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Mountleigh

ANNUAL REPORT AND ACCOUNTS 1990

20/9/90

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CONTENTS

MOUNTLEIGH enters the 1990s with a new strength of purpose. We have substantial asset resources and clear management vision. Together, these qualities are the basis of a redirected and vital company. We have skills to apply to new endcavours beyond our established property and retailing sectors. The aim is to create a business of enhanced value – to be enjoyed by shareholders and widely understood by the markets in which we operate.

The year to 30 April 1990 has to be regarded as a transitional year in the evolution of Mountleigh Group plc. Since Peter May and I increased our shareholding to over 22% in January this year, and the subsequent appointment of Clive Strowger as Chief Executive in March of this year, we have conducted an intensive review of the business and developed with management in each sector specific plans and objectives.

This review has resulted in the need to address the carrying values of certain of our UK property assets and we have taken a significant charge against profits to reflect the impact of the deterioration in market conditions. We have also decided to embark on a programme of radical change in Galerias Preciados, building on the foundations laid over the past two years. We have used McKinsey & Company to help analyse the potential to add value in this business and there is no doubt that we have a real opportunity to achieve significant returns for shareholders.

We can now put last year behind us and look to the future. We open the new financial year with a robust balance sheet and a clear view on how to take our existing businesses forward. In short we intend to build Galerias; exploit the more buoyant Continental property market; and over time reduce our exposure to the UK property market. We shall direct our attention towards generating cash and paying down debt, whilst improving the quality of earnings.

We are considering the future development of Mountleigh and how and where to re-direct our strategy. Opportunities for extending the business portfolio will emerge from the fast changing industrial environment in the European Community and we are alert to this. However, acquisitions will have to provide strong cash generative characteristics and the ability to generate above average returns. We are confident that we have the necessary skills and experience to handle such a programme and are highly encouraged by the positive attitude of our relationship banks.

The last year has been particularly difficult for all our employees who have absorbed both a change in management philosophy and an acceleration in activity. Their willingness to accept the need for change and their support for the new approach to business has been much appreciated.

In my statement accompanying the interim results to 31 October 1989, I acknowledged the significant services to the company of Tony Clegg who resigned from the board last November. Since then, Nigel Wright has left the board to pursue private business interests and we extend to him our sincere thanks and good wishes for the future.

Nelson Peltz

9 August 1990.

Profit and Loss Account

The year to 30 April 1990 has produced a mixed profit performance from the group's activities with our Continental businesses performing strongly whilst the UK has contributed disappointing results.

Since the publication of the half year results in January, management attention has been focused on an intensive review across the group to identify potential for earnings improvement and cash generation. The full year figures, which have produced a loss after tax of £54.9m, recognise the deterioration in the UK property market and the costs to be incurred in realising the full opportunity from the Galerias Preciados business in Spain.

Interest costs in the year at £31.2m are lower than last year despite much increased costs of funding. This is after capitalising £23.6m in respect of interest chargeable to development projects in both the UK and Continental Europe.

Extraordinary costs in the year amount to £14.9m, mainly representing a loss on the sale of the residual shareholding in Storehouse PLC and the loss on disposal of the Rohan Group.

The net effect is an attributable loss of £69.8m, equivalent to a loss of 19.6p per ordinary share on a diluted basis.

Further details on the group profit and loss account are included on page 14.

Trading Performance

United Kingdom Conditions in the UK property market continued to deteriorate in the second half of the year and have presented a difficult environment for property companies. Mountleigh is well placed to cope with the prevailing market with a generally high quality portfolio. It has been necessary, however, to write down values on trading and development properties, with the £56.1m charged to exceptional items in the year reflecting the effect of current market conditions. In addition, £13.8m has been written off through reserves on certain investment properties following independent valuations.

Against the background of a property market that continues to lack liquidity, the management priority in the UK is to reduce exposure whilst realising maximum value to shareholders.

Spain The retail environment in Spain continued to be buoyant in the year and Galerias has capitalised on the favourable trading conditions. Total sales in the 12 months to 30 April 1990 amounted to £429m, an underlying improvement of 11% versus the previous year, indicating an increase in market share. Margins in the business continue to improve with a significant increase in international merchandise introduced to the product mix. Gross margins now stand at nearly 39% which is comparable to best international standards. Major inroads have also been made in reducing costs with operating cost to sales ratios improving by five points in the year.

The year saw the total refit of the Alicante store and also the opening of a new store in Madrid, the first for a number of years.

At more than 40% of sales, the house credit card of Galerias has one of the highest penetrations in Europe with 750,000 active customers. A new joint venture company has been created with Credit Agricole to improve the funding arrangements and provide access to more sophisticated systems and modern card technology.

Since January an intensive review of the Galerias business has been undertaken together with McKinsey & Company to identify opportunities for further improvements to the profitability and efficiency of the business. The findings of this exercise confirm conclusively that considerable value can be added to the business, building on the achievements already made over the two years since Mountleigh's acquisition of Galerias. The resultant business plan, which has been approved and is in the process of implementation, will extend over a period of three years covering every aspect of the business.

The buoyant market conditions have also benefitted property values in Spain and, based on valuations conducted by Richard Ellis, a revaluation surplus of nearly £100 million has been recorded. We are pursuing a strategy of releasing non-essential properties to generate cash for reinvestment and debt repayment.

Other International A very active programme has been pursued in the year by our small but high calibre management team based in Rotterdam. In the year the main feature has been the disposal of the Admiralty Building in Rotterdam to Swedish investors, although the cash consideration amounting to £37m was not received until after the year end.

Valuable options exist on many sites in the Netherlands and we have secured a strong position on key sites in Brussels. Frankfurt is our principal target in Germany and many interesting prospects are beginning to emerge in this important financial centre.

The philosophy is to exploit the favourable conditions in each of these three markets by securing options on sites, obtaining appropriate planning consents, pre-selling to provide positive cash flow and reduce risk, and then build out to completion. This formula will enable Mountleigh to participate in the relatively dynamic property markets on the Continent whilst minimising exposure.

Summary

The increasing concentration of business activity towards the Continent, representing approximately 55% of gross assets, has served Mountleigh well in the year. This policy will continue in the present financial year and provides an appropriate hedge against continuing uncertainties in the UK market.

N Peltz
CHAIRMAN AND JOINT MANAGING DIRECTOR

Appointed to the board in November 1989 and a major shareholder of the company, Nelson Peltz has an impressive record in managing industrial and real estate companies in the United States.

***Sir Ian MacGregor**
DEPUTY CHAIRMAN

Sir Ian joined the board in April 1987 and was appointed Deputy Chairman in 1988. A former Chairman and Chief Executive of the National Coal Board and the British Steel Corporation, he was appointed Chairman of Trusthouse Forte Inc. in 1988.

P W May
JOINT MANAGING DIRECTOR

Appointed a board member in November 1989 and a major shareholder of the company, Peter May, working closely with Nelson Peltz, has extensive and successful experience in managing companies in the United States.

C Strowger FCA
CHIEF EXECUTIVE

Appointed Chief Executive in March this year. Formerly Group Finance Director of Grand Metropolitan PLC, Clive Strowger has extensive general management experience in international markets. He is also a director of the International Stock Exchange.

B C Bossom FRICS
GROUP PROPERTY DIRECTOR

Appointed a director in March 1988, Bruce Bossom became Group Property Director, responsible for property operations in the United Kingdom and abroad, this year. He previously spent 15 years with Jones Lang Wootton in the United States and the United Kingdom, becoming a partner in 1981.

***N M Albert**

Neale M Albert was appointed a non-executive director in November 1989. He is the resident London partner of the United States law firm Paul, Weiss, Rifkind, Wharton & Garrison.

***The Rt Hon Lord Bellwin** JP, LL.B

Lord Bellwin joined the board in 1987. Previously a leader of Leeds City Council and Minister of State for Local Government at the Department of the Environment, he is also a director of Taylor Woodrow plc.

G M Goodwill FRICS

A board member since 1985, Geoff Goodwill has responsibility for the group's UK property portfolio in the Midlands, the North and Scotland. He joined the company in 1980 from Chartered Surveyors, Anthony Brown Stewart.

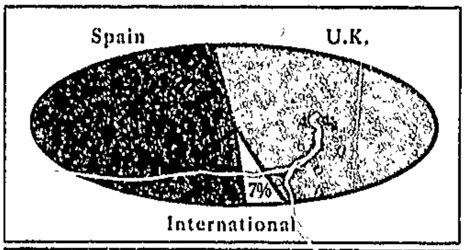
***G Tsai Jnr**	Gerald Tsai Jnr was appointed a non-executive director of the company in November 1989. He is Chairman of the executive committee of the board of directors of Primerica Corporation in the United States.
J R Warren FCCA FINANCE DIRECTOR	Appointed to the board in 1987, Jeff Warren joined the company from the Corporate Finance department of Phillips & Drew prior to which he was Group Treasurer of Trusthouse Forte Plc.
J H Watson FRICS	A board member since 1986, John Watson has responsibility for the group's investment property portfolio. Prior to joining the group, he was a partner of Hepper Watson Commercial, Chartered Surveyors, for 15 years.

*NON-EXECUTIVE DIRECTORS

Secretary	K A Cook FCA
Registered Office	Leigh House, Stanningley, Pudsey, West Yorkshire LS28 7XG
London Office	49 Grosvenor Street, Mayfair, London W1X 9FH
Registrars	Barclays Bank PLC, PO Box 34, Octagon House, Gadbrook Park, Northwich, Cheshire CW9 7RD
Financial Advisers	N M Rothschild & Sons Limited
Stockbrokers	UBS Phillips & Drew Securities Limited
Auditors	BDO Binder Hamlyn, Chartered Accountants
Legal Advisers	Paul, Weiss, Rifkind, Wharton & Garrison
Solicitors	Berwin Leighton, Paull & Williamsons
Principal Bankers	Bankers Trust Company, Barclays Bank PLC, Citibank NA, Credit Lyonnais, Credit Suisse, Lloyds Bank Plc, National Westminster Bank PLC, The Royal Bank of Scotland plc, Unibank plc

Geographical Analysis of Gross Assets

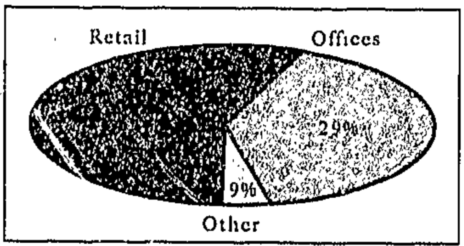
The increasing concentration of business activity towards the Continent has served the company well. This policy will continue and provides an appropriate hedge against continuing uncertainties in the UK market.



Geographical Analysis of Gross Assets

Property Distribution

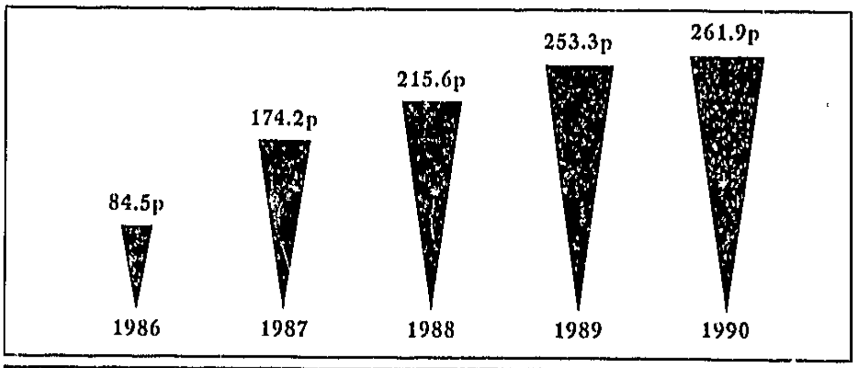
The investment in retail property is not only represented by the Spanish properties of Galerias but also by the investment in the Merry Hill development, Dudley, West Midlands, the UK's second largest regional mall.



Property Distribution

Net Asset Value Performance

Net assets per ordinary share have increased throughout the last five years despite the current difficult trading conditions in the UK.



Net Asset Value Performance:
net assets per ordinary share - diluted

The directors present their report together with the audited accounts for the year ended 30 April 1990.

Principal Activities and Review of Developments

The principal activities of the group are property investment, development and trading, and retailing in Spain. A review of the group's current and future developments is included in the Chairman's statement and review of operations on pages 3 to 7.

Results

The operating profit before exceptional items amounted to £60.3m compared with £107.2m for the previous year. The loss on ordinary activities amounted to £46.8m before taxation and £54.9m after taxation compared with a profit of £69.3m before taxation and £46.8m after taxation for the previous year. After an extraordinary charge of £14.9m, the loss for the year amounted to £69.8m, compared with a profit of £31.3m for the previous year.

The detailed results of the group are set out on page 14.

Net Assets

The group net assets at the year end were £681.2m compared with £680m at 30 April 1989. The basic net asset value per ordinary share rose during the year from 273.4p to 284.0p and, on a diluted basis, from 253.3p to 261.9p.

The detailed group balance sheet is set out on page 15.

Dividends

Ordinary Shares The directors recommend a final dividend of 3.5p per share which, when added to the interim dividend, makes a total of 4.75p for the year, equivalent to last year's total of 4.75p. Subject to approval by the members at the Annual General Meeting, the dividend will be paid on 5 October 1990 to members on the register at the close of business on 24 August 1990.

Preference Shares The dividends on the company's issued preference shares have been paid during the year on the appropriate dates.

Fixed Assets

Movements during the year in fixed assets are shown in notes 11 to 13 to the accounts.

Fixed asset properties held at 30 April 1990 have been revalued on an open market basis and the resultant net revaluation surplus of £86.1m has been credited to the revaluation reserve.

Share Capital

Details of changes in the share capital during the year, including purchases of the company's own shares for cancellation, are described in note 21 to the accounts.

Substantial Shareholdings

In addition to the interests of the directors shown below, Universities Superannuation Scheme Limited is interested in 13,450,000 ordinary shares representing 6.39% of the issued ordinary share capital. At 9 August 1990 the directors had not received any additional notifications under Part VI Companies Act 1985, as amended by Section 134 Companies Act 1989.

Directors' Interests

The beneficial interests of the directors in the share capital of the company at the beginning and end of the year were as follows:

		30 APRIL 1990		1 MAY 1989*	
		Shares	Options over shares	Shares	Options over shares
N M Albert	Ordinary Shares	-	-	-	-
Lord Bellwin	Ordinary Shares	2,500	-	2,500	-
B C Bossom	Ordinary Shares	10,980	379,549	10,980	200,000
G M Goodwill	Ordinary Shares	98,284	207,189	98,284	122,086
Sir Ian MacGregor	Ordinary Shares	1,000	-	1,000	-
P W May	Ordinary Shares	15,828,752	345,157	10,273,196	-
	5.25% Preference Shares	1,561,667	-	1,561,667	-
N Peltz	Ordinary Shares	31,657,502	677,987	20,546,391	-
	5.25% Preference Shares	3,123,333	-	3,123,333	-
C Strowger	Ordinary Shares	6,348	-	-	-
G Tsai Jnr	Ordinary Shares	5,000	-	-	-
J R Warren	Ordinary Shares	1,000	245,241	1,000	186,973
J H Watson	Ordinary Shares	14,386	228,587	14,386	186,973

**or date of appointment if later.*

At 9 August 1990 there had been no changes in the interests shown above except that N M Albert had acquired a beneficial interest of 2,000 ordinary shares and J R Warren a further beneficial interest of 1,500 ordinary shares.

Directors — The current membership of the board is shown on pages 8 and 9.

The following directors were appointed or resigned during the year:

N M Albert	– appointed 8 November 1989
P W May	– appointed 8 November 1989
N Peltz	– appointed 8 November 1989
C Strowger	– appointed 9 March 1990
G Tsai Jnr	– appointed 8 November 1989
R A Clegg	– resigned 8 November 1989
B C Johnston	– resigned 8 November 1989
N J Wright	– resigned 30 April 1990

In accordance with the company's Articles of Association, Messrs Albert, May, Peltz, Strowger and Tsai Jnr will seek election at the forthcoming Annual General Meeting. Sir Ian MacGregor and J R Warren, directors retiring by rotation, will seek re-election.

Messrs May and Peltz have service contracts which are terminable by the company on five years' notice; Messrs Strowger and Warren have service contracts which are terminable by the company on three years' notice.

Donations — Charitable donations during the year amounted to £552,000 (1989 – £240,000). There have been no political donations.

Close Company Status — The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors — A resolution to reappoint the auditors, BDO Binder Hamlyn, will be submitted to the Annual General Meeting.

Special Business — Special Business to be considered at the forthcoming Annual General Meeting is explained in the accompanying separate document for shareholders.

By order of the Board

K A Cook, *Secretary*

9 August 1990

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 April 1990

NOTES		1990 £m	1989 £m
1	OPERATING PROFIT	60.3	107.2
2	Exceptional items	(75.9)	–
	(LOSS)/PROFIT BEFORE INTEREST AND TAXATION	(15.6)	107.2
5	Interest	(31.2)	(37.9)
	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(46.8)	69.3
6	Taxation on (loss)/profit on ordinary activities	(8.1)	(22.5)
	(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(54.9)	46.8
7	Extraordinary items	(14.9)	(15.5)
8	(LOSS)/PROFIT FOR THE YEAR	(69.8)	31.3
9	Dividends	(14.4)	(14.6)
	(LOSS)/PROFIT RETAINED	(84.2)	16.7
10	(LOSS)/EARNINGS PER ORDINARY SHARE		
	Based on ordinary activities after taxation		
	Basic	(27.9)p	18.9p
	Diluted	(19.6)p	16.6p

BALANCE SHEETS

at 30 April 1990

NOTES		GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
	FIXED ASSETS				
	Tangible assets				
11	Properties	**786.5**	599.4	**2.1**	3.7
12	Other fixed assets	**34.8**	30.1	**–**	–
		821.3	629.5	**2.1**	3.7
13	Investments	**26.6**	43.3	**447.3**	350.3
		847.9	672.8	**449.4**	354.0
	CURRENT ASSETS				
14	Stocks	**575.3**	544.5	**–**	–
15	Debtors	**200.6**	420.7	**843.9**	788.2
16	Investments	**6.3**	55.5	**–**	47.6
	Cash at bank	**40.5**	17.3	**40.2**	11.1
	Total current assets	**822.7**	1,038.0	**884.1**	846.9
17	Creditors due within one year	**(444.9)**	(531.9)	**(899.2)**	(656.4)
	NET CURRENT ASSETS/(LIABILITIES)	**377.8**	506.1	**(15.1)**	190.5
	TOTAL ASSETS LESS CURRENT LIABILITIES	**1,225.7**	1,178.9	**434.3**	544.5
18	Creditors due after one year	**(497.5)**	(464.3)	**(110.1)**	(198.5)
20	Provisions for liabilities and charges	**(47.0)**	(34.6)	**0.7**	–
	NET ASSETS	**681.2**	680.0	**324.9**	346.0
	CAPITAL AND RESERVES				
21	Called up share capital	**135.6**	137.6	**135.6**	137.6
	Share premium account	**76.3**	76.3	**76.3**	76.3
22	Revaluation reserve	**88.7**	8.4	**–**	1.0
23	Other reserves	**270.8**	278.8	**11.5**	0.9
24	Profit and loss account	**109.8**	178.9	**101.5**	130.2
	SHAREHOLDERS' FUNDS	**681.2**	680.0	**324.9**	346.0
	NET ASSETS PER ORDINARY SHARE				
	Basic	**284.0p**	273.4p		
	Diluted	**261.9p**	253.3p		

Approved by the board of directors on 9 August 1990

N Peltz
DIRECTOR

C Strowger
DIRECTOR

J R Warren
DIRECTOR

GROUP SOURCE AND APPLICATION OF FUNDS
for the year ended 30 April 1990

	1990 £m	1990 £m	1989 £m	1989 £m
Source of Funds				
Sale of fixed assets		106.4		135.0
Net proceeds from issues of shares		-		0.2
		106.4		135.2
(Loss)/Profit on ordinary activities before taxation	(46.8)		69.3	
Items not involving the movement of funds:				
Depreciation	5.4		0.9	
Share of profits of related companies	(7.2)		(42.4)	
		(48.6)		27.8
Capital reserve and other items arising from acquisition of Galerias		-		152.7
Net increase in loans and other long term creditors		2.2		90.9
Exchange rate adjustments other than on long term assets		(54.5)		11.0
		5.5		417.6
Application of Funds				
Acquisition of fixed assets	127.2		513.5	
Extraordinary items	14.9		-	
Consideration for the purchase of own shares	12.6		22.0	
Payment of taxation	2.8		20.5	
Payment of dividends	14.5		12.9	
Other capital movements	-		1.5	
Costs of issue of bonds	-		1.3	
		172.0		571.7
Carried forward		(166.5)		(154.1)

	1990 £m	1990 £m	1989 £m	1989 £m
Brought forward		(166.5)		(154.1)
Movements in Working Capital				
(Increase)/Decrease in stocks	(30.8)		37.8	
Decrease/(Increase) in debtors	220.1		(145.0)	
(Decrease)/Increase in creditors due within one year	(42.3)		93.0	
Decrease in current asset investments	49.2		151.2	
		196.2		137.0
Net Inflow/(Outflow) of Funds		29.7		(17.1)
Movement in Net Liquid Funds				
Increase/(Decrease) in cash and bank balances	23.2		(24.2)	
Decrease in bank overdrafts and short term loans	6.5		7.1	
		29.7		(17.1)
Effect of Disposals of Subsidiaries:				
Fixed assets	33.2			
Net current assets	17.6			
	50.8			
Extraordinary loss (note 7)	(11.1)			
Consideration	39.7			

Basis of Accounting — The accounts are prepared under the historical cost convention, as modified by the revaluation of fixed asset properties and fixed asset investments.

Basis of Consolidation — The group accounts incorporate the accounts of Mountleigh Group plc and its subsidiaries. In the cases where the subsidiaries have, for commercial reasons, non co-terminous year ends, the consent of The Department of Trade and Industry has been obtained for the use of special purpose accounts made up to 30 April 1990.

In accordance with Section 228(7) Companies Act 1985, no profit and loss account is given for the holding company.

The results of subsidiaries acquired or disposed of in the year are included in the group profit and loss account from the date of acquisition or up to the date of disposal. The difference between the consideration given and the fair value of the separable net assets acquired is dealt with through reserves. Acquisitions for which the consideration includes an issue of shares eligible for relief under Sections 131 to 134 Companies Act 1985 are stated in the holding company balance sheet at the nominal value of the shares issued plus the other costs of acquisition. All other acquisitions are stated at cost.

Fixed Asset Properties — Fixed asset properties, being investment properties and properties occupied by the group, are included in the accounts at latest valuation. Any surplus or deficit arising from the valuation is dealt with in the revaluation reserve.

Where properties held for investment are appropriated from dealing stock, they are transferred at market value. Surpluses or deficits arising are placed to revaluation reserve.

Depreciation — No amortisation or depreciation is provided in respect of freehold or long leasehold properties. Short leasehold property is written off over the life of the lease and interests in land are amortised where provision is considered prudent.

Properties occupied by the group have not been depreciated because, in the opinion of the directors, the programme of refurbishment and repair maintains the properties to a standard whereby the total residual value will be at least equal to their book value.

Other tangible fixed assets are depreciated on a straight line basis over their expected useful lives of two to ten years.

Related Companies — A related company is a company in which an investment is held for the longer term, other than a subsidiary company, and in which the group has a beneficial interest of at least 20 per cent. in the equity share capital.

The group's interests in related companies are stated using the equity method and the group's share of their results is included in the group profit and loss account. These results are taken from the latest audited or management accounts made up to the financial year end of the holding company.

Stocks — Stocks are included at the lower of cost and net realisable value. Cost includes appropriate overheads, interest and, for long term contracts, attributable profit.

Turnover — Turnover represents income from properties, property trading and development and retailing in Spain. Property disposals are recognised at the date of exchange of contract, providing the group is subsequently assured of the receipt of the profit.

Interest — Interest on borrowings is apportioned over the assets employed during the year. The proportion relating to trading assets, comprising land and properties in development and work in progress, is included in stocks whilst interest relating to investment properties and other assets is charged to the profit and loss account.

Pensions — The group's pension schemes currently being funded are defined contribution schemes and, accordingly, the charge to the profit and loss account is equal to the contributions payable to the schemes for the accounting period. Provision is made for the estimated net present value of amounts payable to employees in Spain under the Employee Welfare Plan.

Taxation — Provision is made for deferred taxation only to the extent that it is considered to fall due for payment in the foreseeable future. No provision is made for the amount of tax which would become payable under current UK and overseas legislation if any or all of the fixed asset properties were disposed of at the amount at which they are included in the accounts.

Foreign Currency Translation — The trading results of foreign subsidiaries and related companies are translated into sterling at the average rate of exchange for the year. Assets and liabilities are translated into sterling at the rate of exchange ruling at the year end. Exchange differences are dealt with through the profit and loss account except those arising through the restatement of overseas subsidiaries' assets and liabilities and on foreign currency borrowings used to finance overseas equity investments which are dealt with through reserves.

1. Operating profit	Turnover 1990 £m	Turnover 1989 £m	Profit 1990 £m	Profit 1989 £m
Property disposals:				
Trading and development	151.8	513.3	8.4	43.0
Fixed assets	-	-	12.6	16.0
Rental income	23.1	27.2	20.8	21.7
Retailing	428.7	-	28.1	-
Share of profits of related companies	-	-	7.2	42.4
	603.6	540.5	77.1	123.1
Corporate costs			(16.8)	(15.9)
			60.3	107.2
Geographical analysis:				
United Kingdom	144.8	536.4	30.1	101.3
Spain	428.7	-	28.1	24.0
Other international	30.1	4.1	18.9	(2.2)
	603.6	540.5	77.1	123.1
Included in the above are the following:				
Amounts payable under operating leases			5.8	1.0
Depreciation			5.4	0.9
Directors' emoluments (note 3)			2.4	2.6
Auditors' remuneration			0.5	0.2
Income from listed investments			1.4	1.9

Notes:

(i) The 1989 comparatives have been restated to include the profits from disposals of fixed asset properties as part of the results on ordinary activities, thereby increasing operating profit by £16m and taxation by £2.8m. The earnings per ordinary share have been restated accordingly.

(ii) Galerias Preciados SA, the Spanish retailing group, was treated as a related company from 1 September 1988 until 28 April 1989, on which date it became a subsidiary. There are, therefore, no amounts for retailing turnover for the previous period.

2. Exceptional items	1990 £m	1989 £m
Provision for losses arising from reduction in United Kingdom property values	56.1	-
Provision for re-organisation costs of Galerias Preciados SA	19.8	-
	75.9	-

3. Directors

	1990 £'000	1989 £'000
Directors' emoluments comprise:		
Management remuneration	1,064	1,037
Pension contributions	545	548
Fees	37	33
Consultancy payments	20	45
Payments in respect of former directors:		
Pension contributions	700	-
Ex-gratia	7	-
Compensation for loss of office	-	928
	2,373	2,591

	1990 £'000	1989 £'000
Remuneration of Chairmen:		
Period to 8 November 1989	160	281
Period from 8 November 1989	150	-
Remuneration of highest paid director	176	-

Remuneration of other directors:

	1990 Number	1989 Number		1990 Number	1989 Number
£ nil - £ 5,000	2	2	£ 85,001 - £ 90,000	-	1
£ 5,001 - £ 10,000	1	-	£ 90,001 - £ 95,000	-	1
£ 10,001 - £ 15,000	-	1	£ 95,001 - £100,000	1	-
£ 20,001 - £ 25,000	1	1	£110,001 - £115,000	1	-
£ 25,001 - £ 30,000	1	-	£115,001 - £120,000	1	-
£ 35,001 - £ 40,000	1	-	£120,001 - £125,000	-	1
£ 40,001 - £ 45,000	-	2	£125,001 - £130,000	-	1
£ 45,001 - £ 50,000	-	1	£140,001 - £145,000	1	-
£ 65,001 - £ 70,000	1	-	£150,001 - £155,000	-	1
£ 75,001 - £ 80,000	-	1			

Apart from the above, and as described below, as far as the directors are aware, no transactions or arrangements involving the directors of the company require disclosure under the Companies Act 1985.

Messrs N Peltz and P W May are the owners of companies which have provided services to the group during the year on terms approved by a committee of non-executive directors. The cost of these services has amounted to £882,000.

3. Directors continued

N M Albert is a UK partner of Paul, Weiss, Rifkind, Wharton & Garrison which has provided legal services to the group during the year, the cost of which has amounted to £315,000.

Since his resignation from the company, a company controlled by R A Clegg has been paid consultancy fees of £144,000.

The directors consider that the amounts paid in respect of the above arrangements are in the ordinary course of business and on terms no less favourable than could have been expected from other parties.

4. Staff costs

	1990 £m	1989 £m
Wages and salaries	76.3	4.5
Social security costs	24.2	0.4
Pension contributions	10.1	1.2
	110.6	6.1

The average number of persons employed by the group during the year was 8,362 (1989 - 233), divided into the following categories:

	Number	Number
Property	216	233
Retailing (Spain)	8,146	-
	8,362	233

5. Interest

	1990 £m	1989 £m
Payable on loans and bond issues:		
Repayable within five years	65.1	49.2
Not wholly repayable within five years	18.2	14.0
	83.3	63.2
Development cost element	(23.6)	(14.3)
	59.7	48.9
Interest receivable	(28.5)	(11.0)
Charged to profit and loss account	31.2	37.9
Included in stocks at 1 May 1989	18.4	11.4
Development cost element for the year	23.6	14.3
Included in cost of sales	(9.8)	(7.3)
Included in stocks at 30 April 1990	32.2	18.4

6. Taxation on (loss)/profit on ordinary activities

	1990 £m	1989 £m
The tax charge is based on the (loss)/profit for the year and comprises:		
Corporation tax provided at 35%	2.8	17.2
Prior year items	(13.9)	(2.1)
Overseas taxation charge	5.6	0.3
Deferred taxation (note 20)	9.7	2.3
Related companies	3.6	4.3
Tax on franked investment income	0.3	0.5
	8.1	22.5

The corporation tax charge is stated after taking credit for accelerated tax allowances against which it is considered that no provision for deferred taxation is necessary.

7. Extraordinary items

	1990 £m	1989 £m
Loss on investment	3.8	13.4
Net loss on sale of subsidiaries	11.1	-
	14.9	13.4
Taxation	-	2.1
	14.9	15.5

8. (Loss)/Profit for the year

The profit for the year dealt with in the accounts of the holding company amounts to £4.5m (1989 - £135.7m).

No provision is made for additional UK and overseas taxes which may arise as the result of profit distributions by subsidiary and related companies overseas.

9. Dividends

	1990 pence	1990 £m	1989 pence	1989 £m
ORDINARY DIVIDENDS				
Interim (paid)	1.25	2.6	1.25	2.7
Proposed final (payable 5 October 1990)	3.50	7.4	3.50	7.5
	4.75p	10.0	4.75p	10.2
PREFERENCE DIVIDENDS (PAID)				
5.25% convertible cumulative preference shares		4.4		4.4
		14.4		14.6

10. Loss per ordinary share

The calculation of the loss per ordinary share is based on the loss, after providing for preference dividends, of £59.3m (1989 - profit £42.4m) and on a weighted average number of ordinary shares in issue of 212,173,399 (1989 - 224,641,368 shares).

Fully diluted earnings have been calculated by adjusting the earnings for the year by a net interest credit £1.0m (1989 - £0.8m) and dividing by the weighted average of 275,127,822 ordinary shares (1989 - 286,246,342 shares) that would have been in issue consequent upon the exercise of options outstanding under the share option schemes and the conversions of the 3.25% convertible bonds 1987/1997 and the 5.25% convertible cumulative preference shares.

11. Fixed asset properties

	Freehold £m	Long leasehold £m	Short leasehold £m	Total £m
Group				
Valuation at 1 May 1989	487.7	111.3	0.4	599.4
Additions	18.1	94.9	-	113.0
Appropriations to dealing stock	(5.0)	-	-	(5.0)
Disposals	(60.0)	(14.4)	(0.3)	(74.7)
Revaluation adjustment	97.0	(10.9)	-	86.1
Exchange adjustment	63.4	4.3	-	67.7
Valuation at 30 April 1990	601.2	185.2	0.1	786.5
The cost to the group is	503.1	194.7	-	697.8
Company				
Valuation at 1 May 1989	2.7	0.8	0.2	3.7
Appropriations to dealing stock	(1.7)	-	-	(1.7)
Revaluation adjustment	0.1	0.1	(0.1)	0.1
Valuation at 30 April 1990	1.1	0.9	0.1	2.1
The cost to the company is	1.2	1.3	-	2.5

The properties have been valued on an open market basis in accordance with the recommended guidelines of the Royal Institution of Chartered Surveyors and the surplus or deficit arising has been dealt with in the revaluation reserve.

11. Fixed asset properties continued

	GROUP £m	COMPANY £m
ANALYSIS OF PROPERTY VALUATION AT 30 APRIL 1990		
Held primarily for investment	133.1	0.8
Occupied by group companies	653.4	1.3
	786.5	2.1
At external valuation	768.6	2.1
At directors' valuation	17.9	-
	786.5	2.1
EXTERNAL VALUATIONS		
United Kingdom - Hepper Robinson	134.4	2.1
Spain - Richard Ellis SA	634.2	-
	768.6	2.1

12. Other fixed assets

	GROUP £m	COMPANY £m
COST		
At 1 May 1989	31.2	0.1
Additions	11.9	-
Disposals	(6.9)	(0.1)
Exchange differences	4.0	-
At 30 April 1990	40.2	-
DEPRECIATION		
At 1 May 1989	1.1	0.1
Charge for the year	5.4	-
Eliminated on disposals	(1.5)	(0.1)
Exchange differences	0.4	-
At 30 April 1990	5.4	-
Net book amount at 30 April 1990	34.8	-
Net book amount at 30 April 1989	30.1	-

Other fixed assets comprise motor vehicles, retailing and office equipment and fixtures and fittings.

13. Fixed asset investments

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
Shares in Group Companies				
At 1 May 1989	-	-	338.0	338.5
Additions	-	-	91.0	0.2
Disposals	-	-	-	(0.7)
At 30 April 1990	-	-	429.0	338.0
Investments in Related Companies				
At 1 May 1989	24.9	41.7	0.1	0.6
Additions	2.3	4.9	18.0	0.1
Group's share of retained profits for the year	3.6	38.1	0.5	-
Transfer from current assets	-	157.1	-	-
Transfer from/(to) group companies	6.8	(181.0)	-	-
Disposals	(17.2)	(35.9)	(0.3)	(0.6)
At 30 April 1990	20.4	24.9	18.3	0.1
Other Investments				
At 1 May 1989	18.4	36.6	12.2	-
Additions	-	6.0	-	34.0
Provision for unrealised loss	-	(7.0)	-	(1.3)
Disposals	(12.2)	(17.2)	(12.2)	(20.5)
At 30 April 1990	6.2	18.4	-	12.2
Total Investments	26.6	43.3	447.3	350.3
On an historical cost basis:				
Cost	26.8	58.0	447.7	352.2
Provisions	(0.2)	(14.7)	(0.4)	(1.9)
Net cost	26.6	43.3	447.3	350.3
Other investments comprise:				
Listed (at market value)	0.2	12.3	-	12.2
Unlisted	6.0	6.1	-	-
	6.2	18.4	-	12.2

The principal subsidiaries are shown on page 35.

13. Fixed asset investments continued

The principal related companies, together with details of the group's beneficial interest, are as follows:

PROPERTY	Number and Class of Shares	Interest held %
Argent Real Estate (Knightsbridge) Ltd	2 Ordinary £1	50
Belmont Associates	–	50
Drivemaid Limited	98 'A' Ordinary £1	100
	1 'C' Ordinary £1	100
Hornbeam Business Park Ltd	100 Ordinary £1	50
Park Farm Ashford Ltd	10,000 'B' Ordinary £1	100

Third parties hold 50% of the equity in these entities.

All the above are companies incorporated in England and operate in the United Kingdom, with the exception of Belmont Associates which is a partnership operating in the United States.

The net debt of related companies engaged in property activities amounted to £47.0m at 30 April 1990, of which £13.9m was guaranteed by group companies. Since the year end, approximately £30m has been repaid from the proceeds of property sales.

FINANCIAL SERVICES	Number and Class of Shares	Interest held %
Compania de Financiacion de Grandes Almacenes, SA	833,000 Ordinary 1,000 Pesetas	49

The above company, which primarily provides credit card facilities for Galerias Preciados SA, is incorporated and operates in Spain, the majority shareholder being Caisse Nationale de Credit Agricole. At 30 April 1990 the company had bank borrowings of £109m, of which £5.4m was guaranteed by a group company.

14. Stocks

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
Properties	**482.2**	468.4	–	–
Retailing – Spain	**93.1**	76.1	–	–
	575.3	544.5	–	–

15. Debtors

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
Due within one year:				
Trade debtors	75.6	333.1	–	29.0
Amounts owed by group companies	–	–	793.9	712.4
Amounts owed by related companies	49.0	37.8	28.5	29.9
Other debtors	39.6	19.2	6.7	3.1
Taxation recoverable	7.3	7.3	11.1	8.6
Prepayments and accrued income	27.9	13.4	1.2	2.7
	199.4	410.8	841.4	785.7
Due after one year:				
Trade debtors	1.2	9.9	–	–
Taxation recoverable	–	–	2.5	2.5
	200.6	420.7	843.9	788.2

16. Current asset investments

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
Listed	2.3	47.7	–	47.6
Unlisted	4.0	7.8	–	–
	6.3	55.5	–	47.6

The market value of listed investments was £2.3m for the group (1989 – £57.3m group, £56.9m company).

The unlisted investment comprises a holding of 49% of the ordinary share capital in Scandinavian Investment A/S, a company incorporated in Norway.

17. Creditors due within one year

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
Loan notes	19.7	20.6	19.7	20.6
Bank loans and overdrafts	219.5	225.1	115.8	107.6
	239.2	245.7	135.5	128.2
Trade creditors	87.1	128.1	–	0.3
Trade bills	26.5	29.6	–	–
Amounts owed to group companies	–	–	749.9	485.8
Amounts owed to related companies	7.9	–	–	–
Corporation tax	–	24.1	2.5	3.4
Other taxation and social security	14.8	21.7	–	0.2
Proposed final dividend (note 9)	7.4	7.5	7.4	7.5
Other creditors	11.1	24.8	0.6	21.5
Accruals and deferred income	50.9	50.4	3.3	9.5
	444.9	531.9	899.2	656.4

18. Creditors due after one year

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
SFr. 3.25% convertible bonds 1987/1997	32.3	27.5	-	-
SFr. 5.75% bonds 1987/1992	105.0	88.5	-	-
SFr. 5.25% bonds 1988/1995	62.6	53.1	-	-
Bank loans and overdrafts	245.6	266.2	110.1	198.5
	445.5	435.3	110.1	198.5
Corporation tax	49.5	18.5	-	-
Other creditors	2.5	10.5	-	-
	497.5	464.3	110.1	198.5

19. Borrowings

	Group 1990 £m	Group 1989 £m	Company 1990 £m	Company 1989 £m
Included within:				
Creditors due within one year	239.2	245.7	135.5	128.2
Creditors due after one year	445.5	435.3	110.1	198.5
Gross borrowings	684.7	681.0	245.6	326.7
Borrowings net of cash at bank	644.2	663.7	205.4	315.6
Gross borrowings comprise amounts repayable as follows:				
Within one year	239.2	245.7	135.5	128.2
Between one and two years	129.3	116.5	64.8	80.1
Between two and five years	169.0	138.6	0.3	22.4
After five years	147.2	180.2	45.0	96.0
Secured on the assets of the group	75.7	69.5	-	-

Unless otherwise stated, interest rates applying to borrowings repayable after more than five years are based on market rates.

Subsequent to the year end, the group has entered into a new three year loan facility of £300m, the proceeds of which have replaced some of the borrowings shown above including £45m of the borrowings repayable after five years.

20. Provisions for liabilities and charges

	GROUP £m	COMPANY £m
DEFERRED TAXATION		
At 1 May 1989	7.1	-
Charged to/(from) profit and loss account	9.7	(0.7)
Transfer to corporation tax liability	(2.8)	-
At 30 April 1990	14.0	(0.7)
OTHER		
At 1 May 1989	27.5	-
Charged to profit and loss account	21.4	-
Amounts incurred	(15.9)	-
At 30 April 1990	33.0	-
TOTAL	47.0	(0.7)

Other provisions relate mainly to re-organisation costs in respect of Galerias Preciados SA.

No taxation liability is expected to arise on the disposals of assets which are included at amounts in excess of tax base cost in the balance sheet at 30 April 1990 because of available tax reliefs.

21. Called up share capital

	GROUP AND COMPANY 1990 £'000	1989 £'000
Authorised:		
370,000,000 (370,000,000) ordinary shares of 25p each	92,500	92,500
110,000,000 (110,000,000) 5.25% convertible cumulative preference shares of £1 each	110,000	110,000
25,000 (25,000) 4.55% cumulative preference shares of £1 each	25	25
	202,525	202,525
Issued and fully paid:		
210,587,005 (218,367,720) ordinary shares of 25p each	52,647	54,592
82,966,519 (83,000,000) 5.25% convertible cumulative preference shares of £1 each	82,967	83,000
25,000 (25,000) 4.55% cumulative preference shares of £1 each	25	25
	135,639	137,617

21. **Called up share capital** continued

	Number
MOVEMENTS IN ORDINARY SHARES DURING THE YEAR	
At 1 May 1989	218,367,720
Purchase of shares for cancellation	(7,800,000)
Conversion of 5.25% convertible cumulative preference shares	19,285
At 30 April 1990	210,587,005

Having obtained the appropriate authority from shareholders, the company has purchased during the year for cancellation, for a total consideration of £12.6m, 7,800,000 ordinary shares with a nominal value of £1,950,000, representing approximately 1 per cent of the called up share capital. The purchases were made to increase the net asset value attributable to the remaining ordinary shares.

MOVEMENT IN 5.25% CONVERTIBLE CUMULATIVE PREFERENCE SHARES DURING THE YEAR

The reduction during the year of 33,481 preference shares arises from the conversion of those shares into ordinary shares.

RIGHTS OF 5.25% CONVERTIBLE CUMULATIVE PREFERENCE SHARES

(a) Conversion: The 5.25% convertible cumulative preference shares are convertible into ordinary shares normally during the month of September in any of the years to 2005 at the rate of 57.6 ordinary shares for every £100 in nominal amount. Upon conversion of at least 75 per cent, the company has the right to require conversion of the remainder.

The company may redeem the shares at par at any time after 30 September 2005. The company is also obliged to redeem the shares at par (unless previously redeemed or converted) on 30 June 2006.

(b) Voting: Holders of the shares are not entitled to vote on any resolution (other than for winding-up or a reduction of capital or variation of rights) unless the dividend on such shares is six months in arrears at the date of the notice of the meeting.

(c) Dividends: Holders of the shares are entitled to a fixed cumulative preferential dividend at the rate of 5.25 per cent per annum on the capital paid thereon, payable half-yearly on 1 January and 1 July. The shares rank for dividend after the 4.55 per cent preference shares but in priority to the ordinary shares.

21. Called up share capital continued

SFr.3.25% Convertible Bonds 1987/1997

The bonds are convertible at any time up to 1 March 1997 into ordinary shares of the company at a fixed exchange rate of SFr.2.34 to £1 with an initial conversion price of 268p per ordinary share. Unless previously redeemed, all outstanding bonds are to be repaid at 121.5 per cent of the principal amount on 19 March 1997. At 30 April 1990, bonds totalling SFr.27,050,000 had been converted, resulting in aggregate allotments of 4,313,339 ordinary shares, and a further SFr.21,000,000 of bonds had been acquired for a consideration of SFr.20,600,000. These transactions have reduced the original bond issue of SFr.125,000,000 to SFr.76,950,000.

Share Option Schemes

The board has granted options to certain directors and senior employees in accordance with the rules of the share option schemes established by the group. Options granted which were still outstanding at 30 April 1990 were as follows:

Number of ordinary shares	Price per share	Exercise period
200,000	163p	July 1990 – July 1997
306,032	177p	October 1990 – October 1997
552,610	159p	March 1992 – March 1999
401,480	169p	September 1992 – September 1999
1,810,909	159p	February 1993 – February 2000

In addition to the above, there were options outstanding in respect of 1,234,243 ordinary shares in favour of ex-employees of the group. These options are exercisable at various periods between July 1990 and August 1993 at prices between 77p and 177p.

22. Revaluation reserve

	GROUP		COMPANY	
	1990 £m	1989 £m	1990 £m	1989 £m
At 1 May 1989	8.4	31.0	1.0	0.8
Revaluation of investment properties	86.1	5.5	0.1	0.2
Elimination arising on sale of fixed asset properties	(5.8)	(15.2)	(1.5)	–
Elimination arising from related company sales	–	(12.9)	–	–
Transfer from profit and loss account	–	–	0.4	–
At 30 April 1990	88.7	8.4	–	1.0

23. Other reserves

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
CAPITAL – Realised				
At 1 May 1989	42.0	54.2	–	17.6
Transfer to capital reserve – unrealised	(14.0)	–	(5.8)	–
Disposal of subsidiaries	(0.3)	–	–	–
Purchase of own shares	–	(8.3)	–	(8.3)
Transfer to capital redemption reserve	(1.9)	(3.3)	(1.9)	(3.3)
Transfer (to)/from profit and loss account	(25.8)	–	7.7	–
Other movements	–	(0.6)	–	(6.0)
At 30 April 1990	–	42.0	–	–
CAPITAL – Unrealised				
At 1 May 1989	104.5	(2.9)	(2.4)	–
Provision for loss on investment	–	(4.8)	–	(5.8)
Surplus on consolidation of subsidiaries	1.2	101.2	–	–
Exchange fluctuations	16.9	11.0	2.9	3.4
Transfer from capital reserve – realised	14.0	–	5.8	–
At 30 April 1990	136.6	104.5	6.3	(2.4)
MERGER RESERVE				
At 1 May 1989	129.0	239.0	–	–
Realised element transferred to profit and loss account	–	(110.0)	–	–
At 30 April 1990	129.0	129.0	–	–
CAPITAL REDEMPTION RESERVE				
At 1 May 1989	3.3	–	3.3	–
Arising from purchase of own shares	1.9	3.3	1.9	3.3
At 30 April 1990	5.2	3.3	5.2	3.3
TOTAL OTHER RESERVES	270.8	278.8	11.5	0.9

24. Profit and loss account

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
At 1 May 1989	**178.9**	60.3	**130.2**	19.5
(Loss)/Profit retained for the year	**(84.2)**	19.0	**(9.9)**	121.1
Transfer from capital reserves – realised	**25.8**	–	**(7.7)**	–
Transfer from merger reserve	**–**	110.0	**–**	–
Transfer to revaluation reserve	**–**	–	**(0.4)**	–
Purchase of own shares	**(10.7)**	(10.4)	**(10.7)**	(10.4)
At 30 April 1990	**109.8**	178.9	**101.5**	130.2

Included in group reserves is £6.6m attributable to related companies (1989 – £12.5m).

25. Capital commitments

There was no expenditure authorised but not contracted for, nor expenditure contracted for but not provided at 30 April 1990.

26. Operating lease commitments

There were the following annual commitments in respect of property operating leases at 30 April 1990 expiring as follows:

	GROUP 1990 £m	GROUP 1989 £m
Between two and five years	**0.1**	–
After five years	**6.6**	5.7

27. Contingent liabilities

	GROUP 1990 £m	GROUP 1989 £m	COMPANY 1990 £m	COMPANY 1989 £m
Bank and other loans guaranteed –				
Intra-group	**–**	–	**103.2**	124.4
External	**19.3**	13.1	**13.9**	13.1
Other contingencies	**17.2**	–	**2.0**	–
	36.5	13.1	**119.1**	137.5

External bank and other loans guaranteed are in respect of borrowings by non-subsidiary companies. Other contingencies comprise rent and performance guarantees to purchasers of certain properties. The guarantee periods extend for periods up to five years.

At 30 April 1990 there are certain claims or potential claims against group companies. Provision is made in these accounts for all liabilities which are expected to materialise. In addition the group has given indemnities to third parties in the ordinary course of business.

Principal subsidiaries wholly owned except where otherwise stated	
PROPERTY	
*Ellerdine Properties Limited	
*Leigh Estates (UK) Limited	
*MGP Holding SA (incorporated and operating in Spain)	
*Mountleigh Coroco Holding BV (incorporated and operating in The Netherlands)	
Mountleigh Criterion Limited	
*Mountleigh Developments Limited	
†Mountleigh International Plc (operating in The Netherlands)	
*Mountleigh Investments Limited	
Mountleigh Northern Developments Limited	
*Observatory Gardens Limited	
Phoenix Finance and Investments PLC	
*Shencrest Limited	
*Stockley Academy Limited	
*Stockley Property Investments Limited	
Torcolam SpA (incorporated and operating in Italy)	
RETAILING	
*Galerias Preciados SA (incorporated and operating in Spain)	
OTHER ACTIVITIES	
Mountleigh Finance NV (incorporated in Netherlands Antilles)	*Finance*
Mountleigh Management Services Limited	*Group Management*

As stated on page 18, certain subsidiaries have non co-terminous year ends. Ellerdine Properties Limited draws up statutory accounts to 30 June and Stockley Property Investments Limited to 30 September.

*These companies are held indirectly through the company's wholly owned subsidiaries.

†This company is held indirectly through a subsidiary in which a third party owns participating non-cumulative preference shares.

To the members of Mountleigh Group plc

We have audited the accounts on pages 14 to 35 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 30 April 1990 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

BDO Binder Hamlyn

Chartered Accountants

BDO BINDER HAMLYN

8 St Bride Street, London EC4A 4DA

9 August 1990

	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
Operating Results					
(Loss)/Profit before interest and taxation	(15.6)	107.2	122.0	69.0	13.7
Interest	(31.2)	(37.9)	(7.0)	(8.0)	(4.5)
(Loss)/Profit on ordinary activities before taxation	(46.8)	69.3	115.0	61.0	9.2
Taxation	(8.1)	(22.5)	(35.3)	(14.1)	(2.4)
(Loss)/Profit on ordinary activities after taxation	(54.9)	46.8	79.7	46.9	6.8
Extraordinary items	(14.9)	(15.5)	(12.4)	-	-
(Loss)/Profit for the year	(69.8)	31.3	67.3	46.9	6.8
Dividends	(14.4)	(14.6)	(12.7)	(4.1)	(1.1)
(Loss)/Profit retained	(84.2)	16.7	54.6	42.8	5.7
Shareholders' Funds					
Called up share capital	135.6	137.6	140.8	106.1	2.8
Reserves	545.6	542.4	457.8	121.7	57.3
	681.2	680.0	598.6	227.8	60.1
(Loss)/Earnings Per Ordinary Share					
Based on ordinary activities after taxation					
Basic	(27.9)p	18.9p	38.6p	60.9p	12.9p
Diluted	(19.6)p	16.6p	31.0p	40.2p	11.2p
Dividends Per Ordinary Share	4.75p	4.75p	3.75p	3.00p	1.67p
Net Assets Per Ordinary Share					
Basic	284.0p	273.4p	223.0p	156.9p	91.5p
Diluted	261.9p	253.3p	215.6p	174.2p	84.5p

Amounts shown for the earnings, dividends and assets per ordinary share have been restated as appropriate to reflect the rights issue in January 1986 and the capitalisation issue in January 1987. Earnings per ordinary share have also been restated to reflect the decision to include the profit on sales of investment properties as part of results from ordinary activities.

at 30 April 1990

Ordinary Shareholders

	Number of Shareholders	%	Number of Shares	%
1 – 1,000	4,050	52.91	2,081,789	0.99
1,001 – 5,000	2,455	32.08	5,747,270	2.73
5,001 – 20,000	604	7.89	6,178,537	2.93
20,001 – 50,000	202	2.64	6,803,946	3.23
50,001 – 100,000	101	1.32	7,794,817	3.70
100,001 – 250,000	130	1.70	22,468,873	10.67
250,001 – 500,000	50	0.65	18,264,827	8.67
500,001 – 1,000,000	34	0.44	25,137,407	11.94
1,000,001 and over	28	0.37	116,109,539	55.14
	7,654	100.00	210,587,005	100.00

Convertible Cumulative Preference Shareholders

	Number of Shareholders	%	Number of Shares	%
1 – 1,000	174	16.49	105,139	0.13
1,001 – 5,000	569	53.93	1,559,397	1.88
5,001 – 20,000	149	14.12	1,436,794	1.73
20,001 – 50,000	46	4.36	1,610,121	1.94
50,001 – 100,000	33	3.13	2,662,041	3.21
100,001 – 250,000	36	3.41	6,009,335	7.24
250,001 – 500,000	22	2.09	8,001,441	9.64
500,001 – 1,000,000	10	0.95	7,606,041	9.17
1,000,001 and over	16	1.52	53,976.210	65.06
	1,055	100.00	82,966,519	100.00