169
Cost of sales		(36,004,216)	(45,602,403)	(58,610,803)	(26,930,159)
<b>Gross profit</b>		<u>3,616,895</u>	<u>4,770,956</u>	<u>4,841,723</u>	<u>2,638,010</u>
<b>Net operating expenses</b>					
Administrative expenses		(2,324,449)	(2,909,137)	(2,844,351)	(1,562,884)
<b>Operating profit</b>	2	<u>1,292,446</u>	<u>1,861,819</u>	<u>1,997,372</u>	<u>1,075,126</u>
Interest receivable	5	31,629	54,685	114,948	78,302
Interest payable	6	(21,527)	(11,639)	(9,072)	(2,807)
<b>Profit on ordinary activities before taxation</b>		<u>1,302,548</u>	<u>1,904,865</u>	<u>2,103,248</u>	<u>1,150,621</u>
<b>Taxation</b>	7	<u>(372,561)</u>	<u>(660,203)</u>	<u>(732,163)</u>	<u>(415,584)</u>
<b>Profit on ordinary activities after taxation</b>	16	<u>929,987</u>	<u>1,244,662</u>	<u>1,371,085</u>	<u>735,037</u>
Dividends	8	(253,263)	(337,684)	(371,453)	(168,842)
Retained profit for the period	15	<u>676,724</u>	<u>906,978</u>	<u>999,632</u>	<u>566,195</u>
Retained in parent undertaking		414,494	311,677	351,656	72,233
Retained in subsidiary undertakings		262,230	595,301	647,976	493,962
		<u>676,724</u>	<u>906,978</u>	<u>999,632</u>	<u>566,195</u>
Earnings per share (pence)	9	<u>55.0p</u>	<u>73.7p</u>	<u>81.2p</u>	<u>43.5p</u>

There are no recognised gains and losses other than those recorded in the profit and loss account.

All activities are classed as continuing.

## HISTORICAL COST PROFITS

	For the years ended 30 September			6 months ended
	1994	1995	1996	31 March
	£	£	£	1997
<b>Reported profit on ordinary activities before taxation</b>	1,302,548	1,904,865	2,103,248	1,150,621
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(23,799)	(23,799)	(23,799)	(11,900)
<b>Historical cost profit on ordinary activities before taxation</b>	1,278,749	1,881,066	2,079,449	1,138,721
<b>Historical cost profit for the period retained after taxation and dividends</b>	652,925	883,179	975,833	554,295

## GROUP BALANCE SHEETS

	Note	At 30 September			At 31 March
		1994	1995	1996	1997
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	20	5,734,544	5,867,094	5,659,767	5,940,672
<b>Current assets</b>					
Stocks	10	4,071,844	5,927,056	4,931,257	5,411,018
Debtors	11	10,558,199	13,071,740	13,449,323	11,930,231
Cash at bank and in hand		728,215	621,745	1,443,536	4,380,287
		15,358,258	19,620,541	19,824,116	21,721,536
<b>Creditors: amounts falling due within one year</b>	12	(11,106,282)	(14,690,933)	(13,533,205)	(15,224,073)
<b>Net current assets</b>		4,251,976	4,929,608	6,290,911	6,497,463
<b>Total assets less current liabilities</b>		9,986,520	10,796,702	11,950,678	12,438,135
<b>Creditors: amounts falling due after more than one year</b>	12	(288,383)	(202,742)	(332,057)	(283,380)
<b>Provisions for liabilities and charges</b>	13	(564,789)	(553,634)	(578,663)	(548,602)
<b>Net assets</b>		9,133,348	10,040,326	11,039,958	11,606,153
<b>Equity capital and reserves</b>					
Called up share capital	14	1,688,421	1,688,421	1,688,421	1,688,421
Profit and loss account	15	7,444,927	8,351,905	9,351,537	9,917,732
<b>Equity shareholders' funds</b>	16	9,133,348	10,040,326	11,039,958	11,606,153

## GROUP CASH FLOW STATEMENTS

	For the years ended 30 September			6 months ended
	1994	1995	1996	31 March
	£	£	£	1997
Net cash inflow from operating activities (note a)	2,126,510	1,229,286	2,199,284	3,580,845
Returns on investments and servicing of finance (note b)	10,102	43,046	105,876	75,495
Taxation	(51,130)	(400,713)	(662,343)	(26,285)
Capital expenditure (note b)	(697,933)	(724,826)	(466,458)	(558,230)
	<u>1,387,549</u>	<u>146,793</u>	<u>1,176,359</u>	<u>3,071,825</u>
Equity dividends paid	(287,031)	(253,263)	(354,568)	(135,074)
<b>Increase/(decrease) in cash</b>	<u>1,100,518</u>	<u>(106,470)</u>	<u>821,791</u>	<u>2,936,751</u>
<b>Reconciliation of net cashflow to movement in net funds/(debt) (note c)</b>				
Change in net funds	1,100,518	(106,470)	821,791	2,936,751
Opening net funds/(debt)	(372,303)	728,215	621,745	1,443,536
<b>Closing net funds</b>	<u>728,215</u>	<u>621,745</u>	<u>1,443,536</u>	<u>4,380,287</u>

### Group Cash Flow Statements—Notes

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

	For the years ended 30 September			6 months ended
	1994	1995	1996	31 March
	£	£	£	1997
Operating profit	1,292,446	1,861,819	1,997,372	1,075,126
Depreciation and amortisation	599,354	661,254	730,724	353,152
(Profit) on sale of fixed assets	(47,791)	(68,978)	(56,939)	(75,827)
Decrease/(increase) in stocks	15,959	(1,855,212)	995,799	(479,761)
Decrease/(increase) in debtors	2,186,132	(2,513,541)	(377,583)	1,519,092
(Decrease)/increase in creditors	(1,919,590)	3,143,944	(1,090,089)	1,189,063
<b>Net cash inflow from operating activities</b>	<u>2,126,510</u>	<u>1,229,286</u>	<u>2,199,284</u>	<u>3,580,845</u>

#### (b) Gross cash flows

##### Returns on investments and servicing of finance

Interest received	31,629	54,685	114,948	78,302
Interest paid	(21,527)	(11,639)	(9,072)	(2,807)
	<u>10,102</u>	<u>43,046</u>	<u>105,876</u>	<u>75,495</u>

##### Capital expenditure

Payments to acquire tangible fixed assets	(787,055)	(813,332)	(543,361)	(646,013)
Receipts from sales of tangible fixed assets	89,122	88,506	76,903	87,783
	<u>(697,933)</u>	<u>(724,826)</u>	<u>(466,458)</u>	<u>(558,230)</u>

## Group Cash Flow Statements—Notes

### (c) Analysis of changes in net funds/(debt)

	<i>At</i> <i>1 October</i> £	<i>Cash</i> <i>flows</i> £	<i>At 30</i> <i>September</i> £
<b>1994</b>			
Cash in hand, at bank	197,747	530,468	728,215
Overdrafts	(570,050)	570,050	—
	<u>(372,303)</u>	<u>1,100,518</u>	<u>728,215</u>
<b>1995</b>			
Cash in hand, at bank	<u>728,215</u>	<u>(106,470)</u>	<u>621,745</u>
<b>1996</b>			
Cash in hand, at bank	<u>621,745</u>	<u>821,791</u>	<u>1,443,536</u>
			<i>At 31 March</i> <i>1997</i> £
<b>1997 (6 months)</b>			
Cash in hand, at bank	<u>1,443,536</u>	<u>2,936,751</u>	<u>4,380,287</u>

## ACCOUNTING POLICIES

The financial information set out in this report has been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied for all periods covered by this report, are as follows:

### Basis of accounting

The financial information has been prepared in accordance with historical cost accounting rules except for freehold property held at June 1991 which is stated at valuation.

### Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. Intra-group profits are eliminated on consolidation. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the date on which control passes. Profits and losses of companies entering or leaving the Group are included from the date of acquisition or up to the date of disposal.

### Turnover

Turnover represents the selling value, excluding value added tax, of transactions negotiated and concluded during the year and services provided to customers, including sales on an agency basis.

### Depreciation

Depreciation is calculated to write off the cost or valuation of tangible fixed assets in equal annual instalments over their estimated useful lives. The principal annual rates used are:

Freehold buildings	2%
Leasehold buildings, plant, fixtures etc	10–12½%
Computer equipment	25%
Motor vehicles	25–33%

## Stocks

Stocks are stated at the lower of cost and net realisable value.

## Deferred taxation

Deferred taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the accounts and as computed for tax purposes, to the extent that tax liabilities are likely to crystallise in the foreseeable future, less advance corporation tax paid or payable and not recoverable at the accounting date.

## Foreign currencies

These are included at the rates applicable to each transaction up to the time the annual accounts have been prepared. Uncompleted transactions are converted at the last known rates rather than at the rates applicable at the date of the accounts. The terms of trading of the Group normally make provision for changes in rates of exchange.

## Leases and hire purchase contracts

Tangible fixed assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge.

Rentals paid under operating leases are charged to income as incurred.

## Pensions

- (i) Contributions to the two defined benefit pension schemes operated by the Group are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Group. The ordinary contributions are determined by a qualified actuary on the basis of triennial valuations. Further details are given in note 4.
- (ii) The Group also operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## NOTES TO THE FINANCIAL INFORMATION

### 1 Turnover

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
Turnover is analysed over geographical areas as follows:				
United Kingdom	38,664,785	47,965,467	61,525,663	27,544,867
Rest of Europe	940,062	2,353,198	1,894,270	1,995,645
Other	16,264	54,694	32,593	27,657
	<u>39,621,111</u>	<u>50,373,359</u>	<u>63,452,526</u>	<u>29,568,169</u>

Sales on an agency basis are included in accordance with FRS 5 in order to show a true and fair view of the Group's activities in view of the support services also provided from the Group's resources. If agency sales were not included, and commission earned reported as turnover, total turnover would be as follows:

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
	<u>36,309,728</u>	<u>40,014,153</u>	<u>48,367,169</u>	<u>21,704,248</u>



2 **Operating profit**

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
				<i>£</i>
<b>Operating profit is stated after charging:</b>				
Operating lease rentals—				
plant and machinery	19,463	19,775	27,606	4,453
Depreciation	599,354	661,254	730,724	353,152
Auditors' remuneration—				
audit	35,500	39,750	41,000	30,000
non-audit	8,650	7,000	4,398	6,770
Directors' emoluments (including pension contributions)	473,783	591,379	528,399	253,960
Staff costs	4,734,865	5,461,035	5,788,916	2,994,618
<b>and after crediting:</b>				
Profit on sale of tangible fixed assets	47,791	68,978	56,939	75,827
	<u>47,791</u>	<u>68,978</u>	<u>56,939</u>	<u>75,827</u>

3 **Directors' emoluments**  
**1 October 1996 to 31 March 1997**

	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Profit sharing scheme</i>	<i>Other</i>	<i>Pension contri- butions</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
J R Venn	31,750	3,184	13,134	—	—	17,841	65,909
G C Darricotte	43,125	2,388	13,134	—	—	24,233	82,880
W J Wallis	41,125	2,804	13,134	—	—	23,108	80,171
	<u>116,000</u>	<u>8,376</u>	<u>39,402</u>	<u>—</u>	<u>—</u>	<u>65,182</u>	<u>228,960</u>

*Notes:*

- Pension contributions at the recommended funding rate of 47% have been allocated on a pensionable salary basis. Additional contributions of £25,000 have also been made in the period to reduce the deficit of the fund. These contributions have not been included in the table above.
- Under the profit sharing scheme, the following allocations were made on 1 May 1997:
 

J R Venn	—	1,720 Ordinary shares of £1 each
G C Darricotte	—	2,130 Ordinary shares of £1 each
W J Wallis	—	2,130 Ordinary shares of £1 each

at a valuation of £3.75 per share. These shares will not be made available to the directors until a period of 3 years has elapsed from the date of allocation.

3 **Directors' emoluments (continued)**  
**1 October 1995 to 30 September 1996**

	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Profit sharing scheme</i>	<i>Other</i>	<i>Pension contri- butions</i>	<i>Total</i>
	£	£	£	£	£	£	£
J R Venn	61,875	11,297	20,870	7,647	—	32,768	134,457
G C Darricotte	84,100	8,914	28,370	7,998	—	44,539	173,921
W J Wallis	80,175	7,518	20,870	7,998	—	42,460	159,021
	<u>226,150</u>	<u>27,729</u>	<u>70,110</u>	<u>23,643</u>	<u>—</u>	<u>119,767</u>	<u>467,399</u>

*Notes:*

1. Pension contributions at the recommended funding rate of 47% have been allocated on a pensionable salary basis. Additional contributions of £60,000 have also been made in the period to reduce the deficit of the fund. These contributions have not been included in the table above.
2. A payment of £1,000 was made to a former director's widow.
3. The amounts for the profit sharing scheme represent allocations of £1 Ordinary shares at a valuation of £3.25 per share. These shares will not be made available to the directors until a period of 3 years has elapsed from the date of allocation.

**1 October 1994 to 30 September 1995**

	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Profit sharing scheme</i>	<i>Other</i>	<i>Pension contri- butions</i>	<i>Total</i>
	£	£	£	£	£	£	£
J R Venn	91,025	8,728	17,229	7,999	—	42,498	167,479
G C Darricotte	80,800	8,834	20,979	7,999	—	37,724	156,336
W J Wallis	77,150	7,438	17,229	7,769	—	36,020	145,606
L L Knowles	27,500	376	5,582	—	27,500	—	60,958
	<u>276,475</u>	<u>25,376</u>	<u>61,019</u>	<u>23,767</u>	<u>27,500</u>	<u>116,242</u>	<u>530,379</u>

*Notes:*

1. Pension contributions at the recommended funding rate of 47% have been allocated on a pensionable salary basis. Additional contributions of £60,000 have also been made in the period to reduce the deficit of the fund. These contributions have not been included in the table above.
2. A payment of £1,000 was made to a former directors' widow.
3. The amounts for the profit sharing scheme represent allocations of £1 Ordinary shares at a valuation of £2.45 per share. These shares will not be made available to the directors until a period of 3 years has elapsed from the date of allocation.
4. Mr Knowles received a compensation payment equivalent to one year's salary.

3 **Directors' emoluments (continued)**  
**1 October 1993 to 30 September 1994**

	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Profit sharing scheme</i>	<i>Other</i>	<i>Pension contri- butions</i>	<i>Total</i>
	£	£	£	£	£	£	£
J R Venn	88,125	6,905	3,430	7,999	—	35,665	142,124
G C Darricotte	78,125	8,214	6,130	7,899	—	31,618	131,986
W J Wallis	74,750	7,516	6,130	7,548	—	30,252	126,196
L L Knowles	27,125	352	—	—	—	—	27,477
	<u>268,125</u>	<u>22,987</u>	<u>15,690</u>	<u>23,446</u>	<u>—</u>	<u>97,535</u>	<u>427,783</u>

*Notes:*

1. Pension contributions at the recommended funding rate of 43% have been allocated on a pensionable salary basis. Additional contributions of £45,000 have also been made in the period to reduce the deficit of the fund. These contributions have not been included in the table above.
2. A payment of £1,000 was made to a former directors' widow.
3. The amounts for the profit sharing scheme represent allocations of £1 Ordinary shares at a valuation of £2.45 per share. These shares will not be made available to the directors until a period of 3 years has elapsed from the date of allocation.

4 **Employees**

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
<b>The average number of persons including directors employed by the Group during the year was:</b>				
Service and sales	134	139	140	141
Management and administration	55	60	59	59
	<u>189</u>	<u>199</u>	<u>199</u>	<u>200</u>
	£	£	£	£
<b>Staff costs:</b>				
Wages and salaries	3,951,035	4,520,172	4,762,092	2,501,090
Social security costs	346,567	413,084	433,006	239,798
Other pension costs	437,263	527,779	593,818	253,730
	<u>4,734,865</u>	<u>5,461,035</u>	<u>5,788,916</u>	<u>2,994,618</u>

4 **Employees (continued)**  
**Pension schemes**

- (i) The Group operates two defined benefit pension schemes the assets of which are held separately from those of the Group. The schemes are of the defined benefit type and benefits are based on the years of service and the employees' average remuneration in a number of years prior to retirement.

The financial position of the schemes is determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial valuations were carried out at 1 September 1994. These valuations showed the market value of the schemes' assets to be £6.5 million. One scheme showed a surplus of £750,000 and the other scheme showed a deficit of £785,000 at that date.

Since that actuarial valuation the rate of contributions was increased and in addition special contributions were made, in accordance with actuarial advice, which have substantially eliminated the deficit referred to above (see note 22).

The assumptions which have the most significant effect on the valuation are as follows:

- (a) that investment returns would be at 9% per annum;  
(b) that salary increases would average 8% per annum; and  
(c) that pension increases will be in line with increases in Guaranteed Minimum Pensions.

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
				<i>£</i>
The pension charge for each period was	388,760	445,991	475,244	219,402
after taking account of special contributions of	100,000	125,000	125,000	25,000

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
				<i>£</i>
(ii) The pension charge for the defined contribution pension scheme for each period was	48,503	56,788	62,685	34,328

The assets of the scheme are held separately from those of the Group in an independently administered fund.

5 **Interest receivable**

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
				<i>£</i>
Bank interest	22,023	52,293	109,102	72,474
Other interest	9,606	2,392	5,846	5,828
	<u>31,629</u>	<u>54,685</u>	<u>114,948</u>	<u>78,302</u>

6 **Interest payable**

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
Interest payable on bank loans and overdrafts repayable within 5 years	20,562	11,156	8,407	2,538
Other interest paid	965	483	665	269
	<u>21,527</u>	<u>11,639</u>	<u>9,072</u>	<u>2,807</u>

7 **Taxation**

United Kingdom corporation tax based on the profit for the year	387,800	665,030	742,000	399,250
Transfer to deferred taxation (over)/under provision in respect of prior years	47,000	9,950	29,250	12,150
	<u>(62,239)</u>	<u>(14,777)</u>	<u>(39,087)</u>	<u>4,184</u>
	<u>372,561</u>	<u>660,203</u>	<u>732,163</u>	<u>415,584</u>

8 **Dividends**

First interim of 6p per share (1996: 6p; 1995: 5p; 1994: 5p)	84,421	84,421	101,305	101,305
Second interim of 4p per share (1996: 8p; 1995: 7p; 1994: 5p)	84,421	118,189	135,074	67,537
Final of – per share (1996: 8p, 1995: 8p; 1994: 5p)	84,421	135,074	135,074	—
	<u>253,263</u>	<u>337,684</u>	<u>371,453</u>	<u>168,842</u>

On 2 June 1997 a first interim net dividend of 6p per £1 Ordinary share was paid and a second interim net dividend of 0.8p per 20p Ordinary share (after sub-division) was paid on 29 July 1997 to shareholders on the register at 30 June 1997, in respect of the year ending 30 September 1997.

9 **Earnings per share**

Earnings per share have been calculated by dividing the attributable earnings for each year by 1,688,421 shares, being the number of shares in issue for the entire period under review.

10 **Stocks**

	<i>At 30 September</i>			<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Finished goods and goods for resale	<u>4,071,844</u>	<u>5,927,056</u>	<u>4,931,257</u>	<u>5,411,018</u>

		<i>At 30 September</i>		<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	£	£	£	£
<b>11 Debtors</b>				
Deposits paid	1,863,785	2,237,459	1,107,289	928,032
Trade debtors	8,252,010	10,399,446	11,964,433	10,624,702
Trade loans	100,000	100,000	100,000	110,000
Other debtors	74,872	66,096	43,096	30,742
Prepayments and accrued income	<u>267,532</u>	<u>268,739</u>	<u>234,505</u>	<u>236,755</u>
	<u>10,558,199</u>	<u>13,071,740</u>	<u>13,449,323</u>	<u>11,930,231</u>

The following amounts included in the above are due after more than one year:

Trade debtors	251,698	257,022	374,874	529,576
Trade loan	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>351,698</u>	<u>357,022</u>	<u>474,874</u>	<u>629,576</u>

The trade loan due after more than one year is repayable five years after notice is given to the borrower.

		<i>At 30 September</i>		<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	£	£	£	£
<b>12 Creditors</b>				
<b>Amounts falling due within one year</b>				
Deposits received	2,288,606	3,122,935	1,525,023	1,037,493
Trade creditors	7,131,805	8,690,726	8,804,773	10,347,245
Taxation	475,928	746,573	791,364	1,210,724
Other taxes and social security costs	598,454	727,508	676,957	787,216
Other creditors	18,870	23,982	22,064	13,964
Accruals and deferred income	423,777	1,125,946	1,442,876	1,523,515
Proposed dividends	<u>168,842</u>	<u>253,263</u>	<u>270,148</u>	<u>303,916</u>
	<u>11,106,282</u>	<u>14,690,933</u>	<u>13,533,205</u>	<u>15,224,073</u>
<b>Amounts falling due after one year</b>				
Trade creditors	<u>288,383</u>	<u>202,742</u>	<u>332,057</u>	<u>283,380</u>

Bank facilities are secured by legal mortgages over the Group's freehold properties.

### 13 Deferred taxation

	1994 £	At 30 September 1995 £	1996 £	At 31 March 1997 £
(a) Full provision has been made for deferred taxation which consists of the following:				
Accelerated capital allowances	607,000	616,950	646,200	658,351
Advance corporation tax	(42,211)	(63,316)	(67,537)	(109,749)
	<u>564,789</u>	<u>553,634</u>	<u>578,663</u>	<u>548,602</u>
(b) The movements during the period were as follows:				
Opening balance	505,262	564,789	553,634	578,663
Profit and loss account	47,000	9,950	29,250	12,150
Other movements	12,527	(21,105)	(4,221)	(42,211)
Closing balance	<u>564,789</u>	<u>553,634</u>	<u>578,663</u>	<u>548,602</u>

### 14 Share capital

The equity share capital has been as follows:

Authorised				
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>1,688,421</u>	<u>1,688,421</u>	<u>1,688,421</u>	<u>1,688,421</u>

At an Extraordinary General Meeting held on 14 July 1997 the £1 Ordinary shares were sub-divided into Ordinary shares of 20p each and the authorised share capital was increased to £2,500,000 by the creation of 2,500,000 new Ordinary shares of 20p each. On the same date, the Company issued 1,250,000 Warrants to subscribe for Ordinary shares of 20p each at a Warrant Price of 80p per share.

### 15 Profit and loss account

In the period under review distributable reserves have been disclosed as follows:

	1994 £	At 30 September 1995 £	1996 £	At 31 March 1997 £
Profit and loss account:				
At commencement	2,747,285	3,424,009	4,330,987	5,330,619
Retained profits	676,724	906,978	999,632	566,195
At close	<u>3,424,009</u>	<u>4,330,987</u>	<u>5,330,619</u>	<u>5,896,814</u>
Other distributable reserves:				
Development projects	300,000	300,000	300,000	300,000
Deposits against machines ordered and bad debts	900,000	900,000	900,000	900,000
Pension fund (see note 22)	150,000	150,000	150,000	150,000
Exhibition	100,000	100,000	100,000	100,000
Relocation and building	1,470,918	1,470,918	1,470,918	1,470,918
Contingencies and general	1,100,000	1,100,000	1,100,000	1,100,000
	<u>7,444,927</u>	<u>8,351,905</u>	<u>9,351,537</u>	<u>9,917,732</u>

The freehold property revaluation deficit of £1,779,082 at 24 June 1991 was charged against the relocation and building reserve.

The other distributable reserves represent amounts set aside many years ago to justify levels of distribution for tax purposes. The directors intend to redesignate these as part of the profit and loss account at the next accounting date.

16 **Reconciliation of movement in equity shareholders' funds**

	<i>For the years ended 30 September</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>31 March</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>1997</i>
Opening shareholders' funds	8,456,624	9,133,348	10,040,326	11,039,958
Profit for the period	929,987	1,244,662	1,371,085	735,037
Dividends	(253,263)	(337,684)	(371,453)	(168,842)
Closing shareholders' funds	<u>9,133,348</u>	<u>10,040,326</u>	<u>11,039,958</u>	<u>11,606,153</u>

17 **Operating lease commitments**

	<i>At 30 September</i>			<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
The Group had the following commitments under operating leases:				
(a) Land and buildings				
Expiring in more than five years	34,500	34,500	34,500	34,500
(b) Other leases				
Expiring within one to five years	19,323	9,986	16,594	7,036
Expiring in more than five years	590	7,939	—	—
	<u>54,413</u>	<u>52,425</u>	<u>51,094</u>	<u>41,536</u>

18 **Contingent liabilities**

(a) There is a contingent liability for guarantees in respect of machines sold and installed. These guarantees are largely covered by guarantees received from machine suppliers.

(b) Capital commitments

	<i>At 30 September</i>			<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Authorised and contracted	<u>231,100</u>	<u>57,235</u>	<u>73,920</u>	<u>42,614</u>

19 **Forward currency contracts**

	<i>At 30 September</i>			<i>At 31 March</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At each balance sheet date the Group had foreign currency and documentary credit agreements with a total sterling equivalent amount outstanding of	<u>2,409,907</u>	<u>3,939,218</u>	<u>2,389,318</u>	<u>4,033,338</u>



20 **Tangible fixed assets**

	<i>Freehold properties</i> £	<i>Short leasehold property</i> £	<i>Plant and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
<b>Cost or valuation</b>					
1 October 1993	4,817,228	—	1,903,265	1,056,181	7,776,674
Additions	48,331	80,214	219,026	439,484	787,055
Disposals	—	—	(32,687)	(347,082)	(379,769)
30 September 1994	4,865,559	80,214	2,089,604	1,148,583	8,183,960
Additions	—	2,169	455,673	355,490	813,332
Disposals	—	—	(2,934)	(324,815)	(327,749)
30 September 1995	4,865,559	82,383	2,542,343	1,179,258	8,669,543
Additions	—	—	236,934	306,427	543,361
Disposals	—	—	(3,116)	(272,094)	(275,210)
30 September 1996	4,865,559	82,383	2,776,161	1,213,591	8,937,694
Additions	—	2,444	403,256	240,313	646,013
Disposals	—	—	(199,268)	(175,815)	(375,083)
31 March 1997	4,865,559	84,827	2,980,149	1,278,089	9,208,624
<b>Depreciation</b>					
1 October 1993	171,000	—	1,253,966	763,534	2,188,500
Charge for year	86,440	345	206,832	305,737	599,354
Disposals	—	—	(30,964)	(307,474)	(338,438)
30 September 1994	257,440	345	1,429,834	761,797	2,449,416
Charge for year	86,440	8,240	247,697	318,877	661,254
Disposals	—	—	(2,934)	(305,287)	(308,221)
30 September 1995	343,880	8,585	1,674,597	775,387	2,802,449
Charge for year	86,440	8,240	286,261	349,783	730,724
Disposals	—	—	(3,116)	(252,130)	(255,246)
30 September 1996	430,320	16,825	1,957,742	873,040	3,277,927
Charge for period	43,220	4,120	160,192	145,620	353,152
Disposals	—	—	(199,268)	(163,859)	(363,127)
31 March 1997	473,540	20,945	1,918,666	854,801	3,267,952
<b>Net book amount</b>					
31 March 1997	4,392,019	63,882	1,061,483	423,288	5,940,672
30 September 1996	4,435,239	65,558	818,419	340,551	5,659,767
30 September 1995	4,521,679	73,798	867,746	403,871	5,867,094
30 September 1994	4,608,119	79,869	659,770	386,786	5,734,544

The freehold properties are charged by legal mortgages to the Group's bankers.

On 24 June 1991 the Group's freehold properties were valued by E A Shaw & Partners, Chartered Surveyors, at £4,160,000 on an open market basis. Additions to freehold properties are stated at cost.

The non-depreciable value of land included in the above is estimated at £760,000.

20 **Tangible fixed assets (continued)**

	1994 £	<i>At 30 September</i> 1995 £	1996 £	<i>At 31 March</i> 1997 £
<b>Historical cost information</b>				
Historical cost of revalued land and buildings	6,114,939	6,114,939	6,114,939	6,114,939
Depreciation of buildings based on historical cost	<u>(385,594)</u>	<u>(482,893)</u>	<u>(580,192)</u>	<u>(628,842)</u>
Net historical cost	<u>5,729,345</u>	<u>5,632,046</u>	<u>5,534,747</u>	<u>5,486,097</u>
Depreciation charge for the year on the historical cost basis	<u>97,299</u>	<u>97,299</u>	<u>97,299</u>	<u>48,650</u>

Accumulated depreciation of buildings based on historical cost assumes depreciation from the financial year in which the revaluation occurred following the redevelopment and refurbishment of the premises. No depreciation was provided in earlier years.

21 **Transactions involving related parties**

Save as disclosed in note 3 regarding directors, there were no material transactions between related parties and companies in the Group during the periods under review.

22 **Subsequent events**

- (a) On 2 June 1997, Mr David Sawyer was appointed a non-executive director and Deputy Chairman of the Company.  
On the same date, Mr Christopher Cooke was appointed a non-executive director of the Company.
- (b) In July 1997, the Board obtained informal professional valuations of the Group's freehold properties, showing an aggregate value for current use of £3,725,000. The reduction in value as compared to the depreciated 1991 valuation or subsequent cost is not considered by the directors to represent a permanent diminution in the value of the Group's freehold properties. It is not their present intention to restate the values shown in the financial statements.
- (c) On 30 June 1997 the Group paid a further special pension contribution, amounting to £150,000, to one of the defined benefit pension schemes substantially to eliminate the deficit advised by the actuary. This amount will be covered by a transfer from reserves (see note 15).

Yours faithfully

**KIDSONS IMPEY"**

## PART III

### DETAILS OF EMPLOYEE SHARE SCHEMES

#### 1. Share Option Schemes

##### 1.1 Administration

1.1.1 The Share Option Schemes will be administered by the remuneration committee (the "Committee") of the Board of directors of the Company in accordance with the rules of the Share Option Schemes.

1.1.2 It is intended that the Approved Scheme shall receive the approval of the Inland Revenue in accordance with Schedule 9 of ICTA.

##### 1.2 Eligibility

Directors, who are required to devote substantially the whole of their working time to the business of the Group (ie at least 25 hours per week), and all employees of the Group may participate in the Share Option Schemes at the discretion of the Committee.

##### 1.3 Limits

The Share Option Schemes are subject to various limits as follows:

1.3.1 The aggregate nominal amount of shares which may be placed under option to be issued under the Share Option Schemes or any other share option scheme of the Company, or issued under any share incentive scheme of the Company (not including the Warrants or any option which has lapsed, been cancelled or relinquished) may not exceed 5 per cent. of the Ordinary share capital of the Company from time to time in issue, which currently amounts to 422,105 Ordinary shares;

1.3.2 The aggregate nominal amount of shares which may be placed under option to be issued under the Share Option Schemes or any other share option scheme of the Company, or issued under any share incentive scheme of the Company (not including the Warrants or any option which has lapsed, been cancelled or relinquished) may not during the period of 3 years up to and including the date of such grant or issue exceed 3 per cent. of the Ordinary share capital from time to time in issue;

1.3.3 No option may be granted under the share option schemes more than 10 years after the date on which options are first granted without further authorisation from shareholders;

1.3.4 The maximum aggregate market value of options which may be granted to a participant under the Approved Scheme may not exceed £30,000 at any time.

1.3.5 The maximum aggregate market value of options which may be granted to a participant under the Unapproved Scheme and any other Share Option Scheme in the preceding 10 years may not exceed four times the amount of the participant's cash earnings from employment by which he is eligible to participate in the Unapproved Scheme.

##### 1.4 Operation of the Share Option Schemes

1.4.1 Options which may not be transferred or encumbered in any way, may be granted within 42 days of Inland Revenue approval of the Approved Scheme or within 42 days from shareholder approval of the Unapproved Scheme and, thereafter, normally within 42 days after the announcement of the Company's interim or final results. No payment is made for the grant of an option.

1.4.2 The price at which the shares may be subscribed for by participants cannot be less than the higher of:

1.4.2.1 the nominal value of a share; or

1.4.2.2 in relation to the Approved Scheme, the market value agreed with the Inland Revenue and in respect of the Unapproved Scheme the market value determined by the Board or, if the Company's shares are then listed or traded on a recognised stock exchange, the average middle market closing prices recorded for dealings for the Company's Ordinary shares for the three dealing days preceding the grant of an option under either of the Share Option Schemes.

- 1.4.3 Except in certain specified circumstances such as death, disability, injury, redundancy or retirement (see paragraph 1.6 below) options may only be exercised (in full or in part) after the third anniversary of the date of grant. Under the Approved Scheme, options not exercised before the expiry of 10 years from the date of grant shall lapse. Options granted under the Unapproved Scheme will lapse if they are not exercised prior to the seventh anniversary of the date of grant.
- 1.4.4 The Company will apply for shares allotted under the Share Option Schemes to be listed or admitted to dealings on any stock exchange or other market on which its Ordinary share capital is then listed or traded. Such shares will rank *pari passu* in all respects with existing Ordinary shares except that they will not rank for any rights attaching by reference to a record date prior to the date on which the allottee of the shares is entered on the Company's register of members.

### **1.5 Performance condition**

Options granted under the Share Option Schemes will be subject to performance targets set by the Committee which will link the exercise of options to the sustained underlying financial performance of the Company. The initial performance target will require the growth in the Company's adjusted earnings per share over a rolling three year period as disclosed in the Annual Report and Accounts to exceed the rate of price inflation as shown by the Retail Price Index over that period by at least 6 per cent. so that if inflation increases by 10 per cent. over the period earnings per share will need to have increased by at least 16 per cent. However, the Committee may, at its discretion and in the case of the Approved Scheme subject to Inland Revenue approval, select different performance targets in the future, in which case details of the selected performance targets will be disclosed in the Annual Report and Accounts for that year.

### **1.6 Early exercise**

- 1.6.1 If a participant dies, his personal representatives may exercise his options within 12 months of his death, notwithstanding that they may not have become exercisable in the normal manner.
- 1.6.2 Early exercise is also permitted if a participant ceases to be an employee or director of the Group in certain specified circumstances, for example, redundancy or retirement. If a participant ceases to be a director or employee other than in the specified circumstances, he may exercise his options only at the discretion of the directors.
- 1.6.3 Early exercise of options would also be permitted in certain other situations including a change in control of the Company or a voluntary winding-up of the Company. In the event of a change in control, participants may alternatively release their options in substitution for the grant of options over shares in the acquiring company, subject to the consent of the acquiring company.

### **1.7 Variation of capital**

In the event of certain variations in the share capital of the Company, including a capitalisation or rights issue, the number of shares subject to any option and/or the exercise price relating to it may be adjusted subject to (except in the case of a capitalisation issue) the auditors confirming in writing that such adjustment is, in their opinion, fair and reasonable and, in the case of the Approved Scheme, subject also to Inland Revenue approval.

### **1.8 Alterations to the Share Option Schemes**

- 1.8.1 Subject to certain specified exceptions, the prior approval of the Company in general meeting must be obtained for any alterations to the Share Option Schemes, other than any minor alterations to benefit the administration of the Share Option Schemes, if such alterations would be to the advantage of participants. The exceptions relate to taking account of changes in legislation or obtaining or maintaining favourable tax, exchange control or regulatory treatment.
- 1.8.2 No alterations to the Approved Scheme shall take effect without the prior written approval of the Inland Revenue.

## **2. Profit Sharing Scheme**

### **2.1 Introduction**

The Profit Sharing Scheme was established by a trust deed dated 13 December 1979 made between the Company and the then trustees, Messrs Laughlin, Knowles and Strang ("the Trustees"). The Profit Sharing Scheme is approved by the Inland Revenue under ICTA.

### **2.2 Eligibility**

2.2.1 Any person who is on 1 May in each year and on the relevant appropriation date, a full-time employee or director of any company in the Group with four years' service will be eligible to participate in the Profit Sharing Scheme. The Board may at its discretion waive the above eligibility requirements in respect of any employee or director.

2.2.2 In order to be able to participate, a director or employee must not have been appropriated shares under any other approved profit sharing scheme established by the Company or any of its subsidiaries in the same year of assessment. In addition, the director or employee must not have had during the previous 12 months a material interest in the Ordinary shares. A participant is required to enter into an agreement which sets out the terms on which shares are appropriated under the Profit Sharing Scheme.

### **2.3 Acquisition and appropriation of shares**

If the Board decides that shares will be appropriated under the Profit Sharing Scheme in any year the Trustees use funds contributed by the Company to acquire shares by subscription and/or by the purchase of existing shares. The shares acquired are held by the Trustees who vest the beneficial interest in the shares in the participants on the date of appropriation. The number of shares to be appropriated to each participant is determined by reference to the proportion a participant's relevant earnings bears to the total earnings of all eligible employees, the number of shares appropriated being such proportion of the total shares acquired by the Trustees for appropriation in that year.

### **2.4 Rights and restrictions**

2.4.1 Any shares subscribed by the Trustees under the Profit Sharing Scheme will rank *pari passu* with the Company's issued shares except that they will not rank for any dividend or other distribution declared or announced on or payable by reference to a record date before the relevant appropriation date.

2.4.2 The initial market value (as defined) of shares appropriated to a participant in any year of assessment may not exceed £3,000 or, if greater, 10 per cent. of salary subject to a maximum of £8,000. The shares are held by the Trustees for a minimum period of two years after being appropriated to a participant (the "retention period").

2.4.3 After the shares are appropriated to a participant, the participant becomes the beneficial owner of the shares and is entitled to receive dividends and to participate in rights and capitalisation issues. At the end of the retention period a participant is entitled to request the transfer of the shares into his name, but this will give rise to an income tax liability. The shares will normally be transferred into the participant's name, without any income tax liability following the release date, which is generally the third anniversary of the date of appropriation.

### **2.5 Limits**

The aggregate number of shares which may be allocated under the Profit Sharing Scheme in any year will be limited so as not to exceed 1 per cent. of the issued Ordinary share capital of the Company on the day preceding the date on which contributions are made to the Trustees as described above.

### **2.6 Alterations to the profit sharing scheme**

The Trustees may agree with the Company, without further approval from the shareholders, to make certain alterations to the Profit Sharing Scheme except that no alteration may prejudice the rights of any participant in respect of shares already appropriated to him. Any alterations will require the prior approval of the Inland Revenue.

### **2.7 Further funding**

The Directors have decided that following the establishment of the Share Option Schemes, no further funds will be contributed by the Company for the purposes of the Profit Sharing Scheme.

### **3. Employee Benefit Trust**

The Employee Benefit Trust was established by a trust deed dated 3 September 1979 made between Oscar Friedheim and the Trustees. Under the trust, Oscar Friedheim may contribute sums to the Trustees such sums not to exceed 5 per cent. of Oscar Friedheim's net profits for the relevant accounting period. Sums paid to the Trustees may be applied for the benefit of employees and former employees and their spouses and children in a number of ways, including the distribution of shares in Oscar Friedheim or the Company. Under the terms of the trust the Trustees may agree such arrangements as they consider appropriate with Oscar Friedheim and the Company for the acquisition by the employees and former employees of Oscar Friedheim of shares in Oscar Friedheim or the Company.

The Directors have decided that following the establishment of the Share Option Schemes, no further funds will be contributed to the Employee Benefit Trust.

## PART IV

### TERMS AND CONDITIONS OF THE WARRANTS

#### 1. Definitions relating to the Warrants

In addition to those terms set out and defined on page 4 of this document, the following expressions have the following meanings:

**“business day”** means a day (other than a Saturday) on which banks in London are open for business;

**“dealing day”** means a day on which dealings take place on the London Stock Exchange;

**“the Expiry Date”** means the date on which the last Subscription Period expires;

**“Extraordinary Resolution”** means a resolution passed at a meeting of the Registered Holders duly convened and held and carried by a majority consisting of not less than three-quarters in number of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on a poll;

**“the Interim Statement”** means any interim report of the Company and its subsidiaries;

**“the Notice of Exercise”** means the notice of exercise in the form endorsed upon the Warrant Certificate;

**“Performance Condition”** means the requirement that the average middle market quotation for the Ordinary shares (as derived from the Official List) in respect of any five consecutive Relevant Dealing Days or, in the absence of a market quotation for the Ordinary shares the requirement that the price per share for the last “arms length” dealing transaction to have taken place prior to the Relevant Dealing Days (“the “arms length” dealing price”) in each case equals or exceeds an amount equal to twice the Warrant Price at the time the Performance Condition is determined;

**“the Registered Holders”** means all persons (if any) in whose names Warrant Certificates have been registered;

**“Relevant Dealing Days”** means the five consecutive dealing days immediately after the date of publication of the preliminary statement relating to the Report and Accounts for each of the financial periods ending on or before 31 December 2002 (save for the financial period ending on 30 September 1997) and the five consecutive dealing days immediately after the date of publication of any Interim Statement made in the periods commencing on 1 October 1997 and expiring on 31 December 2002;

**“the Report and Accounts”** means the audited consolidated balance sheet of the Company and its subsidiaries and the consolidated profit and loss account of the Company and its subsidiaries including all notes and reports on such balance sheet and profit and loss account for each financial period of the Company;

**“Subscription Date”** means the first dealing day after the last day of any Subscription Period;

**“Subscription Period”** means any of the periods of 42 days commencing on the date after the Annual General Meeting approving the Report and Accounts for each of the relevant financial periods ending on or before 31 December 2002 and any of the relevant periods of 42 days commencing on the date fourteen days after publication of any Interim Statement made on or before 31 December 2002;

**“Subscription Rights”** means the rights to subscribe for Ordinary shares pursuant to the Warrants;

**“Warrant Certificate”** means a certificate issued to each Registered Holder evidencing the Warrants held by him;

**“Warrant Instrument”** means the document containing the terms and conditions of the Warrants; and

**“the Warrant Price”** means the price per share at which a Registered Holder is entitled to subscribe for Ordinary shares as may be adjusted from time to time.

References to any statutory provision shall be deemed to include any statutory modification or re-enactment thereof.

## **2. Proposed issue and Subscription Rights**

### **2.1 Subscription Rights**

The Company has issued 1,250,000 Warrants to subscribe for Ordinary shares at a Warrant Price of 80p per share (as may be adjusted from time to time as referred to in paragraph 3 below). Every Registered Holder shall have Subscription Rights to subscribe in cash, payable in full on subscription, on each Subscription Date on which the Subscription Rights are exercisable subject to satisfaction of the Performance Condition as at the last Relevant Dealing Day prior to the relevant Subscription Date, for all or any of the number of Ordinary shares specified on the face of the Warrant Certificate at the Warrant Price multiplied by the number of Ordinary shares in relation to which the Warrant is being exercised.

### **2.2 Fractions of shares**

The Subscription Rights will not be exercisable in respect of a fraction of an Ordinary share and no refund will be made to a Registered Holder in respect of any monies paid which represent such a fraction (if any) which monies shall be retained for the benefit of the Company.

### **2.3 Reminder notices**

Not earlier than eight weeks nor later than four weeks before the first day of any set of Relevant Dealing Days the Company shall give notice in writing to the Registered Holders reminding them of their Subscription Rights. The Company shall give notice in writing to the Registered Holders within 7 days after each final Relevant Dealing Day confirming whether or not the Performance Condition has been satisfied and, in the event that it is satisfied, setting out the relevant Warrant Price.

### **2.4 Procedure to exercise**

In order to exercise the Subscription Rights in whole or in part the Registered Holder must, during any relevant Subscription Period in relation to which the Performance Condition has been satisfied, lodge the Notice of Exercise endorsed on the Warrant Certificate at the office of the Registrars from time to time of the Company (or, at such other or additional address(es) as the Company may from time to time notify to Registered Holders), having completed the Notice of Exercise, accompanied by a remittance for the Warrant Price multiplied by the number of Ordinary shares for which the Warrant is exercised.

### **2.5 North American Persons**

The directors may require, as a condition of exercise of the Warrants, such confirmation(s) as to nationality or residence, as to whether or not the Registered Holder, beneficial owner or person named in any form of nomination is a North American Person (as defined in paragraph 2.6 below) or as to any other matters relevant for the purposes of paragraph 2.6 below), as the directors of the Company deem necessary or desirable or appropriate in the interests of the Company.

### **2.6 Exercise by a North American Person**

The exercise of a Subscription Right by a Registered Holder who is a North American Person or any person named in the nomination form who is a North American Person, or the right of any such Registered Holder or other North American Person to receive the Ordinary shares falling to be issued to him following the exercise of his Subscription Right, will be subject to such requirements, conditions, restrictions, limitations



or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with the securities laws of the United States or Canada and any rules or regulations promulgated under such laws (or any political subdivision thereof). In this paragraph, "United States" means the United States of America (including each of the States and the District of Columbia), its territories and possessions and other areas subject to its jurisdiction and "North American Person" means any person who is a resident of the United States or Canada (or any political subdivision thereof) or an estate of which an executor or administrator is such a person or trust of which any trustee is such a person.

### *2.7 Allotment and partial exercise*

Ordinary shares issued pursuant to the exercise of Subscription Rights will be allotted, with effect from the relevant Subscription Date. Certificates in respect of such Ordinary shares will be despatched (at the risk of the person entitled thereto) not later than 28 days after such Subscription Date, to the person in whose name the Warrants in respect of which subscription rights are exercised are registered as at such Subscription Date (and, if more than one, to the first named in the register of Registered Holders which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty, stamp duty reserve tax or any like tax as may be applicable) to such other person(s) (not being more than four in number) (and, if more than one, to the first named in the register of Registered Holders which shall be sufficient despatch for all) as may be named in the Notice of Exercise endorsed on the Warrant Certificate.

If the Warrant is exercised before the Expiry Date in respect of part only of the shares subject to the Warrant, a certificate in respect of the balance will be issued by the Company to the Registered Holder.

### *2.8 Dividends*

Ordinary shares allotted pursuant to the exercise of the Subscription Rights shall not rank for any dividends or other distributions made or paid by reference to a record date prior to any relevant Subscription Date but subject thereto, will rank in full for all dividends (save insofar as an adjustment therefor pursuant to the terms and conditions of the Warrant Instrument (as referred to in paragraph 3 below) shall have already been made) and other distributions declared made or paid after the relevant Subscription Date and otherwise pari passu in all other respects with the Ordinary shares in issue at that date.

### *2.9 Dealing*

If at the time of issue of any shares pursuant to the exercise of any Warrant the Ordinary shares are quoted or dealt in on any recognised stock exchange on any relevant Subscription Date the Company will upon or as soon as practicable after the issue of such shares apply for admission to listing or otherwise for permission for dealings to take place on such exchange and will use all reasonable endeavours to obtain the admission to listing or permission for dealings to take place for such Ordinary shares not later than 14 days after the relevant Subscription Date.

### *2.10 Termination*

Any Subscription Rights not exercised on the later of the Expiry Date and any Subscription Date falling thereafter shall lapse and terminate absolutely; provided always that any Notice of Exercise shall be lodged on or before the Expiry Date.

## **3. Adjustment of Subscription Rights**

3.1 If while the Warrant remains exercisable in whole or in part the Company:

3.1.1 consolidates or sub-divides the Ordinary shares into shares of larger or smaller denominations than 20p or takes any action (not otherwise specifically described or referred to herein) which may dilute, impair or enhance the rights of the Registered Holder to acquire such proportionate equity interest in the Company to which the Registered Holder would be entitled if the Performance Condition had been satisfied immediately prior to such action;

- 3.1.2 makes any issue of Ordinary shares whether by way of capitalisation of profits or reserves (including share premium account and any capital redemption reserve fund) (other than Ordinary shares paid up out of distributable reserves and issued in lieu of a cash dividend);
- 3.1.3 shall make any capital distribution to holders of Ordinary shares in their capacity as such holders (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- 3.1.4 shall offer to holders of Ordinary shares additional Ordinary shares for subscription by way of rights, or shall offer or grant to holders of Ordinary shares any options, rights or warrants to subscribe for or purchase Ordinary shares, in each case at a price which is less than the market price per Ordinary share on the dealing day next preceding the date of announcement of the terms of the offer or grant;
- 3.1.5 shall issue, or any other company in the Company's group shall issue, wholly for cash any securities (excluding options and warrants granted to employees of the Company (including directors) or any of its subsidiaries or trustees on their behalf pursuant to any employee share purchase, option or incentive scheme) which by their terms are convertible into or exchangeable for or carry rights of subscription for Ordinary shares, and the consideration per Ordinary share receivable therefore by the Company upon conversion, exchange or subscription is less than the market price or "arm's length" dealing price, as the case may be, of Ordinary shares on the dealing day next preceding the date of announcement of the terms of issue of such securities; or
- 3.1.6 shall, modify the rights of conversion or exchange attached to any such convertible or exchangeable securities as are mentioned in paragraph 3.1.5 so that the consideration for Ordinary shares receivable by the Company upon conversion or exchange of such securities shall be less than the price which is the market price of Ordinary shares, or "arm's length" dealing price, as the case may be, on the dealing day next preceding the date of announcement of the proposal to modify such rights of conversion or exchange;

the Warrant Price will be adjusted and the number of Ordinary shares remaining subject to any Warrant shall be adjusted so as to ensure that the rights of Registered Holders and their proportionate equity interest are maintained and the Warrants remain of equivalent value, after the events referred to above.

- 3.2 In the event of a capital distribution, which equals or exceeds per Ordinary share the Warrant Price at the time of the capital distribution, each Registered Holder shall be treated as if his (or their) rights to acquire Ordinary shares pursuant to his (or their) Warrants had been exercisable notwithstanding that the Performance Condition may not have been satisfied and that he (or they) had immediately prior to the date of the capital distribution exercised those rights and in that event:
  - 3.2.1 he (or they) shall be entitled to receive out of the capital distribution *pari passu* with the holders of the Ordinary shares such sum as he (or they) would have received had he (or they) been the holder(s) of the Ordinary shares to which he (or they) would have become entitled by virtue of such exercise after deducting a sum equal to the sum which would have been payable in respect of such exercise (the "Deduction"); and
  - 3.2.2 Ordinary shares will be issued to the Registered Holder with effect from the date of the capital distribution on the basis of such deemed exercise of his (or their) Subscription Rights and the Warrant Price for each Ordinary share which he (or they) shall be entitled to receive in respect of such exercise will be satisfied by the Deduction.

#### **4. Other Provisions**

##### *4.1 Authorised Capital*

The Company shall keep available for issue sufficient unissued Ordinary shares to satisfy in full all Subscription Rights pursuant to the Warrants.

#### 4.2 Offers for Share Capital

Subject as provided in paragraph 4.3 below, if at any time an offer is made to all holders of equity share capital of the Company (as the same is defined in Section 744 of the Act) (or all such holders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror) to acquire the whole or any part of such equity share capital of the Company and the Company becomes aware that as a result of such an offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a General Meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the Registered Holders of such vesting within 14 days of its becoming so aware, and each Registered Holder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Rights, notwithstanding that the Performance Condition may not have been satisfied, on the basis applicable on the day immediately preceding the record date for such offer as if such day were a Subscription Date; the publication of a scheme of arrangement under Section 425 of the Act providing for the acquisition by any person of the whole or any part of such equity share capital of the Company shall be deemed to be the making of an offer for these purposes.

#### 4.3 Share for Share Offers

If an offer is made as referred to in sub-paragraph 4.2 above whereunder the consideration consists solely of the issue of Ordinary shares of the offeror and the offeror makes available an offer of warrants to subscribe for Ordinary shares of the offeror in exchange for the Warrants which the financial advisers to the Company consider in their opinion (acting as experts and not as arbitrators) is fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to the financial advisers to be relevant), then any director of the Company shall be authorised as attorney for the Registered Holder: (i) to execute a transfer thereof in favour of the offeror in consideration of the issue of warrants to subscribe for Ordinary shares of the offeror as aforesaid, whereupon all the Warrants shall lapse and (ii) to do such acts and things as may be necessary or appropriate in connection therewith, subject in both (i) and (ii) aforesaid and in all circumstances to the offer by the offeror as aforesaid becoming or being declared wholly unconditional and the offeror being in a position compulsorily to acquire the whole of the Ordinary share capital of the Company.

#### 4.4 Winding Up

If an order is made or an effective resolution is passed on or before the Expiry Date for the winding up of the Company (except for the purpose of reconstruction or amalgamation or merger in which case the Company will procure that the Registered Holder is granted by the reconstructed or amalgamated company a substituted warrant of a value equivalent to the value of his (or their) Warrant immediately prior to such reconstruction or amalgamation) the Registered Holder will be entitled on giving notice in writing to the liquidator of the Company within 42 days of the date of such order or the passing of such resolution to elect that for the purpose of ascertaining his (or their) rights in the winding up he (or they) shall be treated as if his (or their rights) to acquire Ordinary shares pursuant to his (or their) Warrant had been exercisable and that he (or they) had immediately before the date of such order or the passing of the resolution exercised his (or their) rights to acquire Ordinary shares pursuant to his (or their) Warrant and in that event he (or they) shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary shares such a sum as he (or they) would have received had he (or they) been the holder(s) of the Ordinary shares to which he (or they) would have become entitled by virtue of such exercise after deducting a sum equal to the sum which would have been payable in respect of such exercise. Subject to this clause the Warrants shall lapse on the liquidation of the Company.

#### 4.5 Year End

The Company shall not change its financial year end from 30 September without giving to the Registered Holders not less than one month's notice thereof.

### 5. Modification of Rights

All or any of the rights from time to time attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated by agreement in writing between the Company

and any one or more Registered Holders entitled to subscribe for not less than three-quarters of the Ordinary shares then remaining subject to the Warrants or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the Registered Holders. At a general meeting of the Registered Holders all the provisions of the articles of association from time to time of the Company shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that the necessary quorum shall be the Registered Holders (present in person or by proxy) entitled to subscribe for one-third of the Ordinary shares then remaining subject to the Warrants and so that each of the Registered Holders present in person at any such meeting shall be entitled on a show of hands to one vote and each of the Registered Holders present in person or by proxy at any such meeting shall be entitled on a poll to one vote for each Ordinary share for which he would be entitled to subscribe (assuming the Performance Condition is satisfied) and so that any of the Registered Holders present in person or by proxy may demand or join in demanding a poll, and so also that, if at any adjourned separate general meeting of the Registered Holders a quorum as above defined is not present, those of the Registered Holders who are then present in person or by proxy shall be a quorum.

#### **6. Transfer**

The Warrant Certificates and the rights conferred by the Warrants will be transferrable as if the provisions of the articles of association of the Company as to the registration, transfer and transmission of shares applied equally to the registration, transmission and transfer of the rights conferred by the Warrants, save that no transfer of a right to subscribe for a fraction of an Ordinary share may be effected. The provisions of the articles of association of the Company relating to notices, untraced members, and lost and defaced certificates shall apply *mutatis mutandis* to the Warrants.

#### **7. General**

Whilst the Warrants remain exercisable in whole or in part the Company will send or procure to be sent to the Registered Holders (or in the case of joint holders to the first-named in the register of Registered Holders) a copy of each published Report and Accounts together with all documents required by law to be annexed thereto and copies of every statement, notice or circular issued to the members of the Company concurrently with the issue of the same to its members.

## PART V

### ADDITIONAL INFORMATION

#### 1. Incorporation and Share Capital

- 1.1 The Company was incorporated in England as a private limited company on 29 May 1970 under the Companies Acts 1948 to 1967 with registered number 980761. On 14 July 1997 the Company was re-registered as a public company under the name of Fairfield Enterprises PLC. The Company's registered office and its principal place of business is at 250 Waterloo Road, London SE1 8RE. The principal legislation under which the Company operates is the Companies Act 1985 as amended by the Companies Act 1989.
- 1.2 The Company was incorporated with an authorised share capital of £100 divided into 100 Ordinary shares of £1 each of which two shares were issued nil paid to the initial subscribers.
- 1.3 By a special resolution passed on 7 May 1976, the authorised share capital was increased to £175,000 by the creation of 174,900 Ordinary shares of £1 each. By an ordinary resolution passed on 14 March 1980, the authorised share capital was increased to £350,000 by the creation of 175,000 Ordinary shares of £1 each. By an ordinary resolution passed on 16 March 1984 the authorised share capital was increased to £700,000 by the creation of 350,000 Ordinary shares of £1 each and by an ordinary resolution passed on 16 March 1990 the authorised share capital was increased to £2,000,000 by the creation of 1,300,000 Ordinary shares of £1 each.
- 1.4 By a special resolution passed on 14 July 1997:—
  - 1.4.1 it was resolved to make application for the re-registration of the Company as a public limited company pursuant to the Act;
  - 1.4.2 the memorandum of association of the Company was amended so as to comply with the requirements for registration as a public limited company and to incorporate a new objects clause and a new clause relating to share capital;
  - 1.4.3 new articles of association were adopted;
  - 1.4.4 each of the issued and unissued Ordinary shares of £1 each in the capital of the Company, was sub-divided into five Ordinary shares of 20p each;
  - 1.4.5 the authorised share capital was increased from £2,000,000 to £2,500,000 by the creation of an additional 2,500,000 Ordinary shares of 20p each;
  - 1.4.6 the directors were authorised, pursuant to and in accordance with Section 80 of the Act to exercise from the date of the passing of the resolution up to and including 13 July 2002 all the powers of the Company to allot relevant securities to an aggregate nominal value of £334,400 by granting options over shares in the capital of the Company under the Share Option Schemes and pursuant to the Warrants;
  - 1.4.7 in addition to relevant securities allotted in accordance with the authority contained in paragraph 1.4.6 above the directors were authorised pursuant to and in accordance with Section 80 of the Act to exercise for the period from the date of passing of the said resolution up to and including the earlier of the conclusion of the next annual general meeting of the Company and 30 June 1998 all the powers of the Company to allot relevant securities (and to make offers or agreements which might require relevant securities to be allotted after the expiry of the said period) up to an aggregate nominal amount of £477,179; provided that the aggregate nominal amount of the relevant securities allotted wholly for cash during such period otherwise than in connection with a rights issue or the authority referred to in paragraph 1.4.6 above shall not exceed 5 per cent. of the issued Ordinary share capital of the Company from time to time;

- 1.4.8 the directors were empowered pursuant to Section 95 of the Act to allot equity securities for cash pursuant to the authorities conferred by and within the limits and periods stipulated by paragraphs 1.4.6 and 1.4.7 above as if Sub-Section (1) of Section 89 of the said Act did not apply to any such allotment.
- 1.5 For the purposes of paragraphs 1.4.6, 1.4.7 and 1.4.8 above:
- 1.5.1 words and expressions defined in or for the purposes of Part IV of the Act shall bear the same respective meanings where used in these paragraphs;
- 1.5.2 "rights issue" means an offer of securities open for acceptance for a period fixed by the directors to holders of Ordinary shares on the register on a fixed record date in proportion to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory).
- 1.6 The issued share capital of the Company is £1,688,421 divided into 8,442,105 Ordinary shares of 20p each.
- 1.7 Save as disclosed in this paragraph 1 there have been no changes in the amount of the issued share or loan capital of the Company or any of its subsidiaries in the three years immediately preceding the date of this document.
- 1.8 No commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any part of the share or loan capital of the Company or any of its subsidiaries within the three years immediately preceding the date of this document.
- 1.9 Other than pursuant to the Unapproved Scheme and the Warrants no share or loan capital of the Company or any subsidiary is under option or is agreed conditionally or unconditionally to be put under option.
- 1.10 It is the Directors' intention in due course to make application to the London Stock Exchange for block listing approval in respect of up to 1,250,000 Ordinary shares which would fall to be issued on exercise of the Warrants.
- 1.11 The Ordinary shares are in registered form. Following the Introduction the Ordinary shares will be registered securities.
- 1.12 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles of Association of the Company permit the Board to adopt procedures for recording, transferring and evidencing title to its shares without a written instrument. The Directors have applied for the Ordinary shares to be admitted to CREST with effect from the Introduction.
- 1.13 No person, so far as the Company is aware, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 1.14 The provisions of Section 89(1) of the Act (which, to the extent not disapplied pursuant to Section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the authorised but unissued share capital of the Company on the Introduction, except to the extent disapplied by the resolution referred to at paragraph 1.4.8 above. The disapplication will give the directors limited flexibility to issue shares for cash following the Introduction. Subject to certain limited exceptions, the continuing obligations of the London Stock Exchange include a requirement that, unless the approval of shareholders in general meeting is obtained, the Company must offer Ordinary shares to be issued for cash to existing shareholders on a pro rata basis. No such issue is presently in contemplation.

## 2. Subsidiaries

The Company acts as the holding company of the Group which carries on the business of machinery specialists for the printing, converting and allied trades. The Company has the following subsidiaries, all of which are private companies with their registered office at 250, Waterloo Road, London SE1 8RE and which are wholly owned directly by the Company and incorporated in England and Wales:

<i>Subsidiary</i>	<i>Place and Date of Incorporation</i>	<i>Nature of Business</i>	<i>Amount of fully paid issued Share Capital (comprising Ordinary shares of £1 each)</i>
Oscar Friedheim Limited	London 20 February 1913	Suppliers of graphic arts machinery	782,000
Oscar Friedheim (Offset) Limited	Cardiff 27 March 1980	Dormant	320,000
Fairguard Machinery Limited	Cardiff 26 September 1977	Lessors of motor vehicles to companies in the Group	20,000
Lasercomb Dies Limited	Cardiff 9 January 1984	Suppliers of laser-cut dies and tooling	100,000

## 3. Directors' and Other Interests

3.1 The interests, all of which are beneficial, except as stated, of the Directors in the issued Ordinary share capital of the Company (as required to be notified pursuant to Section 324 and Section 328 of the Act, and required to be shown by the Register of Directors' Interests maintained under the provisions of Section 325 of the Act) and the interests of connected persons within the meaning of Section 346 of the Act, the existence of which is known or could, with reasonable diligence, become known by that Director (which would if such connected persons were Directors be required to be notified as stated above) are as stated in paragraph 3.2 and as follows:

<i>Director</i>	<i>Number of Ordinary shares</i>	<i>Ordinary shares under Profit Sharing Scheme</i>	<i>Ordinary shares subject to the Warrants</i>
C E C Cooke	—	—	—
G C Darricotte	67,835	39,295	250,000
D J Sawyer	—	—	416,400*
J R Venn	309,345	36,690	183,250
W J Wallis	185,455	38,825	183,250

\*held by Cabbondin Limited.

W J Wallis is a trustee of the Employee Benefit Trust and of the Profit Sharing Scheme and as such has a non-beneficial interest in an aggregate of 475,155 Ordinary shares.

3.2 Options were granted on 14 July 1997 to employees of the Group over 210,000 Ordinary shares under the Unapproved Scheme at an exercise price of 80p per Ordinary share, including options over 25,000 Ordinary shares to G C Darricotte, a Director.

3.3 Warrants were issued on 14 July 1997 to the Directors as shown in paragraph 3.1 and seven key employees of the Group over 1,250,000 Ordinary shares at a price of 80p per Ordinary share.

3.4 Save as disclosed in paragraphs 3.1 and 3.2, no Director (or any member of his family or any persons connected with him for the purposes of Section 346 of the Act) has any interest (whether beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

- 3.5 Save as disclosed above the only interests (within the meaning of Part VI of the Act) which so far as the Company is aware represent 3 per cent. or more of the issued share capital of the Company, are as follows:

<i>Shareholder</i>	<i>Number of Ordinary shares</i>	<i>%</i>
Mrs M Kershaw	392,870	4.7
Mrs H McManus	547,080	6.5
H A Meyer-Dyhrenfurth	280,155	3.3
Sir Claus Moser	278,325	3.3
H P Moser & Others	328,305	3.9
Lady Moser	303,300	3.6
P Strang & Others ( <i>note 1</i> )	310,760	3.7
Weymouth Limited ( <i>note 2</i> )	1,011,255	12.0
Mrs V R Wright	360,545	4.3
Mrs D O M Wykeman	656,580	7.8
H J Wyndham	647,370	7.7

*Notes:*

- (1) Shares held for and on behalf of the Employee Benefit Trust.
- (2) Weymouth Limited is a company registered in Jersey under number 56152 with its registered office at 17, Bond Street, St Helier, Jersey JE4 8UT. Weymouth Limited has an authorised share capital of £10,000 divided into 10,000 shares of £1 each of which two are in issue and are held as to one share each by Trident Nominees Limited and Xenith Trust Company Ltd.
- 3.6 There are no outstanding loans granted by the Company or any of its subsidiaries to any of the Directors, nor any guarantees provided by the Company or any of its subsidiaries for the benefit of any Director.
- 3.7.1 Mr Cooke was appointed a non-executive director on 2 June 1997. As noted in paragraph 5 of Part 1 of this document he is Senior Partner of Rooks Rider who were appointed as the Company's Solicitors in May 1997 and who will receive a fee of £25,000 exclusive of VAT in connection with their services in relation to the Introduction.
- 3.7.2 Save as set out in paragraph 3.7.1 above no Director has or has had any interest in any transactions which are or which were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by the Group in the current or the immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

**3.8 Directors' Service Agreements and Emoluments**

**3.8.1 Executive Directors**

3.8.1.1 The names of the Directors and their respective functions within the Group are set out on page 3.

3.8.1.2 Each of the executive Directors entered into a Service Agreement with the Company dated 5 August 1997 on the following terms:—

<i>Name</i>	<i>Salary</i>	<i>Estimated Benefits in kind</i>	<i>Bonus (see note)</i>	<i>Pension Contributions</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
G C Darricotte	87,500	8,000	30,000	22,225	147,725
J R Venn	64,500	12,000	22,500	16,375	115,375
W J Wallis	25,000	8,500	—	—	33,500

Note: Directors bonuses are related to profit and the amounts shown for Messrs Darricotte and Venn are based on estimates for 1997/98. The bonus for Mr. Wallis is discretionary.

3.8.1.3 The Service Agreement of each executive Director is terminable by either party on 12 months' notices.



- 3.8.1.4 Each executive Director is entitled to UK private health insurance, permanent health insurance, reimbursement of telephone expenses and the provision of a company car with all expenses (including fuel) paid by the Company.
  - 3.8.1.5 Each executive Director is a member of the Company's non-contributory Directors' Pension Scheme and is entitled to receive a pension on retirement of two thirds of final basic salary.
  - 3.8.1.6 Mr. Wallis is entitled to a discretionary bonus of an amount to be determined by the Board.
  - 3.8.1.7 Mr. Venn is entitled to a bonus of an amount equal to 1.5 per cent. of the consolidated pre-tax net profits of the Company and its subsidiaries in excess of a lower limit (which is £1,000,000 for the financial year beginning 1 October 1996 and such amount for succeeding financial years as shall be determined by the Board) subject to a maximum amount of bonus in any one financial year of 50 per cent. of salary.
  - 3.8.1.8 Mr. Darricotte is entitled to a bonus of: (a) 0.75 per cent. of the consolidated pre-tax net profits of the Company and its subsidiaries (without taking into account profits attributable to Lasercomb Dies) in excess of a lower limit (which is £500,000 for the financial year beginning 1 October 1996 and such amount for succeeding financial years as shall be determined by the Board) but less than an upper limit (which is £1,000,000 for the financial year beginning 1 October 1996 and such amount for succeeding financial years as shall be determined by the Board); and (b) 1.5 per cent. of the pre-tax net profits of the Company and its subsidiaries in excess of an upper limit (which shall be £1,000,000 or such other amount for succeeding financial years as shall be determined by the Board), subject to a maximum amount of bonus in any one financial year of 50 per cent. of salary.
- 3.8.2 *Non-Executive Directors*
- 3.8.2.1 Mr Cooke has been engaged by the Company as a non-executive Director under a letter of appointment dated 14 July 1997 to provide a minimum of 10 days' service per annum. A fee of £10,000 per annum is payable, such fee to be reviewed annually. This agreement may be terminated by either party on three months' written notice.
  - 3.8.2.2 By an agreement dated 14 July 1997 between the Company and Cabbondin Limited ("Cabbondin"), Cabbondin, which has a right to the services of Mr Sawyer, agreed to provide the Company with the services of Mr Sawyer as non-executive Deputy Chairman. The agreement is terminable by either party giving not less than three months' written notice, such notice in the case of notice given by the Company not to expire prior to 31 July 1998. The initial annual fee is £25,000, such fee to be reviewed annually.
- 3.8.3 *General*
- 3.8.3.1 Copies of the executive Directors' Service Agreements and agreements relating to the non-executive Directors will be available for inspection at the address specified in paragraph 14 below
  - 3.8.3.2 The aggregate emoluments of the directors in the financial year ended 30 September 1996 amounted to £528,399 and for the year ending 30 September 1997 the aggregate emoluments of the directors are estimated under the arrangements currently in force to amount to £575,000.
  - 3.8.3.3 There has been no waiver of emoluments during the financial year immediately preceding the date of this document and there is no other arrangement under which any director has agreed to waive future emoluments.
  - 3.8.3.4 There is no arrangement whereby the total remuneration of the directors (including salary and other benefits) will be varied as a consequence of the Introduction.

#### **4. Articles of Association**

The new Articles of Association of the Company adopted on 14 July 1997 contain provisions, *inter alia*, to the following effect:—

##### **4.1 Dividends**

Subject to the Act and every other statute from time to time in force concerning companies and affecting the Company (together the “Statutes”), the Company may by ordinary resolution declare dividends to be paid to members of the Company according to their rights, but not exceeding the amount recommended by the directors. If, in the opinion of the directors, the profits of the Company available for distribution justify such payments, the directors may from time to time pay interim dividends and may also pay any fixed rate dividend on the half-yearly or other dates prescribed for payment. Subject to any special rights attaching to shares, all dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividends accordingly.

- 4.1.1 No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
- 4.1.2 All dividends unclaimed may be invested or otherwise used by the directors for the benefit of the Company until claimed and all dividends unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.
- 4.1.3 The directors may, if so authorised, offer shareholders in respect of any dividend the right to elect to receive ordinary shares by way of scrip dividend instead of cash.

##### **4.2 Winding-up**

If the Company commences to be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes:-

- 4.2.1 divide among the members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out between the members; and
- 4.2.2 vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall with the like sanction think fit;

but no member shall be compelled to accept any share or other assets upon which there is any liability.

##### **4.3 Voting**

Subject to any terms as to voting upon which any shares may be issued, or may from time to time be held, and to the provisions of the Articles, every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

##### **4.4 Restrictions on Shares**

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice pursuant to Section 212 of the Act or, having been duly served with such a notice, has in purported compliance with it made a statement which in the opinion of the directors is false or misleading in any material particular and has been served with a further notice by the directors requiring him to supply the correct information and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the directors may serve on such member a notice (a “direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that the member shall not be entitled to vote at any

general meeting or class meeting of the Company in respect of the default shares or any other shares held by him. Where the default shares represent at least 0.25 per cent. of the issued shares of the same class the direction notice may in addition direct that any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest, any election by the member for any scrip dividend alternative in respect of the default shares shall not be effective and no transfer of any of the shares held by the member shall be registered unless the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the directors to the effect that after due and careful enquiry the member is satisfied that no person in default is interested in any shares subject to the transfer or the transfer is an approved transfer (meaning that it is made in acceptance of a takeover offer or to a bona fide unconnected third party or through a designated stock exchange). The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 or, as the case may be, the notice from the directors requiring the correct information to be supplied.

No member shall be entitled to vote in respect of any share held by him if any call or other sum payable by him to the Company remains unpaid.

#### **4.5 Variation of Rights**

Subject to the Statutes, the rights attached to any class of shares may (unless otherwise provided by the terms of the issue of shares of that class) be varied, modified or abrogated, whether or not the Company is being wound up, either (a) in such manner (if any) as may be provided by such rights or (b) in the absence of any such provision either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise). At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but so that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum).

#### **4.6 Alteration of Share Capital**

The Company may from time to time by ordinary resolution:—

- 4.6.1 increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
- 4.6.2 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 4.6.3 cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled; or
- 4.6.4 sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes).

Subject to the provisions of the Statutes, the Company may purchase any of its own shares (including any redeemable shares).

Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any way.

#### **4.7 Issue of Shares**

Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company passed in general meeting, all unissued shares shall be at the disposal of the directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

Subject to the provisions of the Statutes, the Company may issue shares which are, or at the option of the Company or the holder are to be liable, to be redeemed on such terms and in such manner as the Company before the issue thereof may by ordinary resolution determine or as may otherwise be provided by the Articles from time to time.

#### 4.8 **Transfer of Shares**

Any member may transfer all or any of his shares by an instrument of transfer in any usual or common form or in any other form which the directors may approve. Where the Statutes and/or regulations made pursuant thereto allows, shares in the Company may be transferred without a written instrument pursuant to procedures adopted for the purpose by the directors. Any instrument of transfer of a share shall be signed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee. The directors may in their absolute discretion and without giving any reason refuse to register any transfer of shares (not being fully paid shares). The directors may also refuse to register a transfer of shares unless the instrument of transfer:—

4.8.1 is lodged (duly stamped if so required by law in order to be registered) at the Company's registered office or at such other place as the directors may appoint accompanied by the relevant share certificate(s);

4.8.2 is in respect of only one class of share; and

4.8.3 is in favour of not more than four persons jointly.

The directors may also decline to register any transfer of shares on which the Company has a lien or which is made in favour of an infant, bankrupt or person of unsound mind.

#### 4.9 **Borrowing Powers**

4.9.1 Subject as provided below, the directors may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (including uncalled capital) or any part thereto and, subject to the Statutes, to issue debentures, debenture stocks and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

4.9.2 The directors must however restrict the borrowings of the Company and, so far as they are able, of its subsidiary undertakings, so as to secure the aggregate amount from time to time remaining undischarged of all moneys borrowed by the Company and its subsidiary undertakings (excluding amounts borrowed by any of them from any other) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the aggregate of the amount paid up or credited as paid up on the issued share capital of the Company and the amount standing to the credit of the consolidated capital and revenue reserves (including any share premium account and capital redemption reserve) of the Company and its subsidiary undertakings but adjusted as set out in the Articles.

#### 4.10 **Directors**

##### 4.10.1 *Number of Directors*

Subject to any ordinary resolution of the Company to the contrary, the number of directors shall not be subject to any maximum but shall not be less than three.

##### 4.10.2 *Share qualification*

The directors shall not be required to hold any shares in the Company by way of qualification. A director who is not a member shall nevertheless be entitled to attend and speak at any general or class meeting.

##### 4.10.3 *Emoluments and expenses of Directors*

The remuneration of the directors for their ordinary activities as such shall not in aggregate exceed £100,000 per annum or such higher amount as may from time to time be determined by ordinary resolution of the Company. Such remuneration shall be divisible among the directors as they may agree or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during

which he has held office. The directors may also be paid all expenses properly incurred by them in attending meetings of the directors or any committee of the directors or general or class meetings of the members or of debenture holders or otherwise in connection with the business of the Company. Any director who holds any executive office or who serves on any committee of the directors or who otherwise performs services in which the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise, as the directors may determine. The directors shall have power to provide benefits whether by payment of gratuities, pensions or otherwise to (or to any family members or dependants of) any director or ex-director who holds or has held any executive position or agreement for service with the Company or any associated company and for the purpose of providing any such benefits to contribute to any scheme or fund or to pay premiums. The directors may purchase and maintain insurance for, or for the benefit of, any persons who are or were directors, officers, employees or auditors of the Company or any associated company or who are or were trustees of any pension fund or profit sharing or employees' share scheme in which employees of the Company or any associated company are interested.

#### 4.10.4 *Appointment of Executive Directors*

The directors may from time to time appoint one or more of their number to any executive office on such terms and for such periods as they may (subject to the provisions of the Statutes) determine.

#### 4.10.5 *Directors' interests*

Subject to his declaring his interest in accordance with the Statutes, a director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit of the Company or any other company in which the Company is interested and he (or any firm of which he is a member) may act in a professional capacity for the Company (otherwise than as an auditor) or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed by him) he shall not be liable to account for any benefits accruing to him thereunder or in consequence thereof but shall be entitled to retain them for his own benefit.

#### 4.10.6 *Restrictions on voting*

Subject as provided below a director may not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. A director may not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote. Notwithstanding the foregoing, a director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:—

- 4.10.6.1 any contract or arrangement for the giving of any security, guarantee or indemnity to him in respect of money lent to, or obligations incurred or undertaken by him at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- 4.10.6.2 any contract or arrangement for the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- 4.10.6.3 any contract or arrangement with him to subscribe for shares, debentures or other securities of the Company or any of its subsidiary undertakings issued or to be issued pursuant to any offer or invitation to members or debenture holders or any class thereof of the Company or any of such subsidiary undertakings or to the public or any section thereof or to underwrite or sub-underwrite any shares, debentures or other securities of the Company or any of such subsidiary undertakings;

4.10.6.4 any contract or arrangement concerning any other company in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise howsoever, provided that (directly or indirectly) he is not the holder or beneficially interested in one per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company;

4.10.6.5 any proposal concerning the effecting or maintenance of insurance for the benefit of directors or persons who include directors under which he may benefit.

For the above purposes, an interest of a person who is connected with a director shall be treated as an interest of the director.

Subject to the provisions of the Statutes, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

#### 4.11 *Retirement of Directors by rotation*

At each annual general meeting, one-third of the directors from time to time (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation. The directors to retire by rotation shall be those who have been longest in office since their last appointment but as between persons who became or were last appointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

#### 4.12 *Age of Directors*

Subject to the provisions of Section 293 of the Act, every director shall retire at the first annual general meeting after the date of his seventieth birthday; but shall then be eligible for re-election for the period from that annual general meeting until the end of the next following annual general meeting when again he shall retire. Any such director shall be eligible for re-election for a subsequent term or terms, but on each occasion only until the end of the next following annual general meeting after the date of his re-election. A director so retiring at a meeting shall not be taken into account in determining the number of directors to retire by rotation.

#### 4.13 *Untraced Shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by transmission if, during a period of 12 years, no cheque for amounts payable in respect of the shares has been cashed and no communication has been received by the Company from the member or the person entitled by transmission and at least three dividends have been paid in relation to such shares during those 12 years and no such dividend has been claimed and, within a further period of three months from the date of advertisements giving notice of its intention to sell such shares placed after the expiry of the period of 12 years, the Company has not received any communication from the member or the person entitled by transmission and notice has been given by the Company to the London Stock Exchange of its intention to make such sale. The Company shall be obliged to account to the former member or person entitled by transmission for the net proceeds of the sale of such shares but no trust shall be created in respect of debt and no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds.

### 5. **Memorandum of Association**

The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of a holding company and as a general commercial company and to carry out the other objects more particularly set out in the Memorandum of Association of the Company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 14 below.

### 6. **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years immediately preceding the date of this document and are or may be material:

- 6.1 An agreement dated 5 August 1997 between the Company, the Directors and ARMCF pursuant to which ARMCF agreed to act as the Company's Sponsor in relation to the application for its Ordinary shares to be admitted to the Official List by way of an Introduction. The Agreement contains warranties and indemnities given by the Company. Subject to the Introduction taking place the Company has agreed to pay ARMCF a fee of £50,000, exclusive of VAT and disbursements.

Each Director has undertaken that he will not dispose of any interest in any shares in the Company prior to 31 July 1998 without the prior written consent of ARMCF.

The Company also has engaged ARMCF as its financial adviser at an initial fee of £12,500 per annum exclusive of VAT and disbursements; such engagement may be terminated by either party on three months' written notice.

- 6.2 A letter of agreement dated 25 June 1997 between the Company and Teather & Greenwood, whereby Teather & Greenwood agreed to act as Listing Agent to the Company in respect of the Introduction for a fee of £25,000 exclusive of VAT and disbursements and to act as Corporate Broker to the Company for an initial period of 12 months thereafter at an annual fee of £12,500 exclusive of VAT and disbursements.
- 6.3 The Service Agreements relating to the executive Directors and the agreements relating to the non-executive Directors referred to in paragraph 3.8 above.

## **7. Taxation**

- 7.1 The following paragraphs provide a general guide to current UK law and Inland Revenue practice in respect of the taxation of dividends. The paragraphs below may not apply to certain classes of shareholders, such as dealers in securities. Any person who is in doubt as to his taxation position or requires information which is more detailed than the general outline below should consult his professional advisers.

- 7.2 Under current UK taxation legislation, no tax will be withheld from dividend payments by the Company, but the Company will generally have to account to the Inland Revenue for an amount of advance corporation tax ("ACT"). The rate of ACT is currently equal to 25 per cent. of the cash dividend paid. ACT paid by the Company can be set off against its liability to corporation tax, subject to certain limits and restrictions.

- 7.3 An individual shareholder who is resident (for tax purposes) in the UK and who receives a dividend from the Company will be entitled to receive a tax credit equal to 20 per cent. of the combined total of the dividend and the tax credit. The income tax charge in respect of dividends for lower and basic rate taxpayers is at the lower rate (currently 20 per cent.) and such shareholders will therefore have no further liability to tax on a dividend received from the Company. Higher rate taxpayers will be liable to tax on the sum of the dividend plus the associated tax credit at the higher rate (currently 40 per cent.) against which liability they can offset the associated tax credit. If the tax credit exceeds an individual's liability to income tax on the total of the dividend and the tax credit he will be able to claim payment of the excess from the Inland Revenue.

- 7.4 The Finance (No. 2) Act 1997 enacts changes to the tax legislation under which the rate of tax credit that will be available to individual shareholders in respect of dividends paid on or after 6 April 1999 will be halved to 10 per cent. of the combined total of the dividend and the tax credit and tax credits will no longer be repayable to shareholders with no tax liability. Under the terms of the new legislation, individual shareholders whose income is within the lower or basic rate bands will be liable to tax at 10 per cent. on their dividend income and the tax credit will therefore continue to satisfy their income tax liability on UK dividends. The higher rate of tax on dividend income will be reduced to 32.5 per cent. from 6 April 1999. This change is intended to leave higher rate taxpayers with the same amount of after tax income as they would have received prior to such changes.

- 7.5 Subject to certain exceptions for certain insurance companies and companies which hold shares as trading stock, a UK resident corporate shareholder which receives a dividend paid by the Company will not be taxable on the dividend. The dividend received (together with the associated credit) will be treated as franked investment income of the company receiving the dividend. Under the terms of the Finance (No. 2) Act 1997, where a dividend is received on or after 2 July 1997, pension providers

and most UK corporate shareholders (including authorised unit trusts and open-ended investment companies) will no longer be entitled to payment of tax credits from the Exchequer. Tax credits will, however, continue to be payable to charitable companies until 6 April 1999 and to some others which are entitled to special exemptions and reliefs.

- 7.6 Persons who are not resident in the UK should consult with their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.
- 7.7 The summary in paragraph 7.2 to 7.5 assumes that the Company will not elect for any of its dividends to be treated as foreign income dividends. The Company has no present intention of making such an election. In any event, under the terms contained in the Finance (No. 2) Act 1997 it will not be possible for any company to elect to pay dividends as foreign income dividends from 6 April 1999.

## 8. Working Capital

The Company is of the opinion that after taking into account the bank and other facilities available to the Group on the Introduction, the Group has sufficient working capital for its present requirements.

## 9. Premises

The Group operates from the following premises:

<i>Premises</i>	<i>Tenure</i>	<i>Current Annual Rent</i>	<i>Review Date</i>	<i>Approx. Sq. Ft.</i>
246-254 Waterloo Road, London SE1 8RE	Freehold	—	—	32,249
256-260 Waterloo Road, London SE1 8RE	Freehold	—	—	17,507
262-264 Waterloo Road, London SE1 8RE	Freehold	—	—	4,412
2 Meir Road, Redditch, Worcestershire B98 7SY	Freehold	—	—	12,000
Units 7 and 8 Albion Park, Armley Road, Leeds LS12 2EJ	Leasehold Expiring 12 June 2004	£34,500	13 June 1999	6,700
Unit 9 Albion Park, Armley Road, Leeds LS12 2EJ	Leasehold Expiring 12 June 2004	to 12 June 1998 £14,000 to 12 June 1999 £15,250 for residue thereafter as reviewed	13 June 1999	3,150

## 10. Litigation

- 10.1 Save as set out in paragraph 10.2, no member of the Group is involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened by or against the Group of which the Company is aware) which may have, or have had, during the twelve months preceding the date of this document a significant effect on the Group's financial position.
- 10.2 Oscar Friedheim is pursuing a claim against Eurobind (UK) Limited (in liquidation) ("Eurobind") in respect of loans of £70,000 to enable Eurobind to purchase machinery from Oscar Friedheim. Oscar Friedheim contend that this proposed purchase contract was set aside before Eurobind's liquidation, the liquidators of Eurobind dispute this and are considering a counter-claim. The Group has been advised by Underwood & Co., solicitors, that Oscar Friedheim's claim is valid, and that any counter-claim is unlikely to succeed and, even if it did, would be set off in its entirety against Oscar Friedheim's claim. Accordingly, no provision has been made by Oscar Friedheim in relation to this matter.



## **11. General**

- 11.1 There has been no significant change in the financial or trading position of the Group since 31 March 1997 being the date to which the latest audited consolidated accounts of the Company and its subsidiaries were made up.
- 11.2 Financial information contained in this document does not constitute statutory accounts of the Company within the meaning of Section 240(5) of the Act. Statutory accounts for the Company and for each of its subsidiaries and consolidated accounts for the Group have been prepared and delivered to the Registrar of Companies for the relevant periods referred to in paragraph 14.2 below pursuant to Section 242 of the Act. The auditors have reported on each such set of accounts within the meaning of Section 235 of the Act. Each such report was unqualified within the meaning of Section 271 of the Act and did not contain a statement under Sections 237(2) or (3) of the Act.
- 11.3 There are no arrangements in force for the waiver of future dividends.
- 11.4 The total costs and expenses payable by the Group (and to be borne by the Company) in connection with the Introduction (being professional, printing and listing fee costs) are estimated to amount to approximately £227,550 excluding VAT where applicable.

## **12. Consents**

- 12.1 Kidsons Impey have given and have not withdrawn their written consent to the issue of this document with the inclusion of their report and the references thereto and to their name in the form and context in which they are included and have authorised the contents of those parts of this document where their name and report appears for the purposes of Section 152(1)(e) of the Financial Services Act 1986.
- 12.2 ARMCF has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.
- 12.3 Teather & Greenwood has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.

## **13. Registration of Documents**

Three copies of this document have been delivered to the Registrar of Companies for registration, each copy having attached to it the written consents mentioned in paragraph 12 above and each of the material contracts listed in paragraph 6 above.

## **14. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Theodore Goddard, 150 Aldersgate Street, London EC1A 4EJ during normal business hours on any weekday, Saturdays and Public Holidays excepted, for a period of 14 days from the date of this document:

- 14.1 the Memorandum and Articles of Association of the Company;
- 14.2 the audited consolidated financial statements of the Group including all notes, reports or information for the last three financial years ended 30 September 1996;
- 14.3 the audited consolidated financial statements of the Group for the six months ended 31 March 1997;
- 14.4 the audited consolidated financial statements of the Group for the three financial years ended 30 September 1993 referred to in paragraph 6 of Part I;
- 14.5 the Accountants' Report set out in Part II of this document;
- 14.6 the Service Agreements and agreements relating to the non-executive Directors referred to in sub-paragraph 3.8 above;

- 14.7 the material contracts referred to in paragraph 6 above;
- 14.8 the rules of the Share Option Schemes;
- 14.9 the trust deed and rules of the Profit Sharing Scheme;
- 14.10 the instrument relating to the Warrants;
- 14.11 the Employee Benefit Trust Deed;
- 14.12 the written consents referred to in paragraph 12 above.

Dated: 5 August 1997