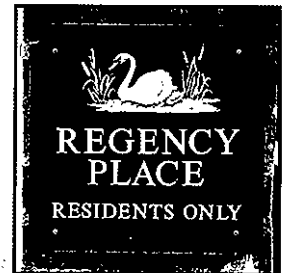


Corporate Statement

*Wainhomes is an established housebuilder
with a reputation for high standards.*



Regency Place, Henley-in-Arden

Wainhomes aims:

*to provide distinctive quality homes to meet the demands of
housebuyers;*

*to continue to provide strong regional management teams to operate
effectively in local markets;*

*to maximise the return on investment and operating cashflow to
provide the finance for future growth;*

*to increase shareholder value through long term profitable internal
growth and selective expansion into new markets.*

Financial Highlights

Five Year Performance Record

Year ended	1998 June*	1997 June*	1996 March	1995 March	1994 March
	£000	£000	£000	£000	£000
Turnover	113,461	104,141	95,985	95,857	69,401
Operating profit	12,484	8,113	3,750	10,176	7,084
Profit before taxation	12,036	7,096	2,075	10,044	6,218
Earnings per share	13.1p	7.6p	2.0p	10.8p	9.6p

*Proforma information derived from previously published statements and management information.



This report covers the fifteen month period to 26 June 1998. From now on we will be reporting on the basis of a financial year ending in June which substantially improves our ability to plan and control your Company's business. We have provided an unaudited pro forma profit and loss account on page 11.

I am pleased to report that the performance of the Company has improved further since the Interim Statement made 3 months ago. Pre tax profit was £12M for the 12 months to the end of June 1998, compared with £11.1M for the 12 months to the end of March 1998. This clearly demonstrates the continuing improvements in the profit growth dynamic of the Company making us now one of the best performers in the sector.

The business has seen significant management and organisational changes which have been concentrated on improving underlying profitability, improving margins, increasing the return on capital and reducing interest costs. The Company is ready to build further on the success of the last two years.

As announced in June, reassured by these two successful years I intend to stand down at the Annual General Meeting in November when I shall have been in the chair for almost five years. The Board has invited Bill Ainscough to take up the appointment of Executive Chairman. Bill has been responsible for the success of the Company over the last two years by re-establishing essential management disciplines, whilst at the same time negotiating a long term land bank with modest borrowings. The Board feels that Bill is the ideal candidate to become Chairman, and that it is essential to retain his services in an executive role to continue the thrust of our current proven strategy.

We are fortunate in having a very experienced operational team under the leadership of John Cassidy, who will be appointed as Group Managing Director when Bill Ainscough becomes Chairman. We were very pleased to announce the recruitment of Bill Bannister in June 1998. Bill Bannister was formerly Chief Executive of Maunders plc and will strengthen the operational team. The operational team are ably supported by Stephen Owen as Finance Director, who has been with

Chairman's Statement

the Company for 7 years, and has contributed significantly to our recent success.



On 10 September 1998 we were delighted to announce the appointment of Sir Eric Pountain as an additional non executive director. Sir Eric is also currently the Chairman of IMI plc, James Beattie PLC and formerly Chairman of Tarmac plc. We have maintained the wide level of industry and City experience of the Board's non executive directors.

I would like to thank my fellow directors and all the employees of the Group for their efforts and endeavours during the past five years. I wish the Group every success for the future.

Gavin Reed
15 September 1998



Harbour Village, Preston

Chief Executive's Report

The period since the last annual report has seen the Group make considerable progress in growing its business outside the core North West region. There are many other pleasing features not least of which is the growing number of bespoke developments which have contributed to profit during the period since the previous annual report.

Group Trading

The annual report covers the fifteen month period to 26 June 1998. The demand for new homes is subject to considerable seasonal variation and this has a direct effect on the level of completions in a quarter. We have changed our financial period end to June to ensure that, during the peak selling period, maximum effort is

concentrated upon selling and is not diluted by the pressure of taking sales to legal completion. We have provided an unaudited pro forma profit and loss account for the year to 26 June 1998 together with a comparative for the year to 30 June 1997. We believe that this will provide a more meaningful comparison of the Group's recent trading performance. All the commentary with respect to trading performance relates to the pro forma results on page 11.

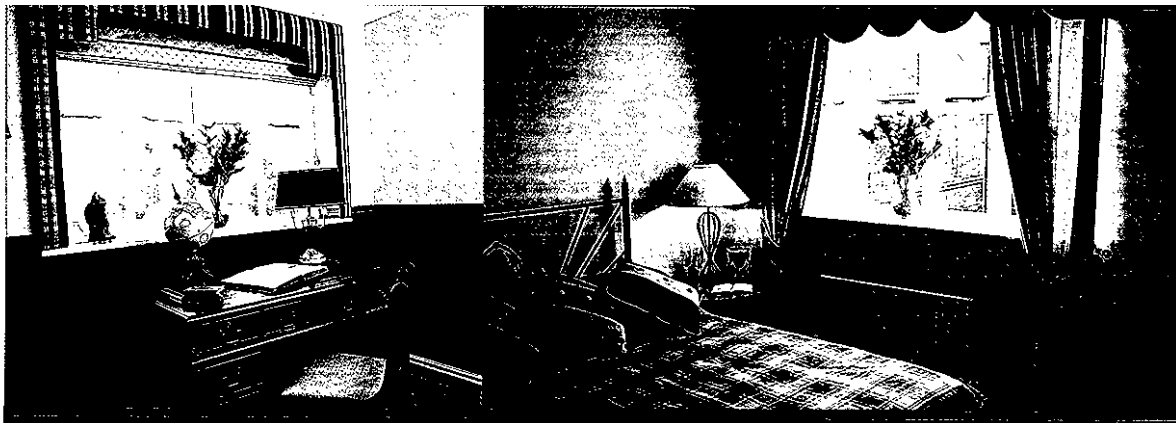
Turnover of £113.5M is a Group record for any twelve month period. The pre tax profit of £12M represents a 70% improvement on the comparative year to June 1997. Earnings per share of 13.1p compares to 7.6p in the twelve

months to 30 June 1997, a 72% improvement.

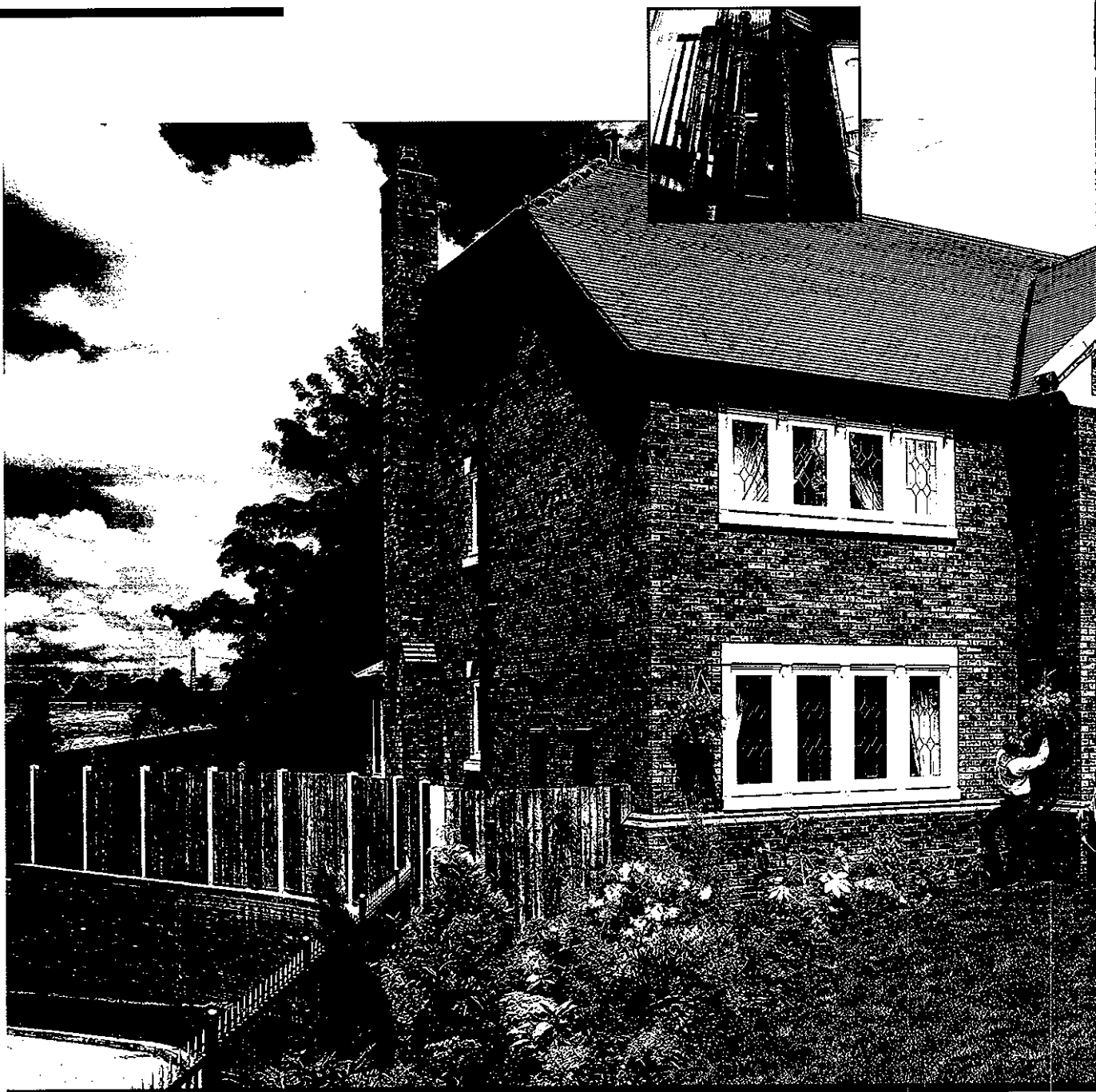
The Group completed the sale of 1,238 houses (1997: 1,230) in the year, whilst also managing to increase its stock of forward reservations to carry into the subsequent financial period by 17% compared to that at June 1997.

The Group's overall gross margin for the year was 22.3% compared to 19.1%. The average level of incentive given fell reflecting the emphasis placed upon improving margins. Land costs relative to turnover also fell and construction costs were relatively static due to efficiencies derived from the rationalisation of standard housetypes.





Regency Court, Portsmouth



Mere View, Pickmere

The operating margin for the year increased to 11.0% from 7.8%. The overhead structures appropriate to the Group's planned development over the next few years are now established. The Group is therefore well placed to derive further operating margin improvements from overhead and marketing economies of scale. It is important to recognise that over half of the Group's turnover is in the North West and Yorkshire where market conditions have not been as favourable as the

South of England. There are signs that the improvement in the Southern market, first evidenced almost two years ago, has started to flow through to the North West during the past six months.

In our 1997 annual report I mentioned that the Yorkshire business was struggling in a static market. The Yorkshire business has now traded out of most of its difficult low margin sites and we expect it to have a profitable performance in the

current financial year as recent site purchases come into production. All our other regions achieved significant growth in profit year on year.

Land

The developable landbank at 26 June 1998 was 5,459 plots. This developable landbank has almost doubled over the last two years and is a record for the Group.

In addition to this the longer term strategic landbank stands at 8,000



plots. All land in this category is secured on terms that will provide a discount to open market value when the land ultimately obtains planning consent. We have had considerable success in drawing from the strategic landbank and just over 800 plots have been brought forward through the planning system into the current landbank in the period since the last annual report.

Our land buying policy is both careful and flexible. We will not be

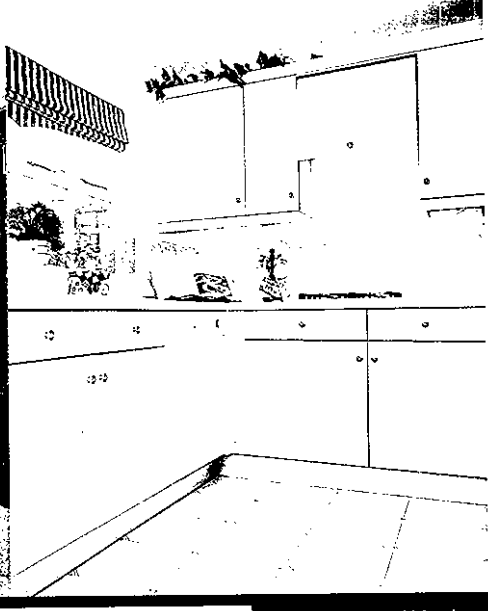
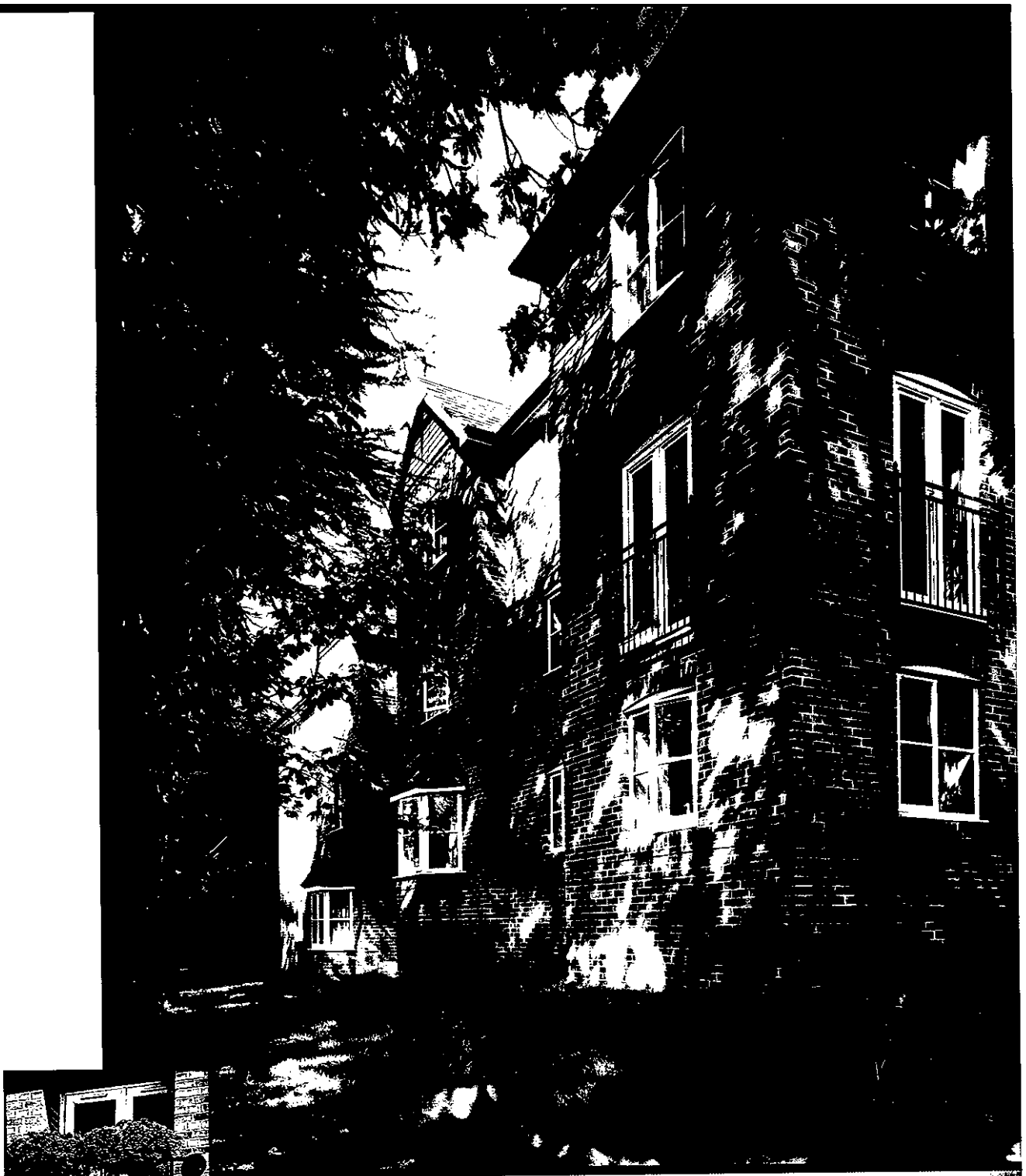
driven to reduce margins merely to sustain volumes in a particular region and we are flexible in looking at a wider range of housing development opportunities. Whilst there is an upward movement in land prices, our policy, coupled with a long landbank, provides a margin of comfort against such market pressures. I believe our margins are sustainable at their current levels during the coming year.

The Group's average plot cost at 26 June 1998 was £17,828 and is

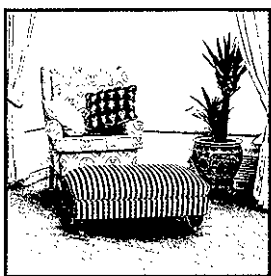
supported by an increase in the average selling price to £91,649 for the year to 26 June 1998. A further increase in the Group's average selling price in the year to June 1999, derived from the current landbank, is achievable.

Capital Employed

We have maintained tight control over the working capital and have achieved our target for the year just ended of a 20% return on capital employed.



Hamilton Place, Aldershot



St. Saviours Gate, Broadway

The Group's balance sheet, set out on page 21, reflects the increase in landbank together with a significantly higher forward reservation position. The stock of forward reservations at 26 June 1998 was 46% higher than at 4 April 1997. To support this level of higher forward sales, work in progress has increased from £21.4M to £31.3M at 26 June 1998. The number of part exchange properties held has continued to fall and the level of capital tied up in part exchange properties was £5M compared to £12.2M at 4 April 1997.

The Group had net debt of £7.2M at 26 June 1998 representing gearing of 11%. The increased forward reservation position mentioned earlier, should provide a strong cashflow for the first half of the current financial year.

Prospects

Notwithstanding six interest rate increases in the period and evidence that the housing market in the South of England may be showing some signs of slowing down, we are confident of a successful outcome for the year to June 1999.

The Group started its current financial year with its highest ever recorded forward sales position. In the thirteen weeks to the date of this report, the Group's reservations have been 4% higher than the same period last year. The Group has secured £58M of reservations for this year's programme at a slightly improved average gross margin.

Earnings per share and dividends

The profit after taxation for the fifteen months generated earnings per share of 13.6p. Reflecting the change in reporting period the

Group has paid interim dividends which total 5.25p per share and is proposing to pay a final dividend of 0.75p per share, making 6.0p for the fifteen month period. If this is approved the final dividend will be payable on 27 November 1998 to shareholders on the register at 6 November 1998. This leaves the dividend 2.3 times covered which the Board deems to be appropriate in the light of its stated policy of dividend growth and the level of available opportunities for reinvestment of retained profits.

William Ainscough
15 September 1998



Ashtree Park, Warrington

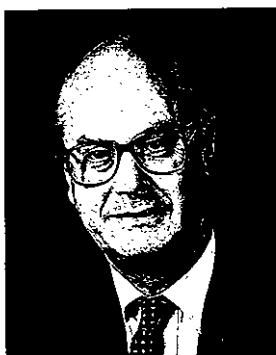
Pro Forma Unaudited Group Profit & Loss Account

for the twelve months ended 26 June 1998

	Twelve months 1998 £000	Twelve months 1997 £000
Turnover	113,461	104,141
Cost of sales	(88,110)	(84,296)
Gross profit	25,351	19,845
Marketing and administrative expenses	(12,867)	(11,732)
Operating profit	12,484	8,113
Net interest payable	(448)	(1,017)
Profit on ordinary activities before taxation	12,036	7,096
Taxation on profit on ordinary activities	(3,797)	(2,353)
Profit on ordinary activities for the financial year	8,239	4,743
Earnings per share	13.1p	7.6p

All turnover and operating profits are derived from continuing operations in both the current year and the preceding year. In addition there are no recognised gains or losses other than those disclosed in the profit and loss account. The pro forma information has been derived from previously published results and internal management information.

Board of Directors



Gavin Reed
(Age 63)

Non-executive Chairman

Gavin Reed was appointed non-executive Chairman on 31 January 1994. He has considerable experience of public companies. He is the chairman of John Menzies plc, and a non executive director of Burtonwood Brewery Plc. He was formerly the Vice Chairman of Scottish & Newcastle plc.



William Ainscough
(Age 50)

Dip.Arch. Chief Executive

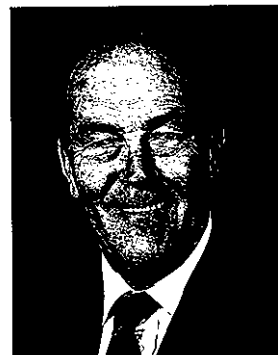
William Ainscough founded what is now Wainhomes (Northern) Ltd in 1972. He was appointed a Director of Wainhomes at the time of the merger in 1989 and was Chairman of the Group from June 1990 until January 1994. He was appointed Group Chief Executive in January 1996.



Stephen Owen
(Age 37)

ACA, ATII, Group Finance Director

Stephen Owen joined Wainhomes in 1991 as Group Accountant. In 1992 he was appointed Group Company Secretary and was appointed Group Finance Director in 1993.



John Cassidy
(Age 63)

FCA, Group Operations Director

John Cassidy was formerly Group Finance Director of Barratt Developments Plc and subsequently its Deputy Chairman, a position which he held from 1975 until 1980. He joined the Board in a non-executive capacity in February 1989. He was appointed Group Operations Director in April 1996.



Trevor Hemmings
(Age 63)

FFB, Non-executive

Trevor Hemmings was Chairman of the Group from July 1987 until June 1990. He now serves in a non-executive capacity. He has a number of business interests and controls a substantial diversified group of companies with property and leisure related activities. He has recently retired from Scottish & Newcastle plc where he headed the leisure division. Trevor Hemmings is also a non-executive director of Macdonald Hotels Plc.



Stewart Douglas-Mann
(Age 60)

Non-executive

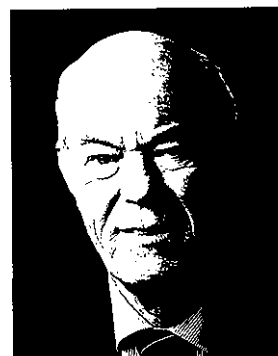
Stewart Douglas-Mann was appointed a non-executive director in April 1996. With extensive corporate finance and legal experience, as well as being a former Managing Director of The Stock Exchange, he is currently Senior Corporate Finance Director at Guinness Mahon & Co. and non-executive Chairman of Lynx Group plc.



William Bannister
(Age 49)

Deputy Group Operations Director

William Bannister who was appointed Deputy Group Operations Director in June 1998 was formerly Group Managing Director of John Maunders Group plc in 1993 and subsequently its Chief Executive in 1995.



Sir Eric Pountain, D.L.
(Age 65)

Non-executive

Sir Eric Pountain is currently Chairman of IMI plc and of James Beattie PLC. He has spent most of his working life in the housebuilding industry and was formerly Chairman of Tarmac plc.

Directors

G B Reed (*Chairman*)
W Ainscough (*Chief Executive*) *Dip Arch.*
M.C.I.O.B.
J Cassidy *F.C.A.*
T J Hemmings *FEB.*
S C H Douglas-Mann
S J Owen *A.C.A. A.T.L.*
W H Bannister
Sir Eric Pountain. *D.L.*

Secretary

S J Owen *A.C.A. A.T.L.*

Solicitors

Maclay Murray & Spens
3 Glenfinlas Street
Edinburgh
EH3 6AQ

Auditors

KPMG Audit Plc
8 Princes Parade
Liverpool
L3 1QH

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Midland Bank
Patten House
Moulders Lane
Warrington
WA1 2BB

Brokers

B.T. International
135 Bishopsgate
London
EC2M 3XT

Registrars

Bank of Scotland
Apex House
9 Haddington Place
Edinburgh
EH7 4AL
Shareholder Helpline 0870 6015366

Registered Office

Wainhomes plc
(Registered Number - 1986430)
The Beeches
Chester
CH2 1PE

Telephone: 01244 310421
Fax: 01244 341924

Corporate Information**NORTH WALES, CHESHIRE
AND MERSEYSIDE**

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SOUTH OF ENGLAND

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SO51 8HY
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SOUTH WEST

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Cranmere Road
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Okehampton
EX20 1UE
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NORTH WEST

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Bradley Lane
Standish
Wigan
WN6 OXN
Telephone: 01257 425511

YORKSHIRE

Wainhomes (Yorkshire) Limited
148 Lawrence Street
York
YO1 3EB
Telephone: 01904 431444

MIDLANDS

Wainhomes (Midlands) Limited
Regent House
50 Holly Walk
Leamington Spa
Warwickshire
CV32 4HY
Telephone: 01926 886088

Corporate Governance

Code of Best Practice

The Board is supportive of the highest standards of corporate governance and the Company has complied with the Code of Best Practice on the Financial Aspects of Corporate Governance for the whole of the period.

The Board

The Board, which currently comprises four executives and four non-executive directors, meets regularly throughout each year and has a formal schedule of matters reserved for consideration and decision. This includes the approval of strategy recommendations and budgets as well as significant operational and financial management matters.

Any director may, in furtherance of his duties, take independent professional advice where necessary, at the expense of the Company. All directors have access to the Company Secretary, whose appointment and removal are matters for the Board as a whole.

Internal Financial Control

The Board of Directors acknowledges overall responsibility for the Group's system of internal financial control. Group systems of internal financial control can only provide reasonable and not absolute assurance against material mis-statement or loss. The full Board meets regularly and has formally adopted a schedule of matters which are required to be brought to it for decision. This schedule includes appropriate strategic, financial, operational and compliance issues.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. An Audit Committee reviews the effectiveness of the internal financial control environment of the Group and reports to the Board on a regular basis.

One area of particular risk to a housebuilder is the acquisition of sites for development. For a number of years the Group has operated a Land Committee, consisting of Group Board Members, which is required to approve and authorise all the Group's land purchases. In addition to this responsibility, the Committee assesses on an ongoing basis the effectiveness of the land appraisal procedures.

The Board has delegated to executive management the implementation of the system of internal financial control throughout the Group. This includes financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

Each subsidiary has a board which meets monthly and is chaired by a member of the Group Board. Performance is monitored against detailed budgets and revised forecasts are updated monthly.

The Group has a rolling programme of internal control review, carried out by a multi-disciplinary team, designed to cover all companies in the Group. This team reports to Group management and the Audit Committee.

The Group Board reviews and approves budgets and monitors the Group's performance against those budgets. The Group's cashflow is monitored monthly against a rolling twelve month forecast.

The Audit Committee

During the period the Audit Committee was chaired by Stewart Douglas-Mann. It comprises all the non-executive Directors and meets twice a year. Its terms of reference include the review of the annual and interim financial statements, the accounting and treasury policies of the Company and its subsidiary

undertakings, management and financial controls, statutory and other external compliance requirements. It also reviews the planning, scope and results of external auditors' programmes. It receives reports from the external auditors who, together with the Group Chief Executive and the Group Finance Director, attend meetings at the invitation of the Committee, as required.

Funding and Treasury policy

The Group's treasury function operates within a detailed policy approved by the Board. Each company has its own bank account which is managed within a group offset facility enabling a cost effective management of funds.

Due to the improvement in the Group's cashflow over the last two years the £10M term loan was repaid in November 1997. The Group's Bank facilities now total £45M and comprise £20M of overdraft facilities, a £10M revolving credit facility renewable December 2002 and a £15M rolling five year revolving credit facility. The facilities are secured by fixed and floating charges over the assets of the Company and its subsidiary undertakings.

Remuneration Committee

The Remuneration Committee comprises all the non-executive Directors and is chaired by Gavin Reed. The report of the Remuneration Committee is included on pages 15 to 16.

Going Concern

After making due enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Composition

The Remuneration Committee comprises three non-executive directors and is chaired by G. B. Reed. Its responsibilities are the consideration and approval of all Board and senior executive appointments within the Group, together with related terms of service, remuneration and benefits.

Remuneration Policy

The Committee aims to ensure that remuneration packages are designed to attract, retain and motivate Group executive directors and senior executives of subsidiaries. In framing its remuneration policy, the Committee has given full consideration to Section B of the best practice provisions annexed to the Listing Rules made by the London Stock Exchange. The Committee confirms that throughout the accounting period the Company complied with the best practice provisions set out in section A of the annexe to the Listing Rules.

The Group has performance-related reward policies in which targets are measurable. A proportion of remuneration is dependent upon the achievement of superior results. In this way, shareholders and employees share in the success of the Group.

The main components of remuneration are:

(i) Basic salary

Basic salary is set by the Committee and is determined after a review of performance. Information is sought from independent sources on the rate of salary for similar jobs in comparable companies.

(ii) Benefits in kind

Benefits comprise principally the provision of company cars and private medical insurance.

(iii) Annual bonus

Each year the Committee reviews the annual performance bonus scheme

and sets targets which are currently geared to profit and return on capital. The criteria for performance awards are linked to budget, which has been reviewed and accepted as challenging by the Committee. The maximum bonus achievable is 50% of salary. In 1998 the executive directors were each awarded a bonus of 50% of salary (1997: 20%).

(iv) Share options

The Group believes that share ownership by executive directors and senior executives strengthens the link between their personal interests and those of the shareholders. As a result share options have been granted under a savings related scheme and two Inland Revenue approved executive schemes (the 1990 and 1994 schemes). The 1990 executive scheme is no longer used. Details of outstanding share options are set out in note 16 to the accounts. Under the 1994 scheme options to acquire shares up to £30,000 may be granted to any one individual. The Board proposes the introduction of a new executive share option scheme the details of which are fully explained in the shareholder information on pages 36 and 37.

Options under the 1994 executive scheme are normally only exercisable after the expiry of three years from their date of grant and will lapse if not exercised within 10 years from the date of grant. Options under the 1994 executive scheme are normally only exercisable if the growth in the Company's earnings per share has exceeded the growth in the Retail Price Index plus 2% over a three year period.

Options under the 1990 savings related share option scheme are exercisable normally during the period of six months following the fifth anniversary of the commencement of the savings related contract.

Report of the Remuneration Committee

Contracts of Service

The rolling service agreements of J. Cassidy and W. H. Bannister are normally terminable by one year's notice. The rolling service agreement of S. J. Owen is normally terminable by two years' notice. Policy in this regard takes into account the length of service, age and competitive practice. W. Ainscough does not have a service contract. Executive directors may hold other offices and retain any fees derived therefrom.

The appointments of G. B. Reed, T. J. Hemmings, S. C. H. Douglas-Mann and Sir Eric Pountain as non-executive directors, in addition to being subject to a resolution for re-election at three yearly intervals, if appropriate, is subject to a formal review by the Board at intervals not exceeding every three years. The letters of appointment in respect of G. B. Reed and T. J. Hemmings are dated 28 February 1994. S. C. H. Douglas-Mann was appointed on 3 April 1996 and Sir Eric Pountain on 10 September 1998. The remuneration of non-executive directors is set by the executive directors who give consideration to comparable companies.

Except for the transactions set out in Note 22 to the accounts, there were no significant contracts entered into during the year to which the Company or its subsidiary undertakings was party and in which a director of the Company was materially interested.

Executive Directors' Pensions Policy

Executive Directors are entitled to membership of the Wainhomes plc Pension Scheme on exactly the same terms as other eligible employees. The details of the Pension Scheme are set out in Note 4 to the accounts.

Report of the Remuneration Committee

Directors' emoluments	Basic salary/fee	Performance related	Benefits	Total emoluments excluding pensions		Pensions	
	£000	£000	£000	1998 £000	1997 £000	1998 £000	1997 £000
G B Reed (Chairman)	41	-	-	41	31	-	-
W Ainscough	211	88	9	308	194	-	-
J Cassidy	140	58	8	206	130	11	7
S J Owen	105	48	11	164	96	8	6
W H Bannister	9	-	1	10	-	-	-
T J Hemmings	25	-	-	25	19	-	-
S C H Douglas-Mann	25	-	-	25	19	-	-
Total	556	194	29	779	489	19	13

Notes:

- (i) W. H. Bannister was appointed Deputy Group Operations Director on 1 June 1998.
- (ii) Directors emoluments for 1998 are in respect of a fifteen month period.
- (iii) The pension entitlements of directors are set out below.

	Increase in accrued pension £000	Total accrued pension at 26 June 1998 £000	Transfer Value of increase (net of member contributions) £000
J Cassidy	2	4	23
S J Owen	2	9	5

Directors' interests

Beneficial interests of the directors in office at 26 June 1998 and other persons connected with them in the ordinary share capital of the Company are shown below:

	26 June 1998		4 April 1997	
	Fully paid	Share options	Fully paid	Share options
G B Reed	42,353	-	42,353	-
W Ainscough - Beneficial	14,652,100	-	14,601,500	-
- Non-Beneficial	520,000	-	520,000	-
J Cassidy	27,500	28,893	27,500	28,893
S J Owen	62,382	55,464	10,382	107,464
W H Bannister	-	-	-	-
T J Hemmings	9,656,335	-	9,331,335	-
S C H Douglas-Mann	11,142	-	11,142	-

Sir Eric Pountain was appointed a director on 10 September 1998 and at this date owned 30,000 10p ordinary shares. On 21 August 1998 E. R. Ainscough ceased to be a connected party to W. Ainscough and the beneficial shareholding of W. Ainscough is now 9,528,225. There have been no other changes in the directors interests between 26 June 1998 and the date of the directors report.

Share options

On 2 June 1998 S. J. Owen exercised his option to purchase 52,000 10p ordinary shares at 69.23p per 10p ordinary share. The price at this date was 138.5p per 10p ordinary share and the unrealised gain at this date was £36,020. The market price of the shares at 26 June 1998 was 124.5p and the range during the fifteen months ended 26 June 1998 was 111.0p to 150.5p. Details of the share options held by directors are as follows:

	Number	Exercise price	Date of grant
S. J. Owen			
Executive Scheme (1994)	30,000	116.00p	19 December 1994
Savings Related Scheme (1990)	17,063	55.38p	12 November 1993
Savings Related Scheme (1990)	8,401	92.80p	10 January 1995
J. Cassidy			
Executive Scheme (1994)	28,893	108.30p	18 December 1996

Directors' Report

for the fifteen months ended 26 June 1998

The directors have pleasure in presenting their Report and Accounts for the fifteen months ended 26 June 1998.

Principal activity and business review

The principal activity of the Group is housebuilding. The profit for the fifteen months before tax was £12.4M (1997: £6.7M). The Group profit and loss account for the fifteen months is presented on page 20.

A review of the Group's performance and prospects is set out in the reports of the Chairman and of the Chief Executive.

Dividends

The profit for the fifteen months, after taxation, amounted to £8.5M (1997: £4.5M). Interim dividends of 5.25p per ordinary share have already been paid and it is proposed to pay a final dividend of 0.75p on 27 November 1998 to shareholders on the register at the close of business on 6 November 1998. The payment of these dividends amounts to £3.8M (1997: £3.0M).

Employees

The Group has maintained its commitment to employee involvement throughout the business. Staff are kept well informed of the performance and objectives of the Group through regular meetings.

We have a well established pension scheme and a savings related share option scheme, memberships of which are service related. The Group introduced a new defined contribution pension scheme in January 1998.

It is Group policy to give fair consideration to the employment needs of disabled people and to comply with the current legislation with regards to disabled persons.

Policy on payment of creditors

It is the policy of the Company to agree terms of payment when orders

for goods and services are placed and to adhere to those arrangements when making payment. In the accounts of the Company, the average days purchases outstanding at 26 June 1998 totalled 71 days.

Year 2000

The Group has established a project team which has reviewed the Group's computer based systems. The Group has successfully implemented the changes necessary to make its accounting and management information systems Year 2000 compliant. The other potential areas affected by the year 2000 will be addressed during the course of the new financial year. The project team will also be seeking confirmation from major suppliers to the Group that they are attending to the issue.

The major area of cost, being the changes already implemented, has been written off to administration expenses in the fifteen months ended 26 June 1998. It is Group policy to write off costs associated with the

Year 2000 as incurred.

Share capital

Details of share capital are set out in Note 16 to the accounts.

Directors and their interests

The present directors are listed on page 13 and brief biographical details are provided on page 12. The interests in the share capital of Wainhomes plc (all of which unless otherwise stated are beneficial) of the directors and any other persons connected with them are set out in the report of the Remuneration Committee.

In accordance with Article 91 of the Company's Articles of Association, J Cassidy and S C H Douglas-Mann retire by rotation and being eligible, offer themselves for re-election. In addition W H Bannister and Sir Eric Pountain who were appointed since the previous Annual General Meeting retire and being eligible offer themselves for re-election.

Substantial shareholdings

Included in the beneficial interests of the directors (and any persons connected with them), as set out in the report of the Remuneration Committee, are the following interests representing 3% or more of the issued ordinary share capital of the Company:

	Number of ordinary shares	%
Northern Finance (IOM) Limited (<i>connected with TJ Hemmings</i>)	7,109,505	11.3
Mrs E R Ainscough (<i>wife of W Ainscough</i>)	4,814,500	7.7
Guild Ventures Limited (<i>connected with TJ Hemmings</i>)	2,546,830	4.0

The directors have been notified of the following interests which are greater than 3% of the issued share capital of the Company:

	Number of ordinary shares	%
Prudential Assurance Co. Ltd	7,950,300	12.6

On 21 August 1998 Mrs E R Ainscough and W Ainscough ceased to be connected parties.

There have been no other changes in substantial shareholdings between 26 June 1998 and the date of the Directors' Report.

Directors' Report

for the fifteen months ended 26 June 1998

Charitable and political donations

During the period donations of £4,826 were made for charitable purposes. No political contributions were made during the period.

A.G.M. special business resolutions

At the forthcoming annual general meeting, shareholders will be invited to extend for a period not exceeding 14 months certain authorities of the directors with regard to the allotment of shares in the Company.

The terms of the resolution, to be proposed as a special resolution, are set out at agenda item number 6 in the notice of meeting. Part A of the resolution provides that the directors be authorised to allot the unissued ordinary shares in the Company up to a nominal amount of £2,096,360 which represents approximately one third of the presently issued share capital of the Company. Part B of that resolution provides that the directors be authorised to allot ordinary shares in the Company without applying the statutory pre-emption provisions either in a rights issue for cash proportionate to the existing holdings of ordinary shareholders or, in any other allotment for cash up to a maximum equal to approximately five per cent of the presently issued ordinary share capital of the Company. Except for the issue of shares pursuant to the Company's share option schemes, the directors have no present intention of issuing any part of the unissued share capital.

Shareholders will be invited at the forthcoming annual general meeting to give the directors a general power for a period not exceeding 18 months to purchase its own shares up to a maximum of approximately 10% of the presently issued share capital.

The terms of the resolution, to be proposed as a special resolution, are set out at agenda item no. 7 in the notice convening the meeting. Such purchases of shares would be made only within the limits of the Company's available reserves and only if, in the opinion of the directors, they were expected to enhance earnings per share or otherwise benefit the overall financial position of the Company.

It is also proposed to introduce a new discretionary share option scheme, the 1998 Unapproved Share Option Scheme, which will not be approved by the Inland Revenue. This will permit the Company to grant top up options in excess of the £30,000 limit on options granted under the 1994 Approved Executive Share Option Scheme. The new scheme will, however, be subject to a limit on the value of shares over which any individual may be granted options of four times his or her emoluments.

The shareholders have been invited to approve the related party transactions set out in note 22 and resolutions 8 and 9.

CREST

CREST became operational in July 1996 and the Company's ordinary shares successfully joined the system on 24 February 1997. Shareholders can now hold and transfer their shareholdings in electronic form if they so wish. This is a voluntary system and any shareholder wishing to retain their holding in certificated form may do so.

Auditors

A resolution is to be proposed at the annual general meeting for the reappointment of KPMG Audit Plc as auditors of the Company.

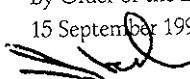
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

By Order of the Board
15 September 1998


S J Owen
Company Secretary

Reports of the Auditors

to the members of Wainhomes plc
on the financial statements

We have audited the financial statements on pages 20 to 35. We have also examined the amounts disclosed relating to emoluments, share options and pension entitlements of the directors which form part of the Remuneration Committee report on pages 15 and 16.

Respective responsibilities of directors and auditors

As described in the directors' report the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 26 June 1998 and of the profit of the Group for the fifteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Review report by KPMG Audit Plc to Wainhomes plc on corporate governance matters

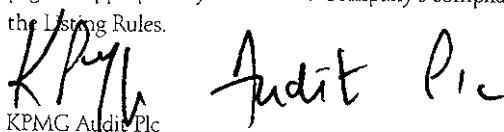
In addition to our audit of the financial statements, we have reviewed the directors' statement on page 14 on the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on page 14, and going concern on page 14, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements. Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on page 14 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.


KPMG Audit Plc

Chartered Accountants, Registered Auditor

15 September 1998

Group Profit & Loss Account

for the fifteen months ended 26 June 1998

	Notes	Fifteen Months 1998 £000	Twelve Months 1997 £000
Turnover	2	130,116	105,610
Cost of sales		(101,347)	(86,243)
Gross profit		28,769	19,367
Marketing and administrative expenses		(15,751)	(11,368)
Operating profit		13,018	7,999
Net interest payable	3	(595)	(1,317)
Profit on ordinary activities before taxation	2	12,423	6,682
Taxation on profit on ordinary activities	5	(3,920)	(2,216)
Profit on ordinary activities for the financial period	6	8,503	4,466
Equity dividends paid and proposed	7	(3,775)	(2,972)
Profit retained for the financial period	17	4,728	1,494
Earnings per share	8	13.6p	7.1p

All turnover and operating profits are derived from continuing operations in both the current period and the preceding year. In addition there are no recognised gains or losses other than those disclosed in the profit and loss account during the current or previous period.

The notes on pages 24 to 35 form part of these accounts.

Group Balance Sheet

at 26 June 1998

	Notes	26 June 1998 £000	4 April 1997 £000
Fixed assets			
Tangible fixed assets	9	2,952	2,035
Investments	10	79	63
		3,031	2,098
Current assets			
Stocks	11	133,712	111,382
Debtors	12	3,901	2,452
Cash at bank and in hand		5	12,418
		137,618	126,252
Creditors: amounts falling due within one year	13	(52,572)	(33,055)
Net current assets		85,046	93,197
Total assets less current liabilities		88,077	95,295
Creditors: amounts falling due after more than one year	14	(23,731)	(35,889)
Net assets		64,346	59,406
Share capital and reserves			
Called up share capital	16	6,289	6,259
Share premium account	17	29,063	28,881
Capital reserve	17	3,067	3,067
Profit and loss account	17	25,927	21,199
Equity shareholders' funds	1	64,346	59,406

Approved by the Board on 15 September 1998 and signed on its behalf by

Directors

G B Reed
S J Owen

G B Reed

S J Owen

The notes on pages 24 to 35 form part of these accounts.

Company Balance Sheet

at 26 June 1998

	Notes	26 June 1998 £000	4 April 1997 £000
Fixed assets			
Tangible fixed assets	9	259	134
Investments	10	37,552	36,846
		37,811	36,980
Current assets			
Debtors	12	38,203	39,998
Cash at bank and in hand		—	1,917
		38,203	41,915
Creditors: amounts falling due within one year	13	(19,446)	(7,726)
Net current assets		18,757	34,189
Total assets less current liabilities		56,568	71,169
Creditors: amounts falling due after more than one year	14	(16,347)	(30,077)
Net assets		40,221	41,092
Share capital and reserves			
Called up share capital	16	6,289	6,259
Share premium account	17	29,063	28,881
Capital reserve	17	190	190
Profit and loss account	17	4,679	5,762
Equity shareholders' funds		40,221	41,092

Approved by the Board on 15 September 1998 and signed on its behalf by

Directors

G B Reed

G B Reed

S J Owen

S J Owen

The notes on pages 24 to 35 form part of these accounts.

Group Cash Flow Statement

for the fifteen months ended 26 June 1998

	Notes	Fifteen Months 1998 £000	Twelve Months 1997 £000
Net cash (outflow)/inflow from operating activities	20	(1,311)	24,492
Returns on investments and servicing of finance			
Interest paid		(595)	(1,317)
Taxation		(2,660)	(989)
Capital expenditure			
Purchase of tangible fixed assets		(1,526)	(801)
Sale of tangible fixed assets		83	206
Sale of ground rents		90	85
Net cash outflow for capital expenditure		(1,353)	(510)
Equity dividends paid		(2,978)	(2,810)
Net cash (outflow)/inflow before financing		(8,897)	18,866
Financing			
Share issue	1	212	158
Repayment of term loan		(10,000)	—
Net cash (outflow)/inflow from financing		(9,788)	158
(Decrease)/increase in cash during period		(18,685)	19,024
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash during period		(18,685)	19,024
Repayment of term loan		10,000	—
Movement in net debt	21	(8,685)	19,024
Net funds/(debt) at start of period		1,532	(17,492)
(Debt)/net funds at 26 June 1998		(7,153)	1,532

This statement should be read in conjunction with notes 20 and 21

Accounting Policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The Group has changed its financial year end to 30 June from 31 March. Following the change of accounting reference date, the audited accounts have been prepared for the fifteen month period ended 26 June 1998 with comparatives for the year to 4 April 1997. Unless otherwise stated, references to 1998 within the notes to the accounts are for the fifteen month period or in the case of balance sheet notes to the balance sheet at 26 June 1998 with comparatives at 4 April 1997. All subsidiary undertakings have prepared their accounts to 26 June 1998. The consolidated accounts of the Group comprise the accounts of Wainhomes plc and all its subsidiary undertakings. As permitted by the Companies Act 1985 a separate Company profit and loss account is not presented.

Associated undertakings

The consolidated profit and loss account includes the Group's share of associated undertakings' profits less losses. The post-acquisition profits less losses are added to the cost of the investment in the balance sheet. The Group has taken advantage of the exemptions included within section 231(5) of the Companies Act not to disclose details of associated undertakings on the grounds of materiality.

Turnover

The Group only has one class of business which is housebuilding and it is wholly undertaken in the United Kingdom. Turnover represents housebuilding sales and excludes sales of undeveloped land and part exchange properties. Housebuilding sales are recognised on legal completion of conveyance. Profit is also taken at this time, losses being provided for when identified. Undeveloped land and part exchange profits and losses are dealt with in cost of sales and turnover respectively.

Depreciation

Depreciation is provided on a straight line basis over the expected useful lives of the relevant assets at the following rates - buildings: 2 per cent, plant and machinery: 10 per cent to 25 per cent.

Investment in ground rents

The investment represents the reversionary freehold interest in respect of land that has been sold on a long leasehold basis. The amount capitalised represents the equivalent of five years ground rent receivable on the leases.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost to the Group and net realisable value and include, where appropriate, an element of site overheads.

Deferred taxation

Deferred taxation is provided using the liability method on material timing differences where there is a reasonable probability that a liability will arise.

Operating leases

Rentals payable under operating leases are charged to profit and loss over the period of the operating lease on a straight line basis.

Pension costs

It is the policy of the Group to fund pension liabilities on the advice of external actuaries. Independent actuarial valuations are carried out every three years. Surpluses and deficits are credited or charged to profit and loss as variations from the regular pension cost over the average remaining service lives of employees.

Notes to the Accounts

for the fifteen months ended 26 June 1998

	Notes	Group 1998 £000	1997 £000
1. Reconciliation of movements in shareholders' funds for the fifteen months to 26 June 1998			
Profit for the financial period		8,503	4,466
Dividends	7	(3,775)	(2,972)
Share capital issued	16	30	20
Share premium	16	182	138
Net increase in shareholders' funds		4,940	1,652
Opening shareholders' funds		59,406	57,754
Closing shareholders' funds		64,346	59,406
		1998 £000	1997 £000

2. Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation relate to the Group's principal activity of housebuilding.

Profit on ordinary activities is stated after (crediting)/charging:

(Profit)/loss on disposal of fixed assets	(8)	9
Depreciation	534	342
Hire of plant and machinery under operating leases	516	369
Other operating lease rentals	25	25
Auditor's remuneration: Audit	78	58
Other to auditors and their associates	39	16
Profit on sale of ground rents	(41)	(52)

The audit fee in relation to the Company was £10,000 (1997: £7,000)

Notes to the Accounts

for the fifteen months ended 26 June 1998

	1998 £000	1997 £000
3. Net interest payable		
Interest payable on:		
Bank loans and overdrafts	595	1,317

	Number	Number
	1998	1997
4. Staff costs		
The average number of persons employed by the Group was	359	328
	£000	£000
Employment costs, including directors' emoluments, during the period amounted to:		
Wages and salaries	9,276	6,070
Social security costs	880	525
Other pension costs	377	244
	10,533	6,839

The details of directors emoluments, share options and pension entitlements are set out in the report of the Remuneration Committee on pages 15 and 16.

The Company operates two pension schemes: a defined benefit scheme and a defined contribution scheme.

The defined benefit scheme is funded and administered separately from the Company. Two actuarial valuation reports have been undertaken as at 1 April 1996 and 1 April 1998. The actuarial valuations have been undertaken by qualified actuaries.

The most recent actuarial valuation report is currently in draft format and was undertaken using the Projected Unit Method. The principal actuarial assumptions used were as follows:

- Interest: 9% per annum
- Earnings growth: 7% per annum
- Pension increases: 4% per annum on the excess over Guaranteed Minimum Pensions accrued before 6.4.97 and 4.25% per annum on the pension accrued after 6.4.97
- Dividend growth: 4.75% per annum

The market value of the assets at the time of the valuation was £6.1M. The scheme was 90% funded on an ongoing basis and the past service deficit identified was £470,000. The funding level represents the actuarial value of the assets over the actuarial value of the past service liabilities, allowing for future salary growth.

The pensions charge in respect of the defined benefit scheme over the period was £372,000 (1997: £244,000). The amount paid over the period was £372,000.

The defined contribution scheme commenced on 1 January 1998. The pension charge over the period represents contributions payable by the Company to the scheme and was £5,000 (1997: nil).

	1998	1997
	£000	£000
5. Taxation		
Corporation tax on profit for the period at 31% (1997: 33%)	3,953	2,214
Adjustments relating to prior years	(33)	2
	3,920	2,216

6. Profit after taxation

Profit after taxation amounting to £2,692,283 (1997: £2,799,231) has been dealt with in the accounts of the Company.

	1998	1997
	£000	£000
7. Equity dividends		
First interim	947	938
Second interim	2,357	–
Final proposed	471	2,034
	3,775	2,972

8. Earnings per ordinary share

The weighted average number of shares in issue used in the calculation of earnings per share is 62,733,799 (1997: 62,489,273).

The fully diluted earnings per share is not materially different from the earnings per share.

Notes to the Accounts

for the fifteen months ended 26 June 1998

Group	Leasehold land & buildings £000	Freehold land & buildings £000	Plant & machinery £000	Total £000
9. Tangible fixed assets				
Cost				
At 5 April 1997	300	935	1,871	3,106
Additions	—	485	1,041	1,526
Disposals	—	—	(318)	(318)
At 26 June 1998	300	1,420	2,594	4,314
Depreciation				
At 5 April 1997	42	79	950	1,071
Provided during the period	8	30	496	534
Disposals	—	—	(243)	(243)
At 26 June 1998	50	109	1,203	1,362
Net book value at 26 June 1998	250	1,311	1,391	2,952
Net book value at 4 April 1997	258	856	921	2,035

The Group's leasehold land and buildings are held on a long lease.

Company	Plant & machinery £000	Total £000
Cost		
At 5 April 1997	198	198
Additions	231	231
Transfers	(34)	(34)
At 26 June 1998	395	395
Depreciation		
At 5 April 1997	64	64
Provided during the period	72	72
At 26 June 1998	136	136
Net book value at 26 June 1998	259	259
Net book value at 4 April 1997	134	134

Group	Shares in associated undertakings £000	Ground rents £000	Total £000
10. Investments			
Net book value at 5 April 1997	7	56	63
Disposals	—	(50)	(50)
Additions	—	67	67
Share of results of associated undertakings	(1)	—	(1)
Net book value at 26 June 1998	6	73	79

The principal subsidiary undertakings listed below are those which significantly affect the amount of profits or assets of the Group.

	Country of incorporation and operation	% of Ordinary Shares Held
Wainhomes (Chester) Limited	England	100
Wainhomes (Northern) Limited	England	100
Wainhomes (Yorkshire) Limited	England	100
Wainhomes (Southern) Limited	England	100
Wainhomes (South West) Limited	England	100
Wainhomes (Midlands) Limited	England	100

Notes to the Accounts

for the fifteen months ended 26 June 1998

Company	Loan stock in subsidiary undertakings £000	Shares in subsidiary undertakings £000	Total £000
10. Investments (continued)			
Net book value at 5 April 1997	6,370	30,476	36,846
Release of provision	—	706	706
Net book value at 26 June 1998	6,370	31,182	37,552

The loan stock does not carry interest and is redeemable at par at the Company's option or at any time by tender or private bargain at the issuer's option.

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
11. Stocks				
Land	97,324	77,809	—	—
Construction work in progress	31,335	21,415	—	—
Part exchange properties	5,053	12,158	—	—
	133,712	111,382	—	—

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
12. Debtors				
Trade debtors	2,461	1,445	3	—
Amounts owed by subsidiary undertakings	—	—	37,821	39,934
Other debtors	1,428	995	367	52
Called up share capital not paid	12	12	12	12
	3,901	2,452	38,203	39,998

Included within the Group's trade debtors is £976,000 recoverable in more than one year (1997: £223,704)

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
13. Creditors: amounts falling due within one year				
Bank overdraft (see note 14)	7,158	886	12,925	14
Trade creditors	13,082	9,883	191	137
Corporation tax	3,288	1,561	-	12
Advance corporation tax	240	705	240	-
Other taxes and social security costs	325	382	29	17
Proposed dividend	2,831	2,034	2,831	2,034
Land creditors	22,736	15,628	2,625	2,500
Accruals	2,906	1,969	206	281
Due to subsidiary undertakings	-	-	399	2,731
Due to undertakings in which the Group has a participating interest	6	7	-	-
	52,572	33,055	19,446	7,726

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
14. Creditors: amounts falling due after more than one year				
Land creditors	23,731	25,889	16,347	20,077
Bank loans	-	10,000	-	10,000
	23,731	35,889	16,347	30,077

Land creditors

Land creditors payable in more than five years total £8,206,000 (1997: £10,598,000) and £6,299,000 (1997: £9,770,000) for the Group and Company respectively. The major part of the Group and all of the Company's land creditor is payable at a minimum rate of £2,500,000 per annum or at a higher rate if the cumulative value of land developed exceed the cumulative land payments.

Bank loans

The term loan was repaid during the period. Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings.

15. Deferred taxation

There is an excess of accounting depreciation over capital allowances and this together with other short term timing differences result in a potential deferred tax asset of £221,387 (1997: £199,452).

Notes to the Accounts

for the fifteen months ended 26 June 1998

	1998		1997	
	Authorised	Issued & fully paid	Authorised	Issued & fully paid
	£	£	£	£
16. Share capital				
Ordinary shares of 10p each	10,000,000	6,289,079	10,000,000	6,259,219

During the year the Group allotted 298,576 10 pence ordinary shares for cash worth a nominal value of £29,858 and at a premium of £182,769 in respect of options exercised under the Savings Related Share Option Scheme 1990 and the 1990 Executive Scheme.

Directors and executives of the Group hold the following share options:

	Number	Exercise price	Date of grant
Executive Scheme 1990	26,000	82p	11 January 1991
Executive Scheme 1994	55,000	116p	12 December 1994
Executive Scheme 1994	28,893	108p	18 December 1996
Executive Scheme 1994	159,240	113p	27 January 1998

Details of the performance criteria are set out in the report of the Remuneration Committee. The latest date for exercise of the option is ten years from the date of grant.

Employees of the Group hold 166,739 options (1997: 263,629) under the Employee Savings Related Share Option Scheme 1990 exercisable on various dates up to 10 July 2002 at prices ranging from 55.38p to 92.8p.

Group	Share premium £000	Capital reserve £000	Profit & loss £000	Total reserves £000
17. Reserves				
At 5 April 1997	28,881	3,067	21,199	53,147
Shares issued in the period	182	—	—	182
Retained profit for the period	—	—	4,728	4,728
At 26 June 1998	29,063	3,067	25,927	58,057
Company				
At 5 April 1997	28,881	190	5,762	34,833
Shares issued in the period	182	—	—	182
Retained loss for the period	—	—	(1,083)	(1,083)
At 26 June 1998	29,063	190	4,679	33,932

18. Contingent liabilities

- (i) The Group has entered into counter indemnities in the normal course of business in respect of performance bonds.
- (ii) In 1989 a special dividend was declared to the then shareholders in the Company up to a maximum of £1,500,000. The dividend is payable upon the grant of planning permission for residential development acceptable to the Board in respect of a site comprising 90 acres in which the Group has a one third interest. In the event of such planning permission being granted, the value of the Group's investment in the site, which has already been written down by £3,700,000, would be significantly increased in excess of the maximum dividend payable.
- (iii) The Company has guaranteed the indebtedness of its subsidiaries of £1,281,342 (1997: £1,920,805).

Notes to the Accounts

for the fifteen months ended 26 June 1998

	1998		1997	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
19. Financial commitments				
At 26 June 1998 the Group had annual commitments under non-cancellable operating leases as set out below:				
Operating leases which expire: within 1 year	3	87	3	45
within 2 - 5 years	22	428	35	311

	1998 £000	1997 £000
20. Reconciliation of operating profits to net cash (outflow)/inflow from operating activities		
Operating profit	13,018	7,999
Ground rents capitalised	(67)	(40)
Depreciation charges	526	351
Movement in stocks and work in progress	(2,815)	10,786
Movement of debtors	(1,447)	(79)
Movement of creditors	4,079	1,574
Movement in land less land creditor	(14,565)	3,953
Share of results in associated undertakings	1	-
Profit on sale of ground rents	(41)	(52)
Net cash (outflow)/inflow from operating activities	(1,311)	24,492

	At 4 April 1997 £000	Cash Flows £000	At 26 June 1998 £000
21. Analysis of changes in net funds			
Cash balances	12,418	(12,413)	5
Overdrafts	(886)	(6,272)	(7,158)
Net cash balances	11,532	(18,685)	(7,153)
Term loan	(10,000)	10,000	-
Net funds	1,532	(8,685)	(7,153)

22. Related party disclosure

Wainhomes (Northern) Limited has reached an agreement to purchase for residential development Jubilee Mill, Moor Road, Croston owned by Northern Trust Company Limited, a company connected to Mr Trevor Hemmings. The purchase is conditional upon the approval by the shareholders of Wainhomes plc and receipt of satisfactory detailed planning permission.

The purchase consideration is £1,639,000 for the net site of 5.23 acres. Upon the recommendation of the Group Land Committee the purchase has been approved by the Group Board.

The Group Board have approved the purchase of a new home, subject to contract and shareholders approval, by Stephen Owen for a consideration of £250,000. The house is to be constructed by Wainhomes (Chester) Limited at their site, Chelwood, Warrington, and the sale will be on terms no more favourable than that available to the general public.

Shareholder Information

Report and accounts

The directors are required to present to the meeting the directors' and auditors' reports and accounts for the period ended 26 June 1998.

Declaration of dividend

The proposed 1998 final dividend of 0.75p per share will be paid 27 November 1998 to shareholders who are on the register at the close of business 6 November 1998.

Re-election of directors

J Cassidy and S C H Douglas-Mann retire by rotation pursuant to Article 91 of the Company's Articles of Association. That article states that one third of the directors must retire annually, those doing so being those longest serving since last being re-elected. In addition W H Bannister and Sir Eric Rountain who were appointed subsequent to the last Annual General Meeting require re-election.

Re-appointment and remuneration of auditors

The appointment of auditors is a matter for shareholders. A resolution is to be proposed at the annual general meeting for the re-appointment of KPMG Audit Plc as auditors of the Company at a remuneration level to be fixed by the directors.

Allotment of shares

The power of the directors to allot unissued share capital must be renewed at each annual general meeting of the Company. The directors will be able to issue new shares up to one third of the amount of the nominal value of the issued share capital of the Company as defined by section 80 of the Companies Act 1985, as at the date of this notice - a nominal value of £2,096,360 representing 20,963,360 shares.

The directors will remain subject to constraints on the issue of shares for cash. They will be able to issue only:

- up to 5% of the nominal value of the Company's issued share capital as at the date of this notice, a nominal value of £314,454 representing 3,144,559 shares, or
- shares pursuant to a rights issue.

Approval of transactions

As T J Hemmings, a director of the Company, is connected with The Northern Trust Company Limited, section 320 of the Companies Act 1985 requires that the proposed acquisition by Wainhomes (Northern) Limited of a mill site described in note 22 to the accounts for the fifteen months ended 26 June 1998, must be approved by the shareholders of the Company.

As S J Owen, a director of the Company is proposing to purchase a house from the Company, details of which are also set out in Note 22 to the accounts, this purchase must be approved by the shareholders of the Company.

Purchase of own shares

Shareholders will be invited at the forthcoming annual general meeting to give the directors a general power for a period not exceeding 18 months to purchase its own shares up to a maximum of approximately 10% of the presently issued share capital. The terms of the resolution, to be proposed as a special resolution, are set out at agenda item no. 7 in the notice convening the meeting. Such purchases of shares would be made only within the limits of the Company's reserves and only if, in the opinion of the directors, they were expected to enhance earnings per share or otherwise benefit the overall financial position of the Company.

Approval of Executive Share Option Scheme

It is proposed to introduce a new discretionary share option scheme, the 1998 Unapproved Executive Share Option Scheme. The purpose of the Scheme is to enable selected employees to be granted options to acquire ordinary shares of 10 pence ("Ordinary Shares") in the Company. The exercise of options will be dependent on the performance of the Company and its subsidiaries ("the Group") and they are intended as an incentive to enhance performance and consequently the profitability and value of the Group.

The Scheme is not designed to secure the approval of the Inland Revenue and will be used to grant options over Ordinary Shares having an aggregate market value, at any proposed date of grant, in excess of £30,000 (or such other limit applicable to The 1994 Approved Executive Share Option Scheme ("the Existing Scheme") as an Inland Revenue approved selective share option scheme. Options under the Scheme are likely to be used to top up options under the Existing Scheme to senior executives.

The Scheme may only be operated by the Remuneration Committee after it is approved by the shareholders in general meeting.

The Scheme will be governed by and operated in accordance with detailed rules of which this Statement is a summary.

Participation in the Scheme shall extend to employees and executive Directors of the Group (i.e. eligible employees). Non-executive directors will not be entitled to participate and any executive Director or employee will only be eligible for participation if they devote substantially the whole of their working time to their employment with the Group. No eligible employee is entitled to participate in the Scheme as of right.

The Scheme is structured so that an eligible employee is given a right, known as an option, to acquire Ordinary Shares for a price equivalent to the market value on the day an option is granted. This option, subject to certain exceptions, may normally only be exercised after the expiry of a three year period. After this period it can be exercised at specified times during a further seven year period provided any performance conditions (specified at the time an option is granted and which must be satisfied before an option can be exercised) have been met. The option holder may derive some benefit from an

increase in the value of the Ordinary Shares, which he has to some extent helped to create, by exercising the option and then selling the Ordinary Shares at a higher price or retaining the Ordinary Shares as a continuing investment.

Options to acquire (whether by purchase or subscription) Ordinary Shares may only be granted by the Remuneration Committee in the case of the first grant of options, within 42 days after the Scheme becomes operational and, thereafter, normally, only within 42 days following the announcement of the Group's results for any period. However, if the Remuneration Committee considers that there are exceptional circumstances justifying it they may grant options at any time.

Options may only be granted to eligible employees who have been invited by the Remuneration Committee to participate in the scheme and who have applied for options. No options may be granted after the expiry of ten years from the Scheme first becoming operational.

The price payable for each Ordinary Share on the exercise of an option is determined by the Remuneration Committee on the date a notice of invitation to apply for an option is given but must not be less than the greater of:

(i) the average of the middle market quotations of Ordinary Shares as derived from the Daily Official List of the London Stock Exchange for the three immediately preceding dealing days; and

(ii) in the case of an option to subscribe, not less than the nominal value of the Ordinary Shares.

No eligible employee will be entitled to an option which at the time it is granted would cause the aggregate market value of shares in respect of which the employee had been granted options in the previous ten year period under the Scheme or any similar option scheme established by the Company to exceed the greater of:

(i) 4 times the annual rate of his remuneration (excluding any bonuses, commissions and benefits in kind) from the Group; and

(ii) 4 times his remuneration (inclusive of bonuses and commission but exclusive of benefits in kind) from the Group in the 12 months preceding the grant of an option.

The total number of Ordinary Shares over which options may be granted under the Scheme from the unissued share capital of the Company is limited to:

(i) 10% of the issued ordinary share capital of the Company, at the time of a proposed grant of an option, when aggregated with any Ordinary Shares issued under employee share schemes or which remain issuable on the exercise of subsisting options granted during the period of 10 years preceding the proposed date of grant; and

(ii) 5% of the issued ordinary share capital of the Company, at the time of a proposed grant of an option, when aggregated with any other Ordinary Shares issued on the exercise of options or issuable on the exercise of subsisting options granted under any other selective share option scheme during the period of 10 years preceding the proposed date of grant; and

(iii) 3% of the issued ordinary share capital of the Company, at the time of a proposed grant of an option, when aggregated with any other Ordinary Shares issued under employee share schemes or which remain issuable on the exercise of subsisting options granted during the period of 3 years preceding the proposed date of grant; and

(iv) 5% of the issued ordinary share capital of the Company, at the time of a proposed grant of option, when aggregated with any other Ordinary Shares issued under employee share schemes or which remain issuable on the exercise of subsisting options granted during the period of 5 years preceding the proposed date of grant; and

(v) in relation to the grant of replacement options only, in the period of 4 years beginning from the Scheme becoming operational, 2.5% of the issued ordinary share capital of the Company, at the time of a proposed grant of an option, when aggregated with any other Ordinary Shares issued on the exercise of options or issuable on the exercise of subsisting options granted under any other selective share option scheme.

Options to replace options previously exercised under the Scheme or any other selective share option scheme may be granted where the Remuneration Committee is satisfied that there has been a sustained improvement in performance of the Company over the 2 to 3 years preceding the proposed grant.

For the purpose of the above limits, Ordinary Shares issued on the exercise of options granted under the existing Schemes and Ordinary Shares issuable on the exercise of the subsisting options granted under the existing Schemes shall be taken into account and consequently are disregarded.

Options are normally exercisable only between 3 and 10 years from the date of grant. All unexercised options shall lapse immediately prior to the 10th anniversary of their grant. The Remuneration Committee, when granting options, is able to impose additional conditions which must be satisfied as a pre-condition to an option holder exercising an option. It is initially intended that a performance related criteria should apply. This criteria is that the percentage by which the earnings per share for the Company in any three year rolling period has increased and outstrips the Retail Price Index for that period by at least 9%. In deciding on the imposition of any alternative or additional conditions, the Remuneration Committee is required to have

Shareholder Information

regard to the performance criteria requirements in the ABI/NAPF guidelines on share schemes and is also required to ensure that additional conditions are objective ones appropriate to the circumstances of the Company. Additional conditions once imposed may be subsequently modified if circumstances render them inappropriate provided such modifications are considered fair and reasonable by the auditors and do not make the additional conditions in their modified form more or less difficult to satisfy than when originally set.

Since, in certain circumstances, an employer may be liable to account to the Revenue for an employee's income tax liability on any gain arising on the exercise of an option, no option under the Scheme is exercisable unless and until an option holder has made arrangements with and satisfactory to the Remuneration Committee to discharge any income tax liability arising on the exercise of the option.

The early exercise of options and/or the exercise of options without any performance pre-conditions being satisfied is permitted in the following circumstances:

- (i) on the death of an option holder;
- (ii) if an option holder ceases to be in the employment of the Group by reason of injury, disability, ill-health, redundancy, early retirement or by the business in which he works ceasing to be a member of the Group then the option holder may exercise his option for a period of 6 months from the date his employment ceases;
- (iii) if an option holder ceases to be in the employment of the Group in other circumstances (other than for reasons involving misconduct, impropriety or inefficiency on his part) and the Remuneration Committee decide he should nonetheless be entitled to exercise his option then the option holder may exercise his option within whatever period is notified to him;
- (iv) where there has been a takeover, in which circumstances the Remuneration Committee has discretion to waive any performance precondition;
- (v) the Remuneration Committee have discretion to allow an option holder to exercise his option notwithstanding that any performance preconditions have not been satisfied in the case of an option holder ceasing to be in the employment of the Group as a result of voluntary resignation.

Additionally, the Rules provide, in the event of a change in control of the Company, that option holders may surrender their options in consideration for the grant of substitute options over shares in any acquiring company.

The Company will apply for all Ordinary Shares allotted under the Scheme to be admitted to the Official List of the London Stock Exchange. Shares issued on the exercise of an option will rank *pari passu* with other Ordinary Shares save in respect of a dividend or other distribution of profits to be paid to the holders of Ordinary Shares on the Company's Register of Members on a date prior to the date of exercise of an option to subscribe for Ordinary Shares. The Company will keep available from its unissued share capital a sufficient number of Ordinary Shares to satisfy all outstanding options to subscribe for Ordinary Shares.

The benefits to an option holder under the Scheme shall not form part of his remuneration from any member of the Group or be included in his remuneration for pension scheme or related purposes.

In the event of any variation in the ordinary share capital of the Company in consequence of a capitalisation or rights issue, sub-division, consolidation or reduction in share capital or otherwise, the number or nominal amount of Ordinary Shares comprised in each option and the price payable for Ordinary Shares on the exercise of an option may be adjusted by the Remuneration Committee in any manner they deem appropriate subject to the auditors confirming that the adjustment is in their opinion fair and reasonable.

The Remuneration Committee may, subject to the prior consent of the Directors, make amendment to the Rules of the Scheme provided that no amendments are permitted if they would materially affect an option holder in relation of options already granted and provided that the prior approval by ordinary resolution of the shareholders in general meetings is obtained for certain types of amendments including amendments of the provisions relating to eligibility, the limits on an individual's entitlement and adjustment to options following a variation in share capital. Additionally no prejudicial amendments to option holders' rights may be made without their consent. In certain circumstances amendments may be made without the prior approval of shareholders if they are minor amendments to benefit administration, to take account of legislative changes or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders of the Company provided such amendments do not offend the requirements of the ABI/NAPF guidelines on share schemes.

The Directors may terminate the Scheme at any time but options already granted will continue to be exercisable in accordance with the Rules.

Annual General Meeting

As a shareholder of Wainhomes plc you have the right to attend and vote at the Annual General Meeting. If you do not wish, or are unable, to attend, you may appoint someone to act on your behalf and to vote in the event of a poll. That person is known as a "proxy". You can use the enclosed Form of Proxy to appoint a proxy.

If you are coming to the meeting, please bring with you the accompanying Form of Proxy/Admission Card. It will authenticate your right to attend, speak and vote, and will speed your admission. Please keep it until the end of the

meeting. The meeting will commence at 11.00 am and refreshments will be available from 10.30 am.

You may also find it helpful to bring your annual report with you so that you can refer to it at the meeting.

If you do not intend coming in person, but would like to appoint someone to act on your behalf, the accompanying Form of Proxy enables you to appoint either the Chairman of the meeting or someone else of your choice as your proxy.

A proxy need not be a shareholder, and may attend and vote on behalf of the shareholder who appointed him.

At the meeting, the proxy can act for the member he or she represents. This includes the right to join in or demand a poll and to speak at the meeting, but it does not include the right to vote on a show of hands. The proxy is valid for any adjournment of the meeting.

To complete the form, please tick the appropriate box alongside each resolution to indicate whether you wish your votes to be cast "For" or "Against" that resolution. If you wish to abstain on a particular resolution, please write "Abstain" across the boxes alongside that resolution. Unless you give specific instructions on how to vote on a particular resolution, your proxy will be able, at his or her discretion, either to vote "For" or "Against" that resolution or to abstain from voting.

Before posting the form to the registrar, please check that you have signed it.

The proxy forms must be received in the offices of the Company's registrars no later than 11.00 am on 3 November 1998. Any proxy form received after this will be declared void.

Documents available for inspection

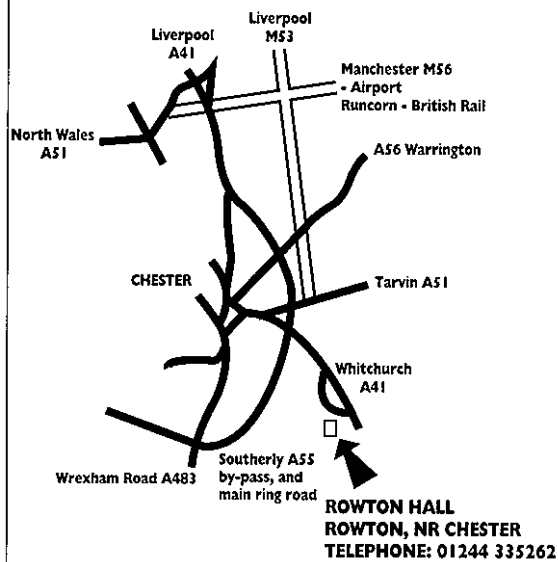
The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this notice until the date of the meeting and thereafter at the place of the meeting from 10.30 am until the conclusion of the meeting and in the case of the documents referred to in (ii) and (iii) below, at the offices of the Company's Solicitors, Maclay Murray & Spens, 10 Foster Lane, London EC2V 6HH:

- (i) a register of directors' share interests kept pursuant to section 325 of the Companies Act 1985;
- (ii) copies of service contracts of more than one year's duration of the directors of the Company;
- (iii) the proposed rules of the 1998 unapproved share option scheme.

Financial Calendar

Annual General Meeting to be held at The Rowton Hall Hotel, Rowton Hall, Chester CH3 6AD	5 November 1998
Interim Report for six months to 31 December 1998	March 1999
Preliminary announcement of results for the year ended 30 June 1999	September 1999
Publication of 1998/99 Report and Accounts	October 1999
Dividends on ordinary shares payable	
Interim 1998/99	March 1999
Final 1998/99	November 1999

How to find Rowton Hall Hotel



Notice of Meeting

Notice is hereby given that the Twelfth Annual General Meeting of Wainhomes plc will be held at Rowton Hall Hotel, Rowton Hall, Chester CH3 6AD on Thursday 5 November 1998 at 11.00 am for the following purposes.

as ordinary business:

1. to receive and adopt the statement of accounts for the fifteen months ended 26 June 1998 and the reports of the directors and auditors thereon;
2. to declare a dividend;
3. to re-appoint the following as directors of the Company: J Cassidy, S C H Douglas-Mann, W H Bannister and Sir Eric Pountain;
4. to re-appoint KPMG Audit Plc as auditors; and
5. to authorise the directors to fix the remuneration of the auditors;

as special business:

6. to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
THAT (A) for the purposes of section 80 of the Companies Act 1985 the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in the said section 80) up to an aggregate nominal amount of £2,096,360 provided that this authority shall expire (unless previously revoked or renewed) on 31 December 1999 or at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, whichever is the earlier; and provided further that the Company may before the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and
(B) the directors be and they are hereby further authorised for the purposes of section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the said Act) pursuant to the authority conferred upon them by (A) above or pursuant to any other general or unconditional authority conferred upon them in accordance with section 80 of the said Act wholly for cash as if section 89(1) of the said Act did not apply to such allotments provided that such disapplication shall only apply to allotments made:
(i) in connection with an offer of such securities by way of rights to the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of or the requirements of any recognised regulatory body in any territory; or
(ii) (otherwise than under sub-paragraph (i) above) up to an aggregate amount in nominal value of £314,454, being equal to approximately 5% of the presently issued ordinary share capital of the Company.
7. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
THAT the Company be and it is hereby generally and unconditionally authorised pursuant to Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of any of its own ordinary shares in such manner and upon such terms as the directors of the Company may from time to time determine provided that:
(i) the maximum aggregate nominal value of such shares hereby authorised to be acquired shall be limited to £628,908 being equal to approximately 10% of the presently issued ordinary share capital of the Company;
(ii) the maximum price which may be paid for any such share shall be limited to an amount equal to 105% of the average of the middle market quotations for such share as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the day on which the relevant share is purchased and the minimum price shall be the then nominal value of that share; and
(iii) this authority shall expire (unless previously revoked or renewed) on 4 May 2000 or at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, whichever is the earlier; provided that the Company may, before such expiry, make any contract of purchase of its own ordinary shares which would or might be executed wholly or partly after the expiry of such authority and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.
8. to consider and if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
THAT the Wainhomes plc 1998 Unapproved Executive Share Option Scheme, the main provisions of which are summarised in the Shareholder Information section on pages 36 and 37 of the Annual Report and Accounts for the financial period ended 26 June 1998, and a copy of the rules of which is produced to the Meeting and initialled by the Chairman for the purposes of identification, be and is, hereby approved and the Directors be and they are hereby authorised to do all acts and things as may be necessary or desirable to carry the same into effect.
9. to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
THAT pursuant to Section 320 of the Companies Act 1985 the proposed acquisition by Wainhomes (Northern) Limited from Northern Trust Company Limited of land and buildings located at Jubilee Mill, Croston for a purchase consideration of approximately £1,639,000 be and is hereby approved.
10. to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
THAT pursuant to Section 320 of the Companies Act 1985 the proposed acquisition by Stephen Owen, a director of the Company, from Wainhomes (Chester) Limited of a property at their site, Chelwood, Warrington for a consideration of approximately £250,000 and otherwise on terms no more favourable than that available to the general public be and is hereby approved.

The Beches
Chester
CH2 1PE

BY ORDER OF THE BOARD
S J OWEN
COMPANY SECRETARY

1 October 1998

Notes

1. This notice is being sent to all shareholders all of whom are entitled to attend or be represented at the meeting and to vote on all resolutions.
2. Every shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be shareholders) to attend and, on a poll, to vote instead of him. A form of proxy for use at the meeting is enclosed.
To be effective, forms of proxy must be deposited at the registrars of the Company, Bank of Scotland, Registrars Department, Apex House, 9 Haddington Place, Edinburgh EH7 4AL, not less than 48 hours before the meeting. Completion of a form of proxy will not preclude a shareholder from voting in person at the meeting.
3. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this notice until the date of the meeting and thereafter at the place of the meeting from 10.45 a.m. until the conclusion of the meeting.
(i) a register of directors' share interests kept pursuant to section 325 of the Companies Act 1985;
(ii) copies of Service Contracts of more than one years duration of the Directors of the Company;
(iii) the proposed rules of the 1998 Unapproved Executive Share Option Scheme.
4. For the purposes of determining who is entitled to attend or vote (whether on a show or hands or poll) at the meeting, a person must be entered on the register of members not later than 6 p.m. on 3 November 1998.

Form of Proxy

Please
complete in
block letters
before signing

I/We

of

being (an) ordinary shareholder(s) in Wainhomes plc hereby appoint the chairman of the meeting (see Note 1)

to vote as my/our proxy for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Thursday, 5 November 1998, and at any adjournment thereof, on the following resolutions as indicated by a ✓ in the appropriate spaces:

	For	Against
1. Resolution to adopt the statement of accounts for the fifteen months ended 26 June 1998 and the reports of the directors and auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Resolution to approve the declaration of the dividend recommended by the directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. Resolutions to re-appoint the following as directors of the Company:		
(i) J Cassidy	<input type="checkbox"/>	<input type="checkbox"/>
(ii) S C H Douglas-Mann (member of remuneration committee)	<input type="checkbox"/>	<input type="checkbox"/>
(iii) W H Bannister	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Sir Eric Pountain (member of remuneration committee).	<input type="checkbox"/>	<input type="checkbox"/>
4. Resolution to re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. Resolution to authorise the directors to fix the remuneration of the auditors.	<input type="checkbox"/>	<input type="checkbox"/>
6. Special resolution concerning the directors' power of allotment.	<input type="checkbox"/>	<input type="checkbox"/>
7. Special resolution to give the Directors the power to purchase own shares.	<input type="checkbox"/>	<input type="checkbox"/>
8. Resolution to approve the 1998 Unapproved Executive Share Option Scheme.	<input type="checkbox"/>	<input type="checkbox"/>
9. Resolution to approve the purchase of a development site from The Northern Trust Company Limited.	<input type="checkbox"/>	<input type="checkbox"/>
10. Resolution to approve the sale of a property to S J Owen.	<input type="checkbox"/>	<input type="checkbox"/>

** Unless otherwise stated the proxy will abstain from voting or will vote on the resolutions referred to above as he thinks fit.*

Signature(s)

Date

Notes

1. You are entitled to appoint a proxy of your own choice who need not be a shareholder. If you wish to appoint a proxy other than the chairman of the meeting, please delete the words "the chairman of the meeting" and print the name of the proxy in the space provided. Please initial such alteration.
2. This proxy duly completed and signed together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof must reach the registrars of the Company at the address overleaf not less than 48 hours before the meeting.
3. Where shares are held jointly, in the absence of a proxy signed by all the holders or by a quorum in the case of holders expressly registered as trustees or as the personal representatives or executors of a deceased person, any one holder may vote in person or by proxy. If more than one joint holder is present then the first named on the register shall alone be entitled to vote.
4. A corporation must execute under the hand of an officer or attorney duly authorised.
5. Completion of a Form of Proxy shall not preclude a shareholder from attending the meeting and voting in person.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. EH142

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**Bank of Scotland
Apex House
9 Haddington Place
Edinburgh
EH7 0LA**

THIRD FOLD AND TUCK IN

FIRST FOLD