

WHITTARD OF CHELSEA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995



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WHITTARD OF CHELSEA LIMITED
DIRECTORS REPORT

The directors present their report and the audited financial statements for the year ended 31 May 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Whittard of Chelsea is principally engaged in the sourcing and sale of tea, coffee and associated products through retail outlets. The Company had a record year with the fifth successive annual increase in both sales and profits. The United Kingdom network expanded to 62 outlets while the first concession stores were opened in France and Japan. The Company is now the leading tea and coffee specialist in the United Kingdom.

The Company intends to open further outlets in 1995/96 including the first stand alone units in Scotland and France. It is intended to establish national coverage throughout the United Kingdom. The Export business will continue to be developed.

The solid progress of the business has been achieved due to the contribution from management and staff at all levels. The directors would like to express their appreciation to all employees for this record year for the business.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £901,640 (1994: £663,242). The directors have recommended the payment of a final dividend to ordinary shareholders of £447,010 (1994: £Nil) and £330,509 has been transferred to reserves.

SIGNIFICANT CHANGES IN FIXED ASSETS

All movements of fixed assets are disclosed in the notes to the accounts.

SHARE CAPITAL

During the year the company repaid all of the £400,000 £1 cumulative redeemable preference shares at a premium of £112,000 as part of the policy of rationalising the share structure.

WHITTARD OF CHELSEA LIMITED
DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors at 31 May 1995 and 31 May 1994 and their interests in shares were as follows:

	Ordinary shares	
	1995	1994
D C G Gyle-Thompson	Nil	Nil
W A Hobhouse	20,600	1,600
J P G Hilton	Nil	Nil
J A C Hill	Nil	Nil
D C Boys	1,500	1,500
D G Hemming	Nil	Nil
K B Collinge	Nil	N/A

D C G Gyle-Thompson has an interest in 92,500 (1994: 111,500) ordinary shares through his directorship of Onslow Boyd Group Limited. On 31 May 1995 W A Hobhouse exercised options to acquire 19,000 ordinary shares from Onslow Boyd Group Limited which were immediately sold to Mrs A C Hobhouse. W A Hobhouse has a beneficial interest in 42,700 ordinary shares held through trustees of his family trust.

The company has introduced an Inland Revenue approved share option scheme for certain directors and senior executives, whereby options will be made available for up to 5% of the company's shares after the July 1992 share issue. Options have been granted to directors as follows:

D C Boys	6,500 Ordinary shares
J P G Hilton	3,000 Ordinary shares
K B Collinge	3,000 Ordinary shares


Options have been granted to directors under an unapproved scheme as follows:

W A Hobhouse	1,500 Ordinary shares.
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AUDITORS

A resolution to re-appoint Clark Whitehill as auditors will be proposed at the Annual General Meeting.

By Order of the Board



JOHN ADAM STREET NOMINEES LTD.
Secretary