

# HELICAL BAR

PUBLIC LIMITED COMPANY

---

## REPORT & ACCOUNTS 1999



# Contents

<b>Corporate Statement</b>	<b>1</b>
<b>Chairman's Statement</b>	<b>2</b>
<b>Review of Operations</b>	<b>4</b>
<b>Financial Review</b>	<b>11</b>
<b>Officers and Advisors</b>	<b>12</b>
<b>Directors' Report</b>	<b>13</b>
<b>Auditors' Report</b>	<b>19</b>
<b>Consolidated Profit and Loss Account</b>	<b>20</b>
<b>Balance Sheets</b>	<b>21</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>22</b>
<b>Consolidated Cash Flow Statement</b>	<b>23</b>
<b>Notes to Financial Statements</b>	<b>24</b>
<b>Ten Year Review</b>	<b>41</b>
<b>Notice of Annual General Meeting</b>	<b>42</b>
<b>Financial Calendar</b>	



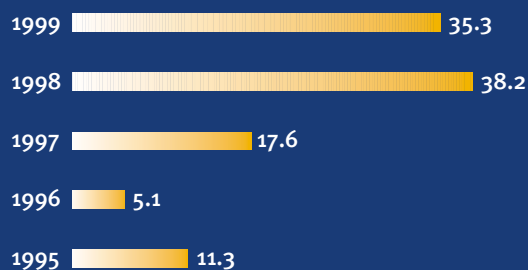
Office investment at The Pavilion, Thames Ditton

# Corporate Statement

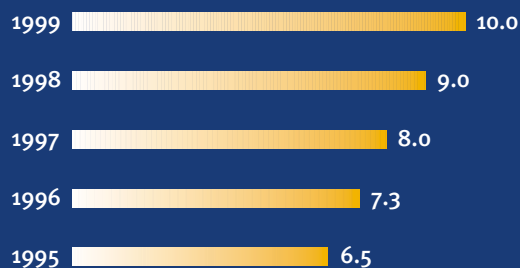
Helical Bar plc is a property development and investment company.

Our objective is to maximise growth in assets per share using a recurring stream of development and trading profits to build up the investment portfolio.

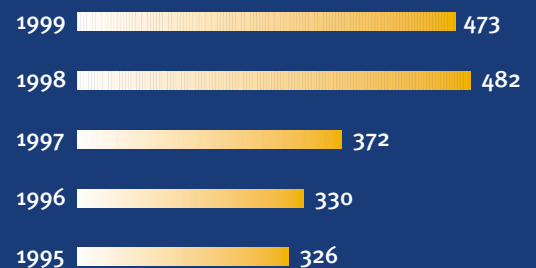
Increase in shareholders funds pre-dividend  
£m



Ordinary dividend per share  
Pence



Net asset value per share  
Pence



Note: Special dividends of 100.0p and 2.0p were declared in respect of the periods ended 31st March 1999 and 31st March 1997 respectively.

# Chairman's Statement

## Review of the results

Helical has had another good year. In spite of the downturn in the autumn of last year our confidence in the future enabled us to declare, in January 1999, a 100p per share special dividend. We now recommend an increase of 11% in ordinary dividends for the year.

Development profits have continued to rise, earnings per share have increased, the repositioned investment portfolio produced further substantial valuation surpluses and we have maintained the size of our development programme.

Profits before tax for the year to 31 March 1999 were £20.0m, an increase of 8% over the previous year. They included net rental income of £18.5m (1998 £18.6m) and profits from development of £21.6m (1998 £16.7m). Net interest payable was £12.5m (1998 £14.2m) after capitalising interest of £2.1m (1998 £1.8m). After a 19% tax charge (1998 21%) profits increased to £16.1m (1998 £14.6m). Before the special dividend of £28.9m, retained profits for the year were £10.2m (1998 £8.0m).

Your Board is recommending a final dividend of 6.0p per share (1998 5.5p) which, with the interim dividend of 4.0p (1998 3.5p), makes a total of 10.0p. This is an increase of 11% on the previous year's dividend of 9.0p, not taking into account the special dividend of 100p. The total of 10.0p per share is covered over 5 times by profits after tax.

Net asset value per ordinary share was 473p. This compares with a net asset value per share on a diluted basis of 382p in 1998 after adjusting for the 100p special dividend. This figure takes no credit for any surplus of value in trading and development stock.

Over the fifteen years to 31 March 1999 Helical has been one of only two property stocks to outperform the UK equity market, having generated average total returns for shareholders of 38.9% p.a.,\* exceeding all other quoted property companies. Since the beginning of the present development cycle six years ago, Helical has produced average annual returns on equity of 24.1% and a total shareholder return of 383.7%, an annual rate of 25.1% compound, a good result compared with other companies in the small to mid cap indices and property groups generally. It remains Helical's aim to enable shareholders to share in its success by a progressive dividend policy.

Looking forward, we have made an encouraging start to the new financial year. We are maintaining the size of our development programme and continue to increase our investment portfolio, reinvesting the cash flows from completed developments. The benefit of the reduction in long term bond rates should increasingly be reflected in our investment portfolio values and with Helical's skills of providing both tenants and institutions with new product the company should continue to create above average returns.

**John Southwell**  
Chairman  
15th June 1999

\*Source: Commerzbank 7th May 1999



Office development at The Arena, Bracknell

# Review of Operations

## Developments

It is our objective to provide an ongoing flow of development profits. This year has been one of consolidation for Helical Retail, which produced the bulk of the development profits in 1997/98, with substantially increased profits coming from the office development side of our business. Both teams continue to put together new schemes due to come to fruition in the early years of the new millennium.

### Development programme - end values

	Office £m	Retail £m	Industrial £m	Total £m
<b>Completed programme</b>				
Let and sold 1993-1999	231	113	14	358
<b>Current programme</b>				
Completed	5	-	7	12
For completion in year to:				
31 March 2000	161	86	14	261
31 March 2001	197	28	-	225
31 March 2002	140	39	-	179
	503	153	21	677

## Offices

During the year the Company pre-let and sold its most significant office development to date. The 260,000 sq. ft. development at 25 Chiswell Street, London EC1 was fully let to City Solicitors Slaughter and May, and forward funded with Despa, the German investment fund. Building work started in early 1999 and is expected to complete by December 2000.

A number of successful lettings has enabled the Company to take profits on developments completed during the year. The three buildings at The Arena, Bracknell (124,000 sq. ft.), funded with Scottish Widows, and the building at 171 Bath Road, Slough (28,000 sq. ft.), funded with Scottish Mutual, have all been let to information technology companies.

Since the year end the two buildings at Windsor Dials, Windsor (66,000 sq. ft.), funded with clients of Argyll Property Asset Managers Ltd and due to be completed later this month, have been let to FM Insurance Co. Ltd and The Galileo Company, both UK subsidiaries of US Companies.

Other lettings include approximately 80% of the space at 6 St Andrew Street, London EC4, (45,000 sq. ft.) to solicitors Speechly Bircham and forward sold to Shell Pension Fund. The last 5,000 sq. ft. at Blenheim House, Leeds is under offer.

Looking forward our 35,000 sq. ft. development at 10 Mansion House Place, London EC4, funded with bank finance is due for completion later this month and the major 150,000 sq. ft. development at 100 Wood Street, London EC2, funded with Despa is due for completion early next year. Building work has commenced at the 28,000 sq. ft. scheme at 1 Farnham Road, Guildford, forward funded during the year with British Gas Pension Fund.

Other office development sites held include the 60,000 sq. ft. site at One Plough Place, London EC4, where building work is expected to start during the year, and at Bunhill Row, London EC1, a 100,000 sq. ft. scheme next to the scheme at 25 Chiswell Street. We are purchasing a further site for a 76,000 sq. ft. scheme at 200 Hammersmith Road, London W6.



Office development at Windsor Dials, Windsor



Office development at One Plough Place, London EC4

## Retail

Helical Retail has spent much of the year concentrating on maximising returns from its very successful development programme, building it out and expanding to sites adjacent to existing developments.

It completed the 150,000 sq.ft. Norfolk Retail Park, Norwich and the 122,000 sq.ft. Bolton Gate Retail Park, Bolton, both funded with Legal & General, while finishing the 60,000 sq.ft. Sixfields Retail Park at Northampton, funded with Hill Samuel. It will be completing the 80,000 sq.ft. pre-let George Hotel, Glasgow scheme in August this year for Hermes and the 220,000 sq.ft. Captain Cook Square, Middlesbrough scheme in late autumn for Norwich Union. It completed in six months a 12,000 sq.ft. retail unit as an extension to the Cattle Market, Leicester development for Porcelanosa.

At Horns Road, Ilford a site was acquired for a 44,000 sq.ft. development, having pre-let 33,000 sq.ft. to Toys R Us. Since the year end Helical Retail has sold the scheme to Merseyside Pension Fund. It is working on a further 150,000 sq.ft. extension to its Bolton scheme and a 20,000 sq.ft. extension to its Middlesbrough scheme. In Dorchester it has been awarded a 160,000 sq.ft. scheme to redevelop the town centre.

## Industrial

The units at the 80,000 sq ft development at Newton Aycliffe, Co. Durham have now been sold or are under offer, and we are in advanced stages of negotiation with a tenant for our six acre site in Hayes, forward funded with Hill Samuel.



Retail development at Norfolk Retail Park, Norwich



**HELICAL RETAIL**



Retail development at Sixfields Retail Park, Northampton





Retail development at Bolton Gate Retail Park, Bolton

## Investment portfolio

Successive rises in stamp duty have made trading decreasingly viable. Accordingly, our emphasis is now very much on adding value to the investment portfolio with trading stock reduced to 2% of the portfolio.

Purchases of over £76 million were made during the period. These include offices at The Rotunda Complex in Camden, NW1 (50,000 sq. ft.); The Pavilion, Thames Ditton (42,000 sq. ft.); CBX11 and Midsummer Court, Milton Keynes (150,000 sq. ft.) and Dextra Court, Basingstoke (42,000 sq. ft.). In Camden we have taken surrenders and re-let two floors increasing rental values by a third since purchase. The Pavilion in Thames Ditton is a brand new building let on a fifteen year institutional lease to SHL acquired off an 8% net initial yield. Our purchase at Milton Keynes is a complex deal involving a 1990s headquarters building producing just under £1.2 million p.a. plus a development site for 15,000 sq ft of leisure part pre-let to Bass plus 23,000 sq ft of offices. The total accommodation has a rental value of around £2 million against a total cost of about £16 million. The Basingstoke office consists of late 1980s air conditioned offices at a passing rental of only £12 p.s.f.

Turning to other sectors, a 120,000 sq ft retail park has been acquired in Weston-Super-Mare off rentals of only £6.50 p.s.f. Rental values look set to

jump dramatically as an adjoining owner is in the process of achieving three lettings of £10-12 p.s.f. in similar standard accommodation. Finally, a 410,000 sq ft portfolio of predominantly 1990s built industrials has been acquired from Scottish Enterprise at a double figure entry yield to actively manage.

Two principal investment properties were sold - our Bow Lane holdings in the City for £9.9 million (7% over valuation and 37% over purchase price in 1995) and some 1970s industrials in Alperton, London for £4 million (13% over valuation).

Within the existing portfolio active management continues to generate rental growth with a surrender and re-letting at Capital House, Edgware Road showing a 40% increase in rental values. Comparable success has been achieved at 61 Southwark Street, SE1, and a similar deal is in hand at 71 Kingsway, WC2. Further letting activity at Cheapside House, EC2, leaves a single floor to let plus significant reversionary potential on the prime retail frontage.

Since the year end the company has purchased for £52 million 60 Sloane Avenue, London SW3, a flagship office and retail investment. The transaction reflected an equivalent yield of 7.5% off a conservative rental base and increases our exposure to a buoyant West End market.

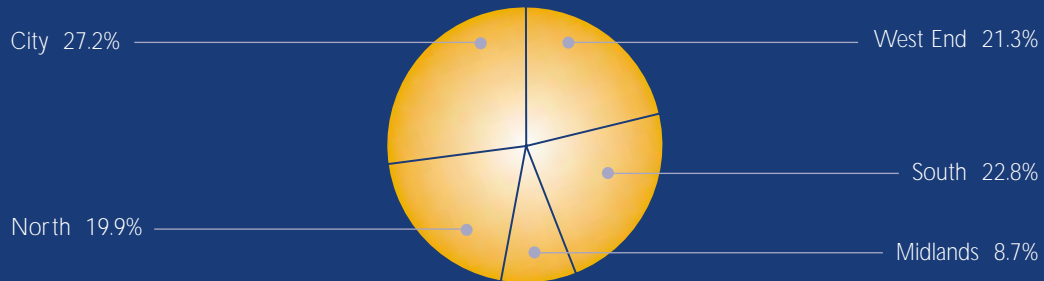
## The portfolio

	Book value of portfolio £m	Passing net rents £m	Square footage 000s	Average rent £ per sq.ft.	Void space 000s
Office	185.2	12.0	776	15.5	20
Retail	41.9	2.9	481	6.0	48
Industrial	88.6	8.5	3,877	2.2	266
<hr/>					
Total income producing	315.7	23.4	5,134		
Developments	34.2				
Land and sites	17.6				
<hr/>					
	367.5				
<hr/>					

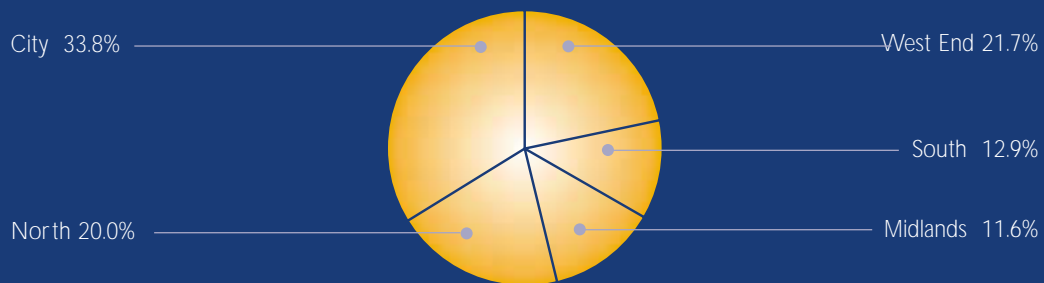
Michael Slade  
Managing Director  
15th June 1999

# Investment Portfolio

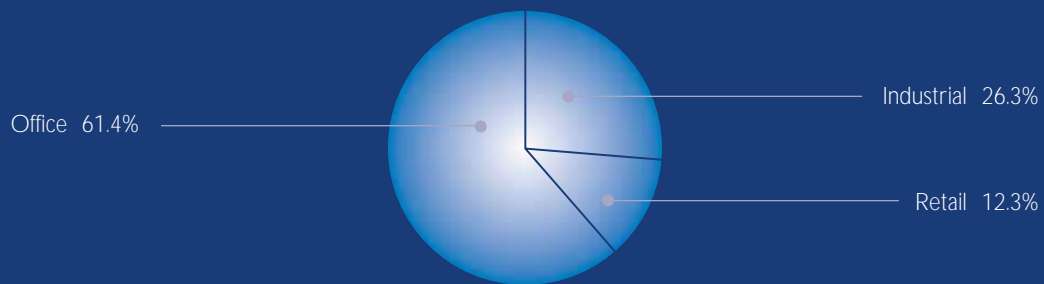
Property values by location 1999



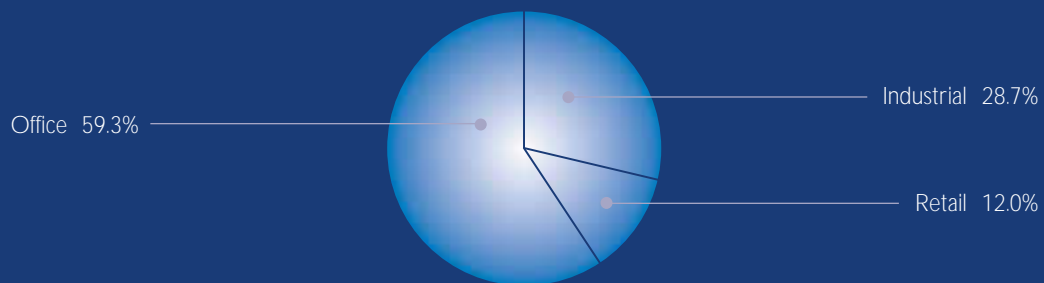
Property values by location 1998



Property values by sector 1999



Property values by sector 1998





Retail development at the George Hotel, Glasgow



Office development at No 1 Farnham Road, Guildford



Retail investment at Weston Retail Park, Weston-Super-Mare



Office investment at 60 Sloane Avenue, London SW3

# Financial Review

## Profits

Gross profits for the year were £39.0 million. These compare with gross profits for the year to 31 March 1998 of £38.8 million and include net rental income after property overheads of £18.0 million (1998 £18.6 million) and trading of £0.1 million (1998 £4.4 million). Our development programme contributed £21.6 million (1998 £16.7 million).

The surplus over book value on sale of investment properties was £0.4 million (1998 £0.8 million).

Interest paid on borrowings, net of interest received on cash balances decreased from £14.2 million to £12.5 million. This was after capitalisation of £2.1 million of interest (1998 £1.8 million).

Pre-tax profits rose by 8 per cent from £18.5 million to £20.0 million. With a tax charge of 19% (1998 21%) and a decreased minority interest of £1.2 million (1998 £2.3 million), profits before dividends increased by 22% to £15.0 million. Earnings per share on a diluted basis rose by 24% to 50.7p per share from 40.9p per share.

## Dividends

The Board is recommending to members at the Annual General Meeting on 21 July 1999 a final dividend of 6.0p per share (1998 5.50p) to be paid on 23 July 1999 which, with the interim dividend of 4.0p, makes a total of 10.0p. This is an increase of 11% on the previous period's dividend of 9.0p. This is covered over 5 times by profits after tax calculated after conversion of the preference share capital.

During the year a special dividend of 100.0p was declared as payable, in two tranches of 50.0p, to shareholders on the company's share register on

5th March 1999. The first of these tranches was paid on 12th April 1999 and the second and last tranche will be paid on 29th October 1999.

## Net assets

Helical's net assets at the year end were £142.1 million (1998 £140.4 million). The increase in value of investment properties of £19.9 million (1998 £23.6 million) was offset by the retained loss of £18.7 million caused by distributions of £33.6 million. Net assets per share of 473p compare with 382p in 1998 after adjusting for the special dividend of 100p per share and adjusting for dilution on the conversion of the preference shares.

## Borrowings and financial risk

During the year Helical increased the levels of bank borrowings secured on investment properties to benefit from the rising investment market. It kept a high level of cash to take advantage of development opportunities such as the purchase of the site at Chiswell Street. At 31 March 1999 its borrowings amounted to £218.8 million (1998 £185.2 million).

Helical seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The key financial risk to Helical is considered to be adverse movements in interest rates. It has insured itself against such interest rate movements by capping £160 million until 2006, £80 million at the rate of 6.5% and £80 million at 7.5%. In the meantime, using interest rate floors, it is able to benefit from the reduction of rates down to a level of 4.73% from July 1999 to January 2006 on £80 million and on a further £80 million down to 4.83% from January 2001 to January 2006.

# Officers and Advisors

## Board of directors

JOHN P. SOUTHWELL MA\*†

Chairman and Senior Non-executive, Aged 66  
Appointed Chairman 1987  
Director, James Cropper PLC  
Chairman, Lochain Patrick Holdings Ltd  
Consultant, Credit Lyonnais Securities Europe (UK)

MICHAEL E. SLADE BSC (EST.MAN) FRICS FSA

Managing Director, Aged 52  
Appointed Chief Executive 1986

NIGEL G. McNAIR SCOTT MA FCA FCT

Finance Director, Aged 53  
Appointed Finance Director 1987  
Non-executive Chairman, Avocet Mining PLC  
Director, Govett Strategic Investment Trust

IAN G. BUTLER CBE MA FCA\*†

Independent Non-executive Director, Aged 74  
Appointed April 1993  
Former director of Cookson Group plc  
Former member of Cadbury Committee

C. GILES H. WEAVER FCA\*†

Independent Non-executive Director, Aged 53  
Appointed September 1993  
Managing Director, Murray Johnstone Ltd  
Director, James Finlay PLC  
Director, Charter European Trust PLC

GERALD A. KAYE BSC (EST.MAN) FRICS

Development Director, Aged 41  
Appointed September 1994

P. MICHAEL BROWN BSC (EST.MAN) ARICS

Investment Director, Aged 38  
Appointed April 1998

\* Member of Audit and Remuneration Committees

† Member of Nominations and Appointments Committee

## Company Secretary and Registered Office

TIMOTHY J. MURPHY ACA

Company Secretary, Aged 39  
Appointed March 1994

## Registered office

11-15 Farm Street, London W1X 8NP  
Telephone 0171 629 0113  
Fax 0171 408 1666

## Registrars

IRG plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## Solicitors

Ashurst Morris Crisp  
Mishcon de Reya  
Olswang  
Titmuss Sainer Dechert  
Norton Rose

## Bankers

Barclays Bank PLC  
Credit Lyonnais  
HypoVereinsbank Bank  
National Westminster Bank Plc

## Auditors

Grant Thornton  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

## Joint stockbrokers

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

Credit Lyonnais Securities Europe (UK)  
Broadwalk House  
5 Appold Street  
London EC2A 2DA

## Merchant Bankers

Lazard Bros & Co Ltd  
21 Moorfields  
London EC2P 2HT

# Directors' Report

The directors present their report and financial statements for the year ended 31 March 1999.

## Principal activities

The principal activity of the company is that of a holding company and the principal activities of the subsidiaries are property investment, dealing and development. A full review of these activities and the group's future prospects are given in the Review of Operations on pages 4 to 8.

## Trading results

The results for the year are set out on page 20. The profit on ordinary activities before taxation amounts to £20,044,000 (1998 £18,494,000).

## Share capital

The detailed movements in share capital are set out in note 20 to these financial statements.

At 31 March 1999 there were 29,611,697 ordinary 5p shares and 20,088 convertible cumulative redeemable preference shares in issue which were redeemed on 12 April 1999.

## Dividends

A final dividend of 6.0p (1998 5.50p) per share is recommended for approval at the Annual General Meeting on 21 July 1999. The total ordinary dividends of 10.0p (1998 9.00p) per share, plus the special dividend of 100.00p announced on 18 January 1999, together with the preference dividends, amount to £33,631,000 (1998 £4,303,000).

## Donations

Donations to charities amounted to £6,110 (1998 £18,285). A contribution of £10,000 (1998 £10,000) was made to the Conservative Party.

## Creditor payment policy

The company's policy is to settle all agreed liabilities within the terms established with suppliers. At 31 March 1999 there were 41 days' (1998 37 days) purchases outstanding in respect of the company's creditors.

## Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

## Substantial shareholdings

At 15 June 1999 the shareholders listed in Table A had notified the company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the company.

Table A

	No. of ordinary shares	%
Schroder Investment Management Ltd	3,688,259	12.5
T R Property Investment Trust	2,245,301	7.6
Jupiter Asset Management	1,958,753	6.6
Fidelity Investments	1,305,926	4.4
Hermes Investment Management	1,171,293	4.0

The interests of Michael Slade (10.2%) are noted below.

## Directors and their interests

The directors who were in office during the year and their interests, all of which were beneficial, in the ordinary and preference shares are listed in Table B and note 20. Michael Brown was appointed a director on 9 April 1998.

Table B

	Ordinary 5p shares		Convertible cumulative redeemable preference shares 2012	
	31.03.99	01.04.98	31.03.99	1.04.98
J. P. Southwell	33,870	22,650	-	27,387
M. E. Slade	3,011,147	3,001,409	-	32,476
N. G. McNair Scott	622,827	561,191	-	58,637
I. G. Butler	12,987	10,025	-	11,235
C. G. H. Weaver	18,000	18,000	-	-
G. A. Kaye	186,057	184,881	-	-
P. M. Brown	57,127	42,451*	-	-
Total directors' interests	3,942,015	3,840,607	-	129,735
Percentage of issued share capital	13.3%	21.8%	-	0.3%

\*Shares held on appointment.

The Helical Bar Employees' Share Ownership Plan Trust, referred to in note 13, owned 708,000 (1998 350,000) ordinary shares at 31 March 1999. On 4 June 1998 Michael Slade, at the end of the ten year maximum exercise period, exercised an option over 400,000 ordinary shares in accordance with the rules of the Senior Executive 1988 Share Option Scheme. The shares acquired were sold shortly after exercise.

On 8 June 1998 shares acquired by the Helical Bar Profit Sharing Scheme were allocated to directors and staff. The number of shares allocated to directors is disclosed in note 3.

On 30 June 1998 Michael Brown purchased 13,500 ordinary shares.

On 10 July 1998 Gerald Kaye exercised options over 50,000 ordinary 5p shares in accordance with the rules of the Ordinary 1986 Share Option Scheme and sold on that day the shares received.

On 16 February 1999 the directors' interests in the convertible cumulative redeemable preference shares were converted into ordinary shares. Details of this conversion are included in note 20.

On 26 February 1999 Nigel McNair Scott exercised options over 30,000 ordinary 5p shares under the rules of the Senior Executive 1988 Share Option Scheme and 15,000 ordinary 5p shares under the Ordinary 1986 Share Option Scheme.

There have been no changes in the above directors' interests in the period from 31 March 1999 to 15 June 1999.

## REMUNERATION COMMITTEE

The membership of the committee is as follows:

J. P. Southwell (Chairman)  
I. G. Butler  
C.G.H. Weaver

None of the committee has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. The committee consults the Managing Director and Finance Director about its proposals and has access to professional advice from inside and outside the company.

### Policy on executive directors' remuneration

Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the group's position as a market leader and to reward them for enhancing shareholder value and return. The performance

measurement of the executive directors and the determination of their annual remuneration package is undertaken by the committee which consists solely of non-executive directors. There are three main elements of their remuneration package:

- i. basic annual salary and benefits in kind;
- ii. annual bonus payments;
- iii. share option incentives.

### Basic annual salary and benefits in kind

Basic annual salaries for executive directors are reviewed having regard to individual performance and market practice. Executive directors' basic salaries were last reviewed in February 1997. Benefits in kind provided to executive directors include the provision of a company car and health insurance.

### Bonus schemes

In June 1997 the committee reached agreement with the executive directors to establish a new bonus scheme following the cessation of the old scheme. This new scheme operated from 1 April 1997 and will continue until 31 March 2002. A bonus will be payable under this scheme only if there is an increase in the net asset value of the company and that increase is greater than that achieved by the upper quartile of the Investment Property Databank Index for capital growth of all properties, an ungeared benchmark. If achieved the bonus is payable in cash and is calculated in bands, the amount of bonus increasing with the level of outperformance. Among other constraints, the committee may restrict the bonus if payment would affect the financial or trading position of the group. The executive directors in this bonus scheme for the period were Michael Slade, Nigel McNair Scott, Gerald Kaye and Michael Brown. Additional bonuses were awarded by the committee in recognition of the performances of the development director, Gerald Kaye and the investment director, Michael Brown.

### Share options

The company operated four share option schemes during the year.

The Inland Revenue approved Ordinary 1986 Share Option Scheme ceased to be able to grant new options in December 1996 and following the



exercise during the year of the last remaining options this scheme no longer exists. The scheme was replaced by a new Inland Revenue approved scheme, the Helical Bar 1999 Approved Share Option Scheme, which received shareholder approval on 16 February 1999 and Inland Revenue approval in March 1999. Under this scheme options up to a maximum value of £30,000 per individual may be granted and options granted to directors in respect of this scheme are included in note 20.

The ability of the Senior Executive 1988 Share Option Scheme to grant options was extended at the 1997 Annual General Meeting to 7 June 2001 but only in respect of options to purchase shares held by the Helical Bar Employees Share Ownership Plan Trust. Consequently, a new scheme, the Helical Bar 1999 Share Option Scheme, was established and also received shareholder approval on 16 February 1999. Under this scheme the aggregate market value of shares issued or issuable to an individual under this and other option schemes may not exceed eight times his annual earnings. Share options granted in respect of this scheme are included in note 20. The 1988 scheme can no longer grant any new options.

The principal terms of the two new schemes do not differ in any material way from the schemes they replace, as regards matters such as eligibility, the determination of the exercise price, individual limits and anti-dilution provisions. The performance criteria has, however, been changed from a criteria which required the Company's percentage increase in net asset value per share to exceed the upper quartile of the Investment Property Databank Total Return Index over the relevant performance period to one which requires total shareholder return over a set period to exceed a certain percentile of the aggregate performance of companies in the Property Sector Index of the FTSE All Share Index. For the approved scheme the relevant period is three years and the 50th percentile. For the unapproved scheme the relevant period is five years and the 75th percentile.

The Committee considers that these share options, coupled with the associated performance measures, will continue to provide the most effective method of longer term incentivisation for the key executives of the company.

## Service contracts

The service contract of Michael Brown is for three years from 8 September 1997, the date of his commencement of employment at the company. The length of this service contract does not comply with the Combined Code but was agreed with Michael Brown, prior to his appointment as director, as part of his remuneration package. The unexpired term of his contract is 15 months. The service contracts of the remaining executive directors noted in Table B commenced on 1 July 1997 and have a one year notice period.

## Pension contributions

The company makes annual contributions into a Small Self Administered Pension Scheme on behalf of Michael Slade and Nigel McNair Scott.

## Re-election

Messrs J. P. Southwell and C.G.H. Weaver are due to retire by rotation and offer themselves for re-election.

## Non executive directors

The remuneration of the non executive directors is determined by the Board within the limits set out in the Articles of Association. Non executive directors cannot participate in any of the company's share option schemes. Non executive directors do not have a contract of service.

## Details of directors' remuneration-share options

This report should be read in conjunction with notes 3 and 20 to the financial statements which also form part of this report. Full details of all elements of the remuneration package of each director are given in note 3 to the financial statements. Details of directors' share options are given in note 20 to the financial statements.

## On behalf of the Board

**J. P. Southwell**

**Director**

**15th June 1999**

# Corporate Governance

## Application of principles

The company has applied the principles of good governance contained in the Report of the Committee on Corporate Governance (the Hampel Committee) except with regard to the length of service contract of Michael Brown as referred to below.

## Directors

The company supports the concept of an effective board leading and controlling the company. The Board is responsible for approving company policy and strategy. It meets three monthly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the company secretary and independent professionals at the company's expense. Training is available for new directors and other directors as necessary.

The Board consists of four executive directors who hold the key operational positions in the company and three non executive directors, who bring a breadth of experience and knowledge, of whom all are independent of management and any business or other relationship which could interfere with the exercise of their independent judgement. This provides a balance whereby the Board's decision making cannot be dominated by an individual or small group. The Chairman of the Board is John Southwell and the company's business is run by Michael Slade, the Managing Director. The Board has named John Southwell as the senior independent non executive director. The Board members are described on page 12.

All directors are subject to re-election every three years and, on appointment, at the first AGM after appointment. The Nomination Committee meets as required to select and recommend to the Board suitable candidates for both executive and non executive appointments to the Board. It comprises John Southwell, Chairman of the Board (Chairman), and the two other non executive directors, Ian Butler and Giles Weaver.

## Directors' remuneration

The company recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The policy of the company is to provide sufficient levels of remuneration to attract, retain and motivate executive directors.

The Remuneration Committee, which carries out the policy on behalf of the Board, comprises John Southwell (Chairman), Ian Butler and Giles Weaver, all of whom are independent non executive directors. It meets twice a year. As well as considering conditions in the group as a whole, the Committee takes into account the position of the company relative to other companies and is aware of what these companies are paying, though comparisons are treated with caution to avoid an upward ratchet in remuneration. The Committee consults the Managing Director and has access to professional advice.

The remuneration packages of individual directors are structured so that the performance related elements form a significant proportion of the total and are designed to align their interests with those of the shareholders. Share options are designed so that they recognise the long term growth of the company. No director has a service contract of more than one year other than Michael Brown, whose contract commenced prior to his appointment to the Board.

The remuneration of non executive directors is determined by a sub-committee of the Board comprising the Managing Director and the Finance Director.

The Board's report on remuneration is on pages 14 and 15. It sets out the company's policy in detail and the full details of all elements in the remuneration package of each individual director.

## Relations with shareholders

The company values the views of its shareholders and recognises their interest in the company's

strategy and performance, board membership and quality of management. It therefore holds regular meetings with its institutional shareholders to discuss objectives.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts.

### **Accountability and audit**

The Board presents a balanced and understandable assessment of the company's position and prospects in all interim and price-sensitive reports and reports to regulators as well as in the information required to be presented by statutory requirements. The responsibilities of the directors as regards the accounts are described on page 18, and that of the auditors on page 19. A statement on going concern is also on page 18.

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets. A report on the annual review of the effectiveness of the system is on this page. This review has been undertaken in accordance with the guidance for directors on internal controls and financial reporting that was issued by the Rutteman Working Group in December 1994 pending the publication of guidance on compliance with the Code provision D.2.1 by the working party set up by the ICAEW. The Board keeps under review whether an internal audit function would add value to the company.

The Audit Committee comprises Ian Butler and Giles Weaver, both of whom are independent non executive directors, and John Southwell, who is Chairman of the Board and a non executive director. The terms of reference of the Committee include keeping under review the scope and

results of the external audit and its cost effectiveness. The Committee reviews the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money.

### **Compliance**

The company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code. In complying with Code provision D.2.1 on internal control, the company has undertaken a review in accordance with the guidance for directors on internal controls and financial reporting issued by the Rutteman Working Group.

### **Internal control**

The Audit Committee have reviewed the operation and effectiveness of the group's system of internal control for the financial year and the period up to the date of approval of the financial statements. The review has been undertaken in accordance with the guidance for directors on internal controls and financial reporting that was issued by the Rutteman Working Group pending publication of new guidance.

The directors are responsible for the group's system of internal financial control. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the group's system of internal financial control are as follows:

- clearly defined organisational responsibilities and limits of authority;
- financial controls and review procedures;
- financial information systems including cash flow, profit and capital expenditure forecasts;
- an Audit Committee which meets with the Auditors at least twice a year and deals with any significant internal financial control matter.

## Going concern

After making enquiries, the directors have a reasonable expectation 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 financial statements.

## Year 2000 Compliance

As is well known, many computer and digital systems express dates using only the last two digits of the year, and these systems will require modification or replacement to accommodate the change in date arising from the end of the current century in order to avoid malfunctions and consequential widespread commercial disruption. The operation of our business depends not only on our computer systems, but also to some degree on those of our suppliers and customers. The company has conducted a review of its computer systems and from this has developed an action plan designed to address the key risks in advance of critical dates and without disruption to the underlying business. This review also considers the impact on our business of Year 2000 related problems experienced by our significant suppliers and customers.

In appropriate cases we have initiated formal communication with those other parties.

Given the complexity of the issue, it is not possible for any organisation to guarantee that no Year 2000 problems will arise because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has allocated resources to deal promptly with significant failures on issues that might arise. The anticipated total cost of the review and the action arising out of it is not expected to be significant.

## Directors' responsibilities for the financial statements

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 of the group 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.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Annual General Meeting

The Annual General Meeting of the company will be held on 21 July 1999 at 11.30 a.m. at The Westbury, Conduit Street at New Bond Street, London W1A 4UH. There are four resolutions concerning special business. The first increases the Company's authorised share capital by the creation of a further 11 million ordinary shares of 5p each, which provides your Board with further headroom for any future share issues (although your Board's ability to issue further shares, other than pursuant to share options, will be subject to the limits in the two following resolutions). The second gives your Board the authority for a further five years to allot 9,870,560 shares (one-third of the existing issued share capital as at the date hereof). The third gives your Board the power for a further year to issue shares pursuant to a rights issue and a modest number (approximately 5% of the existing issued share capital as at the date hereof) for cash other than to existing shareholders. The fourth extends, for a further year, the authority given at the Annual General Meeting last year for the company to buy in, for cancellation, approximately 10 per cent of the ordinary share capital. There have been no purchases of shares since the last Annual General Meeting.

## By Order of the Board

**T. J. Murphy**

**Secretary**

**15th June 1999**

# Auditor's Report

## **To the members of Helical Bar plc**

We have audited the financial statements on pages 20 to 40 which have been prepared under the accounting policies set out on pages 24 & 25.

## **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 18, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law on the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the statement on page 17, reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we

become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 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 the affairs of the company and the group as at 31 March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Grant Thornton**  
**Registered Auditors**  
**Chartered Accountants**  
**London**  
**15th June 1999**

# Consolidated Profit & Loss Account

## Helical Bar plc and subsidiary undertakings for the year ended 31 March 1999

	Note	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
<b>Turnover</b>	2	121,244	214,416
Cost of sales		(82,240)	(175,641)
<b>Gross profit</b>	2	39,004	38,775
Administrative expenses	3	(6,860)	(6,904)
<b>Operating profit</b>		32,144	31,871
Profit on sale of investment properties	4	415	838
<b>Profit on ordinary activities before interest</b>		32,559	32,709
Interest receivable		1,510	1,082
Interest payable and similar charges	5	(14,025)	(15,297)
<b>Profit on ordinary activities before taxation</b>		20,044	18,494
Taxation	6	(3,899)	(3,884)
<b>Profit on ordinary activities after taxation</b>		16,145	14,610
Equity minority interests		(1,175)	(2,322)
<b>Profit for the year</b>		14,970	12,288
Dividends paid and proposed including non-equity	7	(33,631)	(3,903)
Dividends not yet declared	7	-	(400)
<b>Retained (loss)/profit for the year</b>	21	(18,661)	7,985
By company	8	(10,302)	24,824
By subsidiaries		(8,359)	(16,839)
<b>Earnings per share</b>	9	66.7p	55.6p
<b>Diluted earnings per share</b>	9	50.7p	40.9p

The notes on pages 24 to 40 form part of these financial statements.

# Balance Sheets

## Helical Bar plc and subsidiary undertakings as at 31 March 1999

	Note	Group		Company	
		31 March 1999 £000	31 March 1998 £000	31 March 1999 £000	31 March 1998 £000
<b>Fixed assets</b>					
Intangible assets	10	576	617	-	-
Tangible assets	11	915	899	896	874
Investment property	12	332,457	250,718	-	-
Investments	13	4,359	1,934	6,545	4,119
		338,307	254,168	7,441	4,993
<b>Current assets</b>					
Fixed assets for resale		525	1,025	-	-
Stock and long term contracts	14	35,054	24,712	31	-
Debtors	15	40,148	43,004	121,491	97,980
Cash		44,310	65,496	31,297	36,787
		120,037	134,237	152,819	134,767
Creditors: amounts falling due within one year	16	(128,662)	(103,011)	(47,896)	(22,803)
<b>Net current (liabilities)/assets</b>		(8,625)	31,226	104,923	111,964
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after more than one year	17	(187,576)	(145,023)	(19,858)	(15,502)
		142,106	140,371	92,506	101,455
<b>Capital and reserves</b>					
Called-up share capital	20	1,495	31,490	1,495	31,490
Share premium account	21	34,508	3,160	34,508	3,160
Revaluation reserve	21	78,948	61,435	-	-
Capital redemption reserve	21	7,081	7,081	7,081	7,081
Other reserves	21	291	291	1,987	1,987
Profit and loss account	21	19,201	35,525	47,435	57,737
<b>Shareholders' funds</b>					
Equity minority interests		582	1,389	-	-
		142,106	140,371	92,506	101,455
<b>Shareholders' funds</b>					
Equity shareholders' funds		141,510	106,878	92,492	69,351
Non-equity shareholders' funds	14	14	32,104	14	32,104
		141,524	138,982	92,506	101,455

The financial statements were approved by the Board of Directors on 15th June 1999.

M. E. Slade, N. G. McNair Scott – Directors

The notes on pages 24 to 40 form part of these financial statements.

# Statement of Total Recognised Gains and Losses

Helical Bar plc and subsidiary undertakings for the year ended 31 March 1999

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
<b>Statement of total recognised gains and losses</b>		
Profit for the period after taxation	16,145	14,610
Minority interest	(1,175)	(2,322)
Surplus on revaluation of investment properties	19,850	23,557
<b>Total recognised gains and losses relating to the period</b>	<b>34,820</b>	<b>35,845</b>
	1999 £000	1998 £000
<b>Notes on historical cost profits and losses</b>		
Reported profit on ordinary activities before taxation	20,044	18,494
Realisation of property revaluation gains of previous periods	3,193	1,625
<b>Historical cost profit on ordinary activities before taxation</b>	<b>23,237</b>	<b>20,119</b>
<b>Historical cost (loss)/profit for the period retained</b>	<b>(15,468)</b>	<b>9,610</b>
	1999 £000	1998 £000
<b>Reconciliation of movements in shareholders' funds</b>		
Profit for the period	14,970	12,288
Dividends paid and proposed including non-equity	(33,631)	(3,903)
	(18,661)	8,385
Revaluation of investment property	19,850	23,557
Issue of shares	1,513	1,376
Expenses of share issue	(160)	-
<b>Net addition to shareholders' funds</b>	<b>2,542</b>	<b>33,318</b>
Opening shareholders' funds	138,982	105,664
<b>Closing shareholders' funds</b>	<b>141,524</b>	<b>138,982</b>

The notes on pages 24 to 40 form part of these financial statements.



# Consolidated Cash Flow Statement

## Helical Bar plc and subsidiary undertakings for the year ended 31 March 1999

	Note	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
Net cash inflow from operating activities	22	27,969	92,969
Returns on investment and servicing of finance	23	(18,161)	(19,338)
Taxation	23	(3,650)	(2,910)
Capital expenditure and financial investment	23	(60,398)	(736)
Acquisitions		-	(1,220)
Equity dividends paid		(1,648)	(1,745)
<b>Cash flow before management of liquid resources and financing</b>		<b>(55,888)</b>	<b>67,020</b>
<b>Management of liquid resources</b>		<b>10,110</b>	<b>(45,219)</b>
<b>Financing</b>			
Issue of shares		1,352	1,376
Increase/(decrease) in debt	24	33,324	(22,599)
<b>(Decrease)/increase in cash</b>		<b>(11,102)</b>	<b>578</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
		1999 £000	1998 £000
(Decrease)/increase in cash in the year		(11,102)	578
Cash (inflow)/outflow from management of liquid resources		(10,110)	45,219
Cash (inflow)/outflow from change in debt		(33,324)	22,599
Debt arrangement expenses		(256)	(301)
Liability acquired with subsidiary		-	(11,020)
<b>Movement in net debt in the year</b>		<b>(54,792)</b>	<b>57,075</b>
Net debt 1 April 1998		(119,697)	(176,772)
<b>Net debt 31 March 1999</b>		<b>(174,489)</b>	<b>(119,697)</b>

The notes on pages 24 to 40 form part of these financial statements.

# Notes to Financial Statements

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The accounting policies have remained unchanged since the previous year, except as detailed in "Implementation of new accounting standards" below.

### Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings drawn up to 31 March 1999. Profits or losses on intra group transactions are eliminated in full.

### Turnover

Turnover represents rental income and the proceeds from the sale of trading properties and developments. For funded developments, turnover comprises the increase in the valuation of work during the year. Income from the sale of trading properties is included in the profit and loss account when in the opinion of the directors a binding contract of sale exists.

### Depreciation

Depreciation is calculated to write down the cost to residual value of all fixed assets, excluding investment properties, by equal annual instalments over their expected useful lives.

The annual rates generally applicable are:

- short leasehold property	length of lease
- leasehold improvements	10%
- vehicles & office equipment	25%

### Developments

The attributable profit on developments is recognised once their outcome can be assessed with reasonable certainty. In the case of developments funded by institutions this profit is recognised on the letting of the developments.

### Stock

Stock is stated at the lower of cost and net realisable value.

Long-term contract balances included in stock are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

### Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to apply when the timing differences reverse, and is accounted for to the extent that it is probable that a liability or asset will crystallise.

### Interest capitalised on development properties

Interest costs incurred on development properties are capitalised until the earliest of:

- the date when the development becomes fully let;
- the date when the income exceeds outgoings;
- a date within two years of completion to allow for letting.

### Implementation of new accounting standards

Over recent months, the Accounting Standards Board has issued a number of Financial Reporting Standards ("FRS") and these financial statements comply with those standards. In particular, these financial statements reflect the requirements of FRS 13 on derivatives and other financial instruments and FRS 14 which makes certain small changes to the calculation of earnings per share under SSAP3. In line with FRS 14 the earnings per share calculation for the year to 31st March 1998 has been recalculated in accordance with the new basis.

# Notes to Financial Statements

## Investment property

Completed investment properties are included in the balance sheet at current market value. Any surplus arising is credited to the revaluation reserve, any temporary deficits are netted off against the remaining balance on the reserve. In accordance with the Statement of Standard Accounting Practice No. 19, investment properties are not depreciated but are valued by an external valuer at least every three years. In years where an external valuation is not commissioned, a valuation is undertaken by a suitably qualified member of the company's staff.

This policy represents a departure from statutory accounting principles which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors affecting annual valuation and its effect cannot be quantified.

## Financing costs

The costs of arranging finance for the group, including financial instruments entered into to protect against the effects of interest rate movements, are written off to the profit and loss account over the terms of and in proportion to the associated finance.

## Goodwill

Goodwill arising on acquisition is treated as an intangible asset and the cost written off in equal instalments over its useful economic life, estimated to be fifteen years.

## Employees share ownership plan trust (the "Trust")

Shares in Helical Bar plc owned by the Trust are stated at cost. Any deficit arising in the future between the original cost of the shares and their net realisable value will be funded by the company.

## 2. Turnover and gross profit on ordinary activities before taxation

The analysis of turnover and gross profit by function is as follows:

	Turnover		Gross profit	
	Year ended 31 March 1999	Year ended 31 March 1998	Year ended 31 March 1999	Year ended 31 March 1998
	£000	£000	£000	£000
Trading property sales	95	86,561	72	4,363
Rental income	21,482	22,009	18,475	18,598
Developments	96,622	104,556	21,601	16,686
Other income and provisions	3,045	1,290	(1,144)	(872)
<hr/>				
Gross profit			39,004	38,775
Central overheads			(6,860)	(6,904)
Interest payable less receivable			(12,515)	(14,215)
<hr/>				
<b>Profit before taxation and profit on sale of investment properties</b>			<b>19,629</b>	<b>17,656</b>

All sales were within the UK. All turnover is attributable to continuing operations.

An analysis of property assets can be found in notes 12 and 14 and the directors do not consider a further analysis of net assets to be appropriate.

# Notes to Financial Statements

## 3. Administrative expenses

Operating profit on ordinary activities is stated after:

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
Staff costs	5,008	4,888
Depreciation	221	209
Amortisation of goodwill	41	-
Amortisation of deferred loan arrangement expenses	256	301
Auditors' remuneration:		
- audit fee	61	56
- other fees	82	55
Staff costs during the year:		
- salaries	4,132	4,092
- social security costs	501	439
- other pension costs	375	357
	5,008	4,888

With the exception of the pension contributions referred to below, other pension costs relate to payments to individual pension plans.

The average number of employees of the group during the year was: 26 (1998 26)

Remuneration in respect of directors was as follows:

	Salary/ Fees £000	Benefits in kind £000	Bonus £000	Profit on exercise of share options £000	1999 Total £000	1998 Total £000	Pensions 1999 Total £000	1998 Total £000
Chairman								
J. P. Southwell	43	13	-	-	56	46	-	-
Non-Executive Directors								
I. G. Butler	19	-	-	-	19	15	-	-
C.G.H. Weaver (paid to a third party)	19	-	-	-	19	15	-	-
Executive Directors								
M. E. Slade	447	24	850	1,436	2,757	2,117	2	2
N. G. McNair Scott	162	15	-	189	366	201	330	290
G. A. Kaye	192	14	850	155	1,211	1,044	-	-
P. M. Brown	162	16	650	-	828	-	-	-
	1,044	82	2,350	1,780	5,256	3,438	332	292

The pension contributions were paid into a Small Self Administered Scheme and include £300,000 bonus paid as contributions in respect of N.G. McNair Scott. The assets of this money purchase scheme are administered by trustees in a fund independent from the assets of the group.

Michael Slade was the highest paid director during the year with a total remuneration, excluding pension contributions but including the profit on exercise of share options during the year, of £2,757,000 (1998 Michael Slade £2,117,000).

# Notes to Financial Statements

## 3. Administrative expenses (continued)

On 5 June 1998 the Helical Bar Profit Sharing Scheme purchased 14,000 ordinary shares in the company. On 8 June 1998 under the rules of the Scheme 14,202 shares were allocated to directors and employees of the company.

The shares allocated to the directors of the company were as follows:

	No. of shares	Price
M. E. Slade	1,176	680.0p
N. G. McNair Scott	1,176	680.0p
G. A. Kaye	1,176	680.0p
P. M. Brown	1,176	680.0p

## 4. Sale of investment properties

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
Sale of investment properties	15,446	49,435
Book costs (note 12)	(14,357)	(48,597)
Provision for permanent diminution in value	(674)	-
Profit on disposal	415	838

## 5. Interest payable and similar charges

	1999 £000	1998 £000
On bank loans and overdrafts	14,097	15,023
Finance arrangement costs	256	301
Other interest and similar charges	1,760	1,819
Interest capitalised	(2,088)	(1,846)
	14,025	15,297

## 6. Taxation

	1999 £000	1998 £000
On group results for the year:		
- UK corporation tax at 19% (1998 21%)	3,899	3,884
	3,899	3,884

The effective tax charge for the year was reduced from 31% through the availability of capital allowances.

# Notes to Financial Statements

## 7. Dividends

Attributable to equity share capital

Ordinary

- interim paid 4.00p (1998 3.50p) per share
- final proposed 6.00p (1998 5.50p) per share

- Total 10.0p (1998 9.00p) per share
- special payable 100.00p (1998 nil) per share

Attributable to non-equity share capital

5.25p convertible cumulative redeemable preference shares 2012 of 70p each

- dividends paid
- dividends not yet declared

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
	700	604
	1,734	948
	2,434	1,552
	28,904	-
	31,338	1,552
	2,293	2,351
	-	400
	33,631	4,303

## 8. Parent company

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in the financial statements. The group profit after tax for the year includes a profit of £23,329,000 (1998 £29,127,000) which is dealt with in the financial statements of the parent company.

## 9. Earnings per share

Earnings per share is based on the profit after tax and preference dividends of £12,677,000 (1998 £9,537,000) and a weighted average of 19,014,376 (1998 17,140,758) ordinary shares of 5p each in issue during the year.

Diluted earnings per share are based on 29,552,075 (1998 28,962,534) ordinary shares of 5p, which include 10,127,830 ordinary shares representing the weighted average of the conversion of the preference shares and 409,869 ordinary shares representing the weighted average of the exercise of share options. The diluted earnings per share for 1998 have been restated to comply with Financial Reporting Standard 14.

## 10. Intangible fixed assets - goodwill

Cost

At 31 March 1999 and 31 March 1998

Depreciation

At 1 April 1998

Provision for the year

At 31 March 1999

Net book amount at 31 March 1999

Net book amount at 31 March 1998

Group  
£000

617

-

41

41

576

617

The goodwill arose on acquisition of CPP Investments Limited, a 100% subsidiary of Helical Bar plc. This goodwill is being written off in equal instalments over fifteen years.

# Notes to Financial Statements

	Short leasehold property & improvements £000	Vehicles & office equipment £000	Total £000
<b>11. Tangible fixed assets</b>			
<b>Group</b>			
Cost at 1 April 1998	605	871	1,476
Additions at cost	41	252	293
Disposals	-	(178)	(178)
<b>Cost at 31 March 1999</b>	<b>646</b>	<b>945</b>	<b>1,591</b>
Depreciation at 1 April 1998	133	444	577
Provision for the year	45	176	221
Eliminated on disposals	-	(122)	(122)
<b>Depreciation at 31 March 1999</b>	<b>178</b>	<b>498</b>	<b>676</b>
<b>Net book amount at 31 March 1999</b>	<b>468</b>	<b>447</b>	<b>915</b>
Net book amount at 31 March 1998	472	427	899
<b>Company</b>			
Cost at 1 April 1998	605	840	1,445
Additions at cost	41	228	269
Disposals	-	(146)	(146)
<b>Cost at 31 March 1999</b>	<b>646</b>	<b>922</b>	<b>1,568</b>
Depreciation at 1 April 1998	133	438	571
Provision for the year	45	170	215
Eliminated on disposals	-	(114)	(114)
<b>Depreciation at 31 March 1999</b>	<b>178</b>	<b>494</b>	<b>672</b>
<b>Net book amount at 31 March 1999</b>	<b>468</b>	<b>428</b>	<b>896</b>
Net book amount at 31 March 1998	472	402	874

# Notes to Financial Statements

	Long Leasehold £000	Freehold £000	Total £000
<b>12. Investment property - group</b>			
Valuation at 1 April 1998	42,750	207,968	250,718
Additions at cost	199	76,721	76,920
Disposals (note 4)	-	(14,357)	(14,357)
Permanent diminution in valuation (note 4)	-	(674)	(674)
Revaluation (note 21)	101	19,749	19,850
<b>At 31 March 1999</b>	<b>43,050</b>	<b>289,407</b>	<b>332,457</b>

The investment property has been valued on an open market basis at 31 March 1999 as follows: £000

Healey & Baker, International Real Estate Consultants	245,375
Allsop & Co, Chartered Surveyors	24,000
Knight Frank, Chartered Surveyors	21,450
King Sturge & Co. Chartered Surveyors	13,045
Directors' valuation - investment property in course of development	28,587
	<b>332,457</b>

The net surplus arising of £19,850,000 (1998 £23,557,000) has been transferred to the revaluation reserve.  
The historical cost of investment property is £258,188,000 (1998 £192,432,000).

	Group 31 March 1999 £000	31 March 1998 £000	Company 31 March 1999 £000	31 March 1998 £000
<b>13. Investments</b>				
Shares in subsidiary undertakings at cost	-	-	2,186	2,185
Employees' Share Ownership Plan Trust - own shares	4,359	1,934	4,359	1,934
	<b>4,359</b>	<b>1,934</b>	<b>6,545</b>	<b>4,119</b>
The movement in the year was as follows:				
	1999 £000	1998 £000	1999 £000	1998 £000
At 1 April 1998	1,934	-	4,119	2,185
Acquired during year	2,425	1,934	2,426	1,934
<b>At 31 March 1999</b>	<b>4,359</b>	<b>1,934</b>	<b>6,545</b>	<b>4,119</b>

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. On 5 June 1998 the Trust acquired 308,000 ordinary shares at a price of 680.0p and on 10 July 1998 the Trust acquired 50,000 ordinary shares at a price of 662.5p. The Trust currently owns 708,000 ordinary 5p shares in the Company.

On 10 July 1998 purchase options were granted over 400,000 ordinary shares held by the Trust at an exercise price of 565.0p. On 8 March 1999 purchase options were granted over 93,000 ordinary shares held by the Trust at an exercise price of 442.5p. At 31 March 1999 the Trust held 9,000 ordinary shares over which no options had been granted.



# Notes to Financial Statements

The company's principal subsidiary undertakings, all of which have been consolidated, are:

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Aycliffe and Peterlee Investment Company Ltd*	Investment	100%
Helical Bar (City Investments) Ltd*	Investment	100%
Helical Bar (CL) Investments Limited*	Investment	100%
Helical Bar Developments (South East) Ltd	Development and trading	100%
Helical Bar (Wales) Limited*	Development and trading	100%
Helical Properties Limited	Investment development and trading	100%
Helical Properties Investment Limited	Investment	100%
Intercontinental Land and Development Co. Ltd*	Investment	100%
Helical Bar Developments Ltd	Investment	100%
Helical Bar (Leeds) Ltd	Development	100%
Helical (Strand) Ltd	Investment	100%
Helical Bar (Mansion House Place) Ltd	Investment	100%
Helical Bar (City Developments) Ltd	Development	100%
Helical Bar Trustees Ltd	Trustee of Profit Sharing Scheme	100%
CPP Investments Ltd*	Investment	100%
Helical Bar (Wood Street) Ltd	Development	100%
61 Southwark Street Ltd*	Investment	100%
Helical Properties Retail Ltd	Investment	100%
Helical Bar (CL) Ltd*	Investment	100%
Helical Properties (Basingstoke) Ltd	Investment	100%
CBX11 Ltd*	Investment	100%
The Portsmouth International Festival of the Sea (1998) Ltd	Festival Organiser	100%
Helical Properties (WSM) Ltd*	Investment	75%
Helical Bar (Oxford) Ltd	Trading	75%
Helical Retail Limited	Development and trading	75%
Helical Retail (RBS) Limited*	Development and trading	75%

All principal subsidiary undertakings operate in the United Kingdom and are incorporated and registered in England and Wales.

\*Ordinary capital is held by a subsidiary undertaking.

# Notes to Financial Statements

	Group		Company	
	31 March 1999 £000	31 March 1998 £000	31 March 1999 £000	31 March 1998 £000
<b>14. Stock and long term contracts</b>				
Costs to date of long term contracts	27,715	14,551	31	-
Properties held as trading stock	7,339	10,161	-	-
	35,054	24,712	31	-

Interest on capital borrowed to finance construction is included in work-in-progress to the extent of £1,697,000 (1998 £862,000). Interest capitalised during the year amounted to £2,088,000 (1998 £1,846,000).

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>15. Debtors</b>				
Trade debtors	9,158	22,540	220	26
Taxation	1,171	3,428	501	2,464
Amounts owed by subsidiary undertakings	-	-	120,354	94,250
Other debtors	1,126	483	78	276
Prepayments and accrued income	28,693	16,553	338	964
	40,148	43,004	121,491	97,980

Included in prepayments and accrued income is an amount of £5,099,000 (1998 £nil) due after more than one year.

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>16. Creditors: amounts falling due within one year</b>				
Bank overdrafts and term loans	31,223	40,170	10,650	15,308
Trade creditors	32,748	34,292	139	207
Taxation	5,600	7,608	2,906	2,978
Social security costs and other taxation	84	662	61	78
Other creditors	1,005	149	-	45
Accruals and deferred income	27,364	19,182	3,502	3,239
Dividends payable	30,638	948	30,638	948
	128,662	103,011	47,896	22,803

# Notes to Financial Statements

	Group		Company	
	31 March 1999 £000	31 March 1998 £000	31 March 1999 £000	31 March 1998 £000
<b>17. Creditors: amounts falling due after more than one year</b>				
Bank loans repayable within:				
- 1-2 years	2,035	2,325	-	-
- 2-5 years	34,275	8,834	20,000	-
- after 5 years	152,746	135,484	-	15,660
	189,056	146,643	20,000	15,660
Deferred arrangement costs	(1,480)	(1,620)	(142)	(158)
	187,576	145,023	19,858	15,502

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held by subsidiary undertakings to the value of £347,533,000 (1998 £242,771,000). These will be repayable when the underlying properties are sold.

## 18. Financing and financial instruments

### Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures.

### Bank overdraft and loans - maturity

	1999 £000	1998 £000
After 5 years	152,746	135,484
From 2-5 years	34,275	8,834
From 1-2 years	2,035	2,325
	189,056	146,643
Deferred arrangement costs	(1,480)	(1,620)
Due after more than one year	187,576	145,023
Due within one year	31,223	40,170
	218,799	185,193

The group has various undrawn committed borrowing facilities. The facilities available at 31 March 1999 in respect of which all conditions precedent had been met were as follows:

	£000	
Expiring in one year or less	33,403	
Expiring in more than one year but not more than two years	14,025	
Expiring in more than two years	6,646	
	54,074	
<b>Gearing</b>		
	1999 £000	1998 £000
Total borrowings	218,799	185,193
Cash	(44,310)	(65,496)
Net borrowings	174,489	119,697
Gearing	123%	85%

# Notes to Financial Statements

## 18. Financing and financial instruments (continued)

### Interest rates

	31 March 1999			31 March 1998		
	%	Expiry	£000	%	Expiry	£000
Fixed rate borrowings						
- fixed	11.419	Nov. 2013	8,500	11.419	Nov. 2013	8,500
- fixed	9.050	Feb. 2009	10,239	9.050	Feb. 2009	10,523
- fixed	8.625	Sept. 2001	20,000	8.625	Sept. 2001	20,000
- swaps	8.335	June 2000	14,200	8.335	June 2000	14,200
- swaps	7.228	July 1999	74,500	7.228	July 1999	74,500
Weighted average	8.000	Oct. 2001	127,439	8.000	Oct. 2001	127,723
Floating rate borrowings			90,320			56,570
Total borrowings			217,759			184,293
Deferred arrangement costs			(1,480)			(1,620)
Provision for loan redemption charge			2,520			2,520
			218,799			185,193

Floating rate borrowings bear interest at rates based on LIBOR.

### Hedging

In addition to the fixed rates, borrowings are also hedged by the following financial instruments:

Instrument	Value £000	Rate %	Commencement	Expiry
Current				
- cap	12,500	9.000	-	June 1999
- cap	12,500	8.500	-	June 1999
- cap	40,000	8.500	-	July 1999
Forward				
- cap	30,000	9.150	July 1999	Jan. 2001
- cap	50,000	9.050	July 1999	Jan. 2001
- collar	80,000	4.830-7.500	Jan. 2001	Jan. 2006
- collar	80,000	4.730-6.500	July 1999	Jan. 2006

### Fair value of financial assets and financial liabilities

	31 March 1999	
	Book Value £000	Fair Value £000
Borrowings	220,279	222,526
Interest rate swaps	-	1,305
Other financial instruments	(203)	995
	220,076	224,826

The fair value of financial assets is the book value. The fair value of financial liabilities represents the mark to market valuation at 31 March 1999.

# Notes to Financial Statements

	Group		Company	
	31 March 1999 £000	31 March 1998 £000	31 March 1999 £000	31 March 1998 £000
<b>19. Deferred taxation</b>				
A provision for deferred tax is not considered to be necessary.				
Amounts unprovided are:				
- unrealised capital gains	15,456	11,780	-	-
- accelerated capital allowances	1,560	5,340	-	-
- other timing differences	1,406	2,150	33	35
- tax losses	(6,797)	-	-	-
	11,625	19,270	33	35

The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using a tax rate of 30%. No provision has been made for taxation which would accrue if the investment properties were disposed of at their revalued amounts. The amount unprovided is shown above under unrealised capital gains.

	1999 £000	1998 £000
<b>20. Share capital</b>		
Authorised		
- 34,000,000 (1998 34,000,000) ordinary shares of 5p each	1,700	1,700
- 45,996,768 (1998 45,996,768) 5.25p convertible cumulative redeemable preference shares 2012 of 70p each	32,198	32,198
	33,898	33,898
Allotted, called up and fully paid at 31 March 1999		
Attributable to equity interests:		
- 29,611,697 (1998 17,593,637) ordinary shares of 5p each	1,481	880
Attributable to non equity interests:		
- 20,088 (1998 43,728,585) 5.25p convertible cumulative redeemable preference shares 2012 of 70p each	14	30,610
	1,495	31,490

Prior to the additional conversion date of 16 February 1999, referred to below, preference shareholders had the right to convert their shares into ordinary shares at the rate of approximately 25.65 ordinary shares for every 100 convertible preference shares. On 1 September 1998, 95,731 preference shares were converted into 24,555 ordinary shares.

Following shareholder approval at the Extraordinary General Meeting held on 10 February 1999, the Articles of Association were amended to allow preference shareholders an additional conversion date of 16 February 1999 at an enhanced conversion rate of 26.365 ordinary shares for every 100 convertible preference shares. Conversion on that date enabled preference shareholders to benefit from the 100p special dividend payable to ordinary shareholders on the shareholders register on 5 March 1999 (the 'record date'). The company received conversion notices representing over 95% of preference shares and, in accordance with its rights under the Articles, exercised its right to require the remaining preference shareholders to convert or elect for redemption of their shares by 3 March 1999. On this date 7 shareholders representing 20,088 had elected for their shares to be redeemed, such redemption occurring on 12 April 1999. The remaining preference shares were converted into ordinary shares which, together with those preference shares previously converted, represented over 99.9% of preference shares issued.

# Notes to Financial Statements

## 20. Share capital (continued)

### Share Options

At 1 April 1998 options over 1,860,000 ordinary shares in the company had been granted to directors and employees under the company's Share Option Schemes. During the year options over 495,000 ordinary shares were exercised and options to subscribe for 1,602,000 new shares were granted. In addition, options to purchase 493,000 shares from the Helical Bar Employees' Share Ownership Plan Trust were granted. Options over 3,460,000 ordinary shares in the company at 31 March 1999 were as follows:

	Exercise price per share p	Number of shares
<b>Senior executive 1988 share option scheme</b>		
<b>Subscription options</b>		
Option period ending:		
- 9 March 2004	273.0	100,000
- 20 October 2004	252.0	200,000
- 10 July 2007	412.5	365,000
- 28 September 2007	467.5	100,000
- 26 November 2007	452.5	394,000
<b>Purchase Options</b>		
Option period ending:		
- 26 November 2004	452.5	206,000
- 9 July 2005	565.0	400,000
<b>Helical Bar 1999 Share Option Scheme</b>		
<b>Subscription options</b>		
Option period ending		
- 7 March 2009	442.5	1,547,768
<b>Purchase options</b>		
Option period ending		
- 7 March 2009	442.5	93,000
<b>Helical Bar 1999 Approved Share Option Scheme</b>		
<b>Subscription options</b>		
Option period ending		
- 7 March 2009	442.5	54,232
		3,460,000

At the EGM held on 10 February 1999 shareholders approval was obtained to reduce the exercise price per share of outstanding options by an amount equal to the special dividend of 100p per share announced on 18 January 1999. This reduction is reflected in the exercise price of options noted above. This adjustment to the exercise price compensated option holders for the effects of the special dividend.

# Notes to Financial Statements

## 20. Share capital (continued)

The directors' interests in these Share Option Schemes during the year were as follows:

### Senior executive 1988 share option scheme

	At start of year	Number of options granted	of options exercised	At end of year	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
<b>Subscription Options</b>								
M E Slade	400,000	-	(400,000)	-	321.0p	680.0p	-	-
	394,000	-	-	394,000	452.5p	-	26.11.02	26.11.07
N G McNair Scott	30,000	-	(30,000)	-	71.0p	535.0p	-	-
	250,000	-	-	250,000	412.5p	-	10.07.02	10.07.07
G A Kaye	100,000	-	-	100,000	273.0p	-	10.03.99	09.03.04
	200,000	-	-	200,000	252.0p	-	21.10.99	20.10.04
P M Brown	100,000	-	-	100,000	467.5p	-	29.09.02	28.09.07
<b>Purchase Options</b>								
M E Slade	6,000	-	-	6,000	452.5p	-	26.11.01	26.11.04
	400,000	-	-	400,000	565.0p	-	10.07.02	10.07.05
N G McNair Scott	50,000	-	-	50,000	452.5p	-	26.11.01	26.11.04
P M Brown	100,000	-	-	100,000	452.5p	-	26.11.01	26.11.04

### Ordinary 1986 share option scheme

	At start of year	Number of options granted	of options exercised	At end of year	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
N G McNair Scott	15,000	-	(15,000)	-	204.0p	535.0p	-	-
G A Kaye	50,000	-	(50,000)	-	352.0p	662.5p	-	-

### Helical Bar 1999 Share Option Scheme

	At start of year	Number of options granted	of options exercised	At end of year	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
<b>Subscription options</b>								
M E Slade	-	493,221	-	493,221	442.5p	-	08.03.04	07.03.09
N G McNair Scott	-	235,221	-	235,221	442.5p	-	08.03.04	07.03.09
G A Kaye	-	393,221	-	393,221	442.5p	-	08.03.04	07.03.09
P M Brown	-	293,221	-	293,221	442.5p	-	08.03.04	07.03.09
<b>Purchase options</b>								
N G McNair Scott	-	43,000	-	43,000	442.5p	-	08.03.03	07.03.06
G A Kaye	-	50,000	-	50,000	442.5p	-	08.03.03	07.03.06

### Helical Bar 1999 Approved Share Option Scheme

	At start of year	Number of options granted	of options exercised	At end of year	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
M E Slade	-	6,779	-	6,779	442.5p	-	08.03.02	07.03.99
N G McNair Scott	-	6,779	-	6,779	442.5p	-	08.03.02	07.03.99
G A Kaye	-	6,779	-	6,779	442.5p	-	08.03.02	07.03.99
P M Brown	-	6,779	-	6,779	442.5p	-	08.03.02	07.03.99

There have been no changes in the above directors' interests in the period to 15 June 1999.

The market price of the ordinary shares at 31 March 1999 was 485.0p (1998 587.5p). This market price varied between 437.5p and 687.5p during the year.

# Notes to Financial Statements

	Share premium account £000	Capital redemption reserve £000	Other non-distributable reserves £000	Revaluation reserve £000	Profit & loss account £000
<b>21. Share premium and reserves</b>					
<b>Group</b>					
At 1 April 1998	3,160	7,081	291	61,435	35,525
Loss retained	-	-	-	-	(18,661)
Revaluation of investment property	-	-	-	19,850	-
Realised on disposals	-	-	-	(3,193)	3,193
Permanent diminution in investment property valuation	-	-	-	856	(856)
Premium on conversion of preference shares	30,021	-	-	-	-
Premium on exercise of share options	1,487	-	-	-	-
Expenses of share issue	(160)	-	-	-	-
<b>At 31 March 1999</b>	<b>34,508</b>	<b>7,081</b>	<b>291</b>	<b>78,948</b>	<b>19,201</b>
<b>Company</b>					
At 1 April 1998	3,160	7,081	1,987	-	57,737
Loss retained	-	-	-	-	(10,302)
Premium on conversion of preference shares	30,021	-	-	-	-
Premium on exercise of share options	1,487	-	-	-	-
Expenses of share issue	(160)	-	-	-	-
<b>At 31 March 1999</b>	<b>34,508</b>	<b>7,081</b>	<b>1,987</b>	<b>-</b>	<b>47,435</b>

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
<b>22. Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	32,144	31,871
Depreciation of fixed assets	221	209
Write down of fixed assets held for resale	500	922
Loss on sale of fixed assets	10	17
Amortisation of goodwill	41	-
Decrease/(increase) in debtors	599	(16,566)
Increase in creditors	2,708	11,821
(Increase)/decrease in stocks	(8,254)	64,695
<b>Net cash inflow from operating activities</b>	<b>27,969</b>	<b>92,969</b>



# Notes to Financial Statements

## 23. Analysis of cash flows for headings netted in the cash flow statement

### Return on investments and servicing of finance

	Year ended 31 March 1999 £000	Year ended 31 March 1998 £000
Interest received	1,510	1,082
Interest paid	(15,482)	(16,483)
Non-equity dividends paid	(4,189)	(3,937)
	(18,161)	(19,338)

### Taxation

Tax received	-	48
Tax paid	(3,650)	(2,958)
	(3,650)	(2,910)

### Capital expenditure and financial investment

Purchase of property	(73,172)	(66,253)
Sale of property	15,446	68,075
Purchase of tangible fixed assets	(293)	(690)
Sale of fixed assets	46	66
Purchase of fixed asset investment	(2,425)	(1,934)
	(60,398)	(736)

## 24. Analysis of net debt

	At 1 April 1998 £000	Cash Flow £000	Other non cash changes £000	At 31 March 1999 £000
Cash at bank	65,496	(21,186)	-	44,310
Bank overdraft	(43)	(26)	-	(69)
	65,453	(21,212)	-	44,241
Debt due within one year	(40,127)	8,973	-	(31,154)
Debt due after more than one year	(146,643)	(42,413)	-	(189,056)
less: arrangement expenses	1,620	116	(256)	1,480
	(185,150)	(33,324)	(256)	(218,730)
Total	(119,697)	(54,536)	(256)	(174,489)

# Notes to Financial Statements

## **25. Contingent liabilities**

The company has entered into cross guarantees in respect of the banking facilities of its subsidiaries. The company has also entered into interest rate floors on £80 million at 4.83% from January 2001 to January 2006, and on a further £80 million at 4.73% from July 1999 to January 2006.

Other than these contingent liabilities and the deferred tax referred to in note 19 there were no contingent liabilities at 31 March 1999 (1998 Nil).

## **26. Capital commitments**

At 31 March 1999 nil (1998 Nil).

## **27. Post balance sheet events**

On 4 June 1999 Helical Bar plc completed the acquisition of Glenlake Ltd, a property investment company owning 60 Sloane Avenue, London, SW3 for £11.9 million.

# Ten Year Review

	31.3.99 £000	31.3.98 £000	31.3.97 £000	31.1.96 £000	31.1.95 £000	31.1.94 £000	31.1.93 £000	31.1.92 £000	31.1.91 £000	31.1.90 £000
Turnover	121,244	214,416	100,529	65,948	50,521	24,982	24,816	31,091	74,757	117,471
Rental income	21,482	22,009	22,374	19,186	16,294	12,118	13,810	16,547	18,871	14,173
Gross profit	39,004	38,775	29,284	21,697	16,475	12,713	16,895	11,627	25,264	33,504
Profit/(loss) before taxation	20,044	18,494	12,033	9,200	8,187	6,578	5,882	(7,557)	2,878	14,390
Profit/(loss) after taxation	16,145	14,610	9,032	7,892	7,655	6,049	5,632	(6,288)	2,556	8,526
Ordinary dividends	31,338	1,552	1,666	1,189	1,058	944	783	655	1,636	1,670
(Loss)/profit retained	(18,661)	7,985	3,564	3,666	3,785	3,451	3,951	(7,718)	(339)	4,381
Dividend per ordinary share	10.0p	9.0p	8.0p	7.3p	6.5p	5.8p	4.8p	4.0p	10.0p	10.0p
Special dividend per ordinary share	100.0p	-	2.0p	-	-	-	-	-	-	-
Diluted earnings per ordinary share	50.7p	40.9p	28.3p	26.6p	26.3p	24.3p	29.0p	(43.2p)	7.9p	33.9p
Shareholders' funds	141,524	138,982	105,664	92,662	91,429	83,747	46,180	45,634	53,622	69,643
Net assets per share	473p	482p	372p	330p	326p	299p	224p	220p	258p	334p

# Notice of Annual General Meeting

Notice is hereby given that the seventy-ninth Annual General Meeting of the Company will be held at The Westbury, Conduit Street at New Bond Street, London W1A 4UH on Wednesday 21 July 1999 at 11.30 a.m. for the following purposes

## As ordinary business

1. To receive and consider the directors' report and the financial statements for the year ended 31 March 1999.
2. To declare a final dividend of 6p per ordinary share of 5p.
3. To re-elect Mr J P Southwell, who retires by rotation, as a director of the Company.
4. To re-elect Mr C G H Weaver, who retires by rotation, as a director of the Company.
5. To re-appoint Grant Thornton as auditors to the Company and to authorise the directors to fix their remuneration.

## As special business

To consider and, if thought fit, to pass the following resolutions of which resolutions 6, 7 and 8 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution:

6. That the authorised share capital of the Company be and it is hereby increased to £40,126,626.60 by the creation of 11,000,000 ordinary shares of 5p each ranking *pari passu* in all respects with the existing ordinary shares of the Company.
7. That the directors be and they are hereby generally and unconditionally authorised, pursuant to Section 80 of the Companies Act 1985, to exercise all powers of the company to allot relevant securities (as defined in Section 80 of that Act) of an aggregate nominal amount of £493,528 provided that this authority shall expire on 20 July 2004 save that the company may before said expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
8. That the directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities for cash (as defined in Section 94 of the Act)

pursuant to the authority conferred by Resolution 6 above as if Section 89 of that Act did not apply to any such allotment provided that this power shall be limited to:

- a) the allotment of equity securities for cash in connection with a rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors may determine for the purposes of the issue where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to their respective entitlements at such record date or dates so determined provided that the directors may make such arrangements in respect of overseas shareholders and in respect of fractional entitlements as they consider necessary or expedient; and
- b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate maximum nominal amount of £74,029;

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or on 30 September 2000, if earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

9. That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') provided that:
  - a) the maximum number of ordinary shares hereby authorised to be purchased is 2,961,169;
  - b) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary share is purchased;

# Notice of Annual General Meeting

- c) the minimum price which may be paid for an ordinary share is 1p;
- d) the authority hereby conferred shall be in lieu of any existing authority conferred by ordinary resolution to purchase ordinary shares (but without prejudice to any purchase of ordinary shares previously made pursuant to such authority);
- e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or 30 September 2000 , whichever is the earlier, unless such authority is renewed prior to such time; and
- f) the Company may make a contract to purchase the ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract.

## **By order of the Board**

T J Murphy  
Secretary  
28 June 1999

Registered Office  
11/15 Farm Street  
London W1X 8NP

Registered No. 156663

# Notes

- a) Holders of Ordinary Shares are entitled to attend and vote on all the resolutions proposed at the Annual General Meeting.
- b) Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. Any such proxy need not be a member of the Company. If you are unable to attend the Annual General Meeting please complete and return, the white form of proxy so as to reach IRG plc, Proxy Department, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR as soon as possible and in any event so as to reach there not later than 48 hours before the time appointed for holding the meeting.
- c) Copies of the directors' contracts of service will be available at the registered office of the Company during normal business hours on any weekday (Saturday and public holidays excluded) from the date of this notice until the date of the meeting and will then be available for inspection at the place of the meeting 15 minutes prior to and during the meeting.
- d) The register of directors' shareholdings and transactions will be available for reference at the commencement of and during the continuance of the meeting.
- e) Completion of the form of proxy will not preclude a person from attending and voting in person.
- f) Entitlement to attend and vote at the meeting will be determined by reference to the Register of Members of the Company at midnight on 19 July 1999.

# Financial Calendar

## Year ended 31 March 1999

Annual General Meeting to be held	21 July 1999
Final ordinary dividend payable	23 July 1999
Special dividend - final 50p payable	29 October 1999

## Half year ending 30 September 1999

Results and interim ordinary dividend announced	November 1999
Interim ordinary dividend payable	January 2000

## Year ending 31 March 2000

Results and final dividend announced	June 2000
Final ordinary dividend payable	July 2000

