Fletcher King Plc

DIRECTORS AND ADVISERS

2014432

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COMPANIES HOUSE 09/10/03
COMPANIES HOUSE 03/10/03

Directors
D J R Fletcher, FRICS *Chairman*
G Howard, FRICS *Managing Director*
R E G Goode, FRICS
*†H E Richardson
*D Stewart

Secretary and Registered Office
D M Evans, FAAI
Stratton House, Stratton Street, London W1J 8LA

Financial Advisers and Stockbrokers
Cazenove & Co
12 Tokenhouse Yard, London EC2R 7AN

Solicitors
Boodle Hatfield
43 Brook Street, London W1Y 2BL

Auditors
Nexia Audit Limited
No.1 Riding House Street, London W1A 3AS

Accountants & Tax Advisers
Smith & Williamson Limited
No.1 Riding House Street, London W1A 3AS

Principal Bankers
NatWest Bank Plc
63 Piccadilly, London W1A 2AG

Registrars and Transfer Office
Computershare Investor Services plc
Registrar's Department, P O Box No 82
The Pavilions, Bridgwater Road, Bristol BS99 7NH

Audit Committee
*H E Richardson, *Chairman*
*D H Stewart
D J R Fletcher

Remuneration Committee
*D H Stewart, *Chairman*
*H E Richardson
D J R Fletcher

*Non Executive
†Senior Independent Director

Company Number
02014432

BSI REGISTERED FIRM
Certificate No. FS27825

CONTENTS

FIVE YEAR SUMMARY OF RESULTS

	1999 £000	2000 £000	2001 £000	2002 £000	**2003** **£000**
Turnover	7,564	7,103	6,255	5,000	**4,614**
Operating profit/(loss)	387	532	369	(38)	**50**
Share of associates' results	85	–	–	21	**7**
Net interest	70	70	92	42	**26**
Profit before tax	542	602	461	25	**83**
Profit for the financial year	363	401	284	1	**61**
Earnings per share	4.1p	4.6p	3.2p	0.01p	**0.69p**

FINANCIAL HIGHLIGHTS

	Year Ended 30 April 2003	Year Ended 30 April 2002
	£ 000	£ 000
TURNOVER	**4,614**	5,000
PROFIT BEFORE TAXATION	**83**	25
TAXATION	**(22)**	(24)
PROFIT FOR THE FINANCIAL YEAR	**61**	1
DIVIDEND	**(88)**	(88)
DIVIDEND PER SHARE	**1.0p**	1.0p
EARNINGS PER SHARE	**0.69p**	0.01p

FINANCIAL CALENDAR

Annual General Meeting
18 September 2003

Results
Half Year Results
Announced in January 2003

Year-end Results
Preliminary announcement on 21 August 2003

Dividends
Final Dividend
Payable 22 September 2003

Interim Dividend
To be announced in January 2004
and payable in February 2004

Results

Trading in the second half of the year was better than anticipated at the announcement of our interim results.

Turnover for the year was £4.6m (2002 £5.0m) with profits before tax £83,000 (2002 £25,000). The Board is proposing a maintained final dividend of 0.75p (2002 0.75p) which, subject to shareholders approval at the Annual General Meeting, will be paid on 22nd September 2003 to shareholders on the register at the close of business on 5th September 2003.

With an interim dividend already paid the total dividend for the year will amount to 1p per share (2002 1p per share).

The Commercial Property Market

The market this year has been characterised by economic uncertainty, a continuing slowdown in telecoms, media and financial services, and a lack of decision making by both investors and occupiers, all of which was aggravated by the conflict in Iraq and the SARS epidemic.

The letting markets have continued to be difficult and the pattern of last year continues with offices in central London and the western approaches being particularly hard hit with further reduction in rental values. Offices in the regions have remained more robust and rental growth has been achieved in many areas.

The industrial market in the regions remains active with lower interest rates making owner occupation more attractive than renting in many areas.

The investment market remains strong, even though estimates of rental growth have been dramatically cut and tenant demand is generally weak. This is something of an anomaly, but is easily explained by the higher income yields on property and its lower volatility compared with equities. Falling interest rates during the year have sustained the debt financed property investment market which remains the strongest sector. There is current evidence however, of some institutions increasing their allocation to direct investment in property, at the expense of equities, and they are bidding strongly for selected stock.

The Outlook for 2003/04

I am pessimistic about the central London and western approaches office letting markets. I can see little that is likely to stimulate occupier demand and believe that rents have probably further to fall before there is a recovery. In my view it could be 3-4 years before there is any significant increase in tenant interest. This is not an area of the market where we are very active and this dismal prediction is unlikely to affect our business.

I believe the investment market will remain buoyant throughout the coming year and yields are likely to fall further with resultant increases in value, particularly for investment property with a secure future income flow. Interest rates are predicted to remain at low levels and this will continue to fuel the debt driven market. More institutions are likely to increase their allocation to property and should that happen, the weight of money, into an under-supplied market, will assist in pushing values higher.

We expect to be active in the investment market during the coming year acquiring well let properties for a variety of clients for whom we have substantial funds.

The Stratton House Investment Property Syndicate, the establishment of which I announced in our Interim Report, has made its first acquisition and we continue to seek opportunities in a continuingly competitive market. We would hope to be fully invested by the year end. It is our intention to grow this investment vehicle in the future as a means by which smaller investors can access the market with a good level of diversity and risk spread.

I am conscious that the company's shareholders would welcome an increase in the dividend but you will see from my foregoing remarks that we continue to operate in a somewhat uncertain climate. However, some market fundamentals suggest that there should be an increase in our activity and should this materialise we would hope to be in a position to increase the level of dividend in the coming year.

Our directors and staff have worked hard this year under sometimes difficult circumstances and I thank them all for their efforts.

David Fletcher
Chairman
21 August 2003

FLETCHER KING, LONDON

Investment and Fund Management

The investment market was active during the last twelve months and largely driven by debt financed purchasers rather than the institutions. During the year interest rates fell, stimulating even greater interest in the market, and yields hardened by approximately 0.5% across the board. There were signs at the beginning of the calendar year that institutions' interest in property was increasing and in selected instances they are now bidding strongly.

Many of Fletcher King's clients remained out of the buying market during the year and the majority of the work was selling. Significant transactions included the sale of a shopping centre for £12m in East Anglia, two retail portfolios totalling approximately £29m as well as a large number of individual shop investments. In addition the department sold a mixed retail and office investment in Wrexham, an industrial estate in Windsor, and acquired an industrial estate in Corsham.

Fund Management expanded with our appointment as discretionary managers of British Home Stores Pension Fund with £30m of new money to invest, and the establishment of the Stratton House Investment Property Syndicate with approximately £22m available.

The department has already acquired the first investment for Stratton House being a multi-let industrial property in Manchester.

The coming year will be very active and instructions are already in hand to sell two well let office investments. We have up to £100m available for buying investment properties for existing clients.

Asset Management

The highlight of the year for the department was winning the management of a substantial portfolio on behalf of Treasury Holdings Properties Limited, comprising approximately 535,000 sq.ft. with a rent roll in excess of £6.5m per annum. The most prominent building in the portfolio is the Tolworth Tower on the Kingston by-pass at Surbiton, which in addition to its twenty one storeys of offices, has a large ground floor retail unit let to Marks & Spencer.

The department has also been successful in winning instructions to continue managing properties that have been sold out of their portfolios and during the year this was achieved on seven buildings let at £2.675 million per annum.

Our existing clients continue to expand their portfolios and we hope to add at least £75m worth of properties to management during the current year.

Rating and Valuation

The department enjoyed its best year ever and continued to negotiate successfully rating appeals against the 2000 Rating List. 20% reductions of rateable value were achieved for Tiffany, Chopard and Gucci in Bond Street and total savings of some £620,000 were negotiated for RS Components in Corby and Nuneaton. Other notable successes in the year were achieved for Computacenter at Bristol and Reading, The Jamaican High Commission and Schindler Lifts.

The success of the Rating Department in London's West End has led to a number of instructions from new clients including the advertising agency J Walter Thompson on their headquarters in Knightsbridge, Mortons in Berkeley Square and The Greenhouse restaurant in Mayfair.

The number of valuations undertaken by

the department continued to increase and Barclays Bank and The Royal Bank of Scotland have figured prominently in our instructions this year.

The continuing low interest rates will ensure our valuation business is active in the coming financial year and the department expects to be advising most of the UK clearing banks and building societies, and a number of significant foreign lenders.

Agency

Letting buildings has been very difficult during the last twelve months, particularly so with offices in London and the South-East.

In the interim statement it was reported that the department would have a significantly reduced income in the second half and it has, in fact, sustained losses. In light of the expected outcome, steps were taken to restructure and reduce the overhead and this is now completed.

Despite difficult market conditions, the department has let four further floors of a client's office development in Greville Street and acquired a Central London headquarters for a major professional body and a leading sportswear company. The department also sold two development sites in Westminster and South London, the latter for well in excess of asking terms and it has also successfully disposed of the lease on Malaysian Airlines' unit in Piccadilly.

Although the market is unlikely to improve in the coming year the department will continue to advise a number of corporate clients on acquiring space and expects to be active.

Landlord and Tenant

The decision was made in the second half of the year to separate out the Landlord & Tenant work from the Asset Management Department and form a separate profit centre under the direction of Ben Glickman, who recently joined from GVA Grimley.

Approximately 60 rent reviews and lease renewals were handled during the year and, because of the diversity of the managed portfolios, overall there continued to be rental growth.

The department is currently dealing with 70 commercial and retail instructions with a current rent roll of approximately £4m per annum. In addition the department has been pro-actively looking to negotiate lease extensions and re-gearing opportunities in order to add value to client portfolios.

With more focus on this part of the business, the department intends to expand activity and generate more cross selling between all divisions of the company. There are already early signs of success and this will be built upon during the current year.

FLETCHER KING HOWARD

Fletcher King's wholly owned construction services subsidiary has now returned to profitability and during the year undertook a number of significant projects including the completion of a £10m manufacturing facility for Ivax Pharmaceuticals in Cheshire. The company received its first commission from Sainsbury, for a feasibility study on a £24m refrigeration storage distribution centre in the Midlands, and has recently been commissioned by a major international cosmetics group on two buildings totalling 300,000 sq.ft. in Manchester. Construction is shortly due to commence on a £4m industrial property for UCI Logistics in Derby.

The current order book includes nine

motor showrooms for Peugeot, a stable block and new grandstand at Towcester racecourse and a new £5m extension to the Holland & Barrett depot in Burton-on-Trent.

The order book continues to grow and Fletcher King Howard is budgeting an increase in profitability in the coming twelve months.

FLETCHER KING BRAITHWAITE

Mark Braithwaite, a founding director of the company in Manchester, has taken a change of course in his career and has joined one of the office's major clients, Easter Developments, as their director in the North West. Mark continues to be a shareholder in the company and remains as a consultant. Mark is succeeded by Mike Walker who joins as a director and shareholder and will be dealing with investment and development work for existing and new clients. Julian Kenny-Levick, an associate, has been appointed to full director and also becomes a shareholder. He is responsible for running the agency department.

The company has enjoyed a good year and notable transactions include the letting of a 140,000 sq.ft. warehouse in Warrington for Clerical Medical and advice continues on nearly 600,000 sq.ft. of new space located in Bolton, Warrington, Deesside, Trafford Park, Haydock and Earlham.

Fletcher King Braithwaite has recently been appointed by Slough Estates to deal with two of their schemes in Warrington and continue as one of the principal agents for Green Property on their considerable Trafford Park holdings.

The company is currently advising a major multi-national on the acquisition of a 250,000 sq.ft. distribution centre in Manchester and, for the coming year, instructions have already been received to sell a portfolio of industrial units located throughout the North and also an investment in Warrington.

The market remains strong in the North West and a successful year is anticipated.

The directors present their report and the accounts for the year ended 30 April 2003.

Principal Activities

The group carries on the business of commercial estate agency, surveying and project management, providing a comprehensive range of services and expert advice throughout the United Kingdom.

A review of the group's business and activities during the period and future prospects is contained in the Chairman's statement and divisional review.

Results and Dividend

The consolidated profit and loss account is set out on page 17. The directors recommend the payment of a final dividend of 0.75p per share (2002 0.75p) which, together with the interim dividend of 0.25p per share (2002 0.25p) already paid to shareholders, will absorb £88,000. This leaves a deficit of £27,000 (2002: £87,000), which will be deducted from reserves.

Political and Charitable Donations

During the year the group did not make any donations to charities (2002: £nil). There were no political contributions (2002: £nil)

Directors

The current directors of the company are listed on page 1.

G Howard and H E Richardson retire by rotation in accordance with the company's Articles of Association and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. B A Carte resigned on 30 June 2002 and was replaced by D Stewart.

George Howard, aged 57, has been Managing Director of Howard Associates since 1988. He became a Fellow of the Royal Institution of Chartered of Surveyors in 1981 having qualified in 1970. He specialises in construction related activities.

H E Richardson, aged 57, is CEO for Europe with Dimension Data, an international networking and IT services company, and is Chairman of Merchants Group, a major UK based call centre owned by Dimension Data. Prior to his current role he had a 20 year international career with Electronic Data Systems.

Details of directors' interests in the shares of the company are set out in the Remuneration Report.

No director had any material interest in contracts during the year with the company, apart from service contracts.

Supplier Payment Policy

The company's policy, which is also applied by the group, is to settle the terms of payment with suppliers when agreeing the terms of each transaction. This ensures that suppliers are made aware of the terms of payment and abide by them. Trade creditors of the group at 30 April 2003 were equivalent to 14 days (2002: 14 days) purchases, based on the amount invoiced by suppliers during the year.

Substantial Shareholding

Up to 21 August 2003 other than the interests of certain directors detailed in the Remuneration Report and the persons noted below, the directors are aware of no interest of 3% or more in the share capital of the company.

	Number of Ordinary Shares held	*%*
District & Urban Group	882,562	10.02
T R & J M Rampling	460,000	5.22
Mr J Marsh	445,000	5.05
Mr & Mrs I Kirkham	362,060	4.11
Mr M Sabey	274,360	3.12

Authority to Allot Unissued Shares

In accordance with normal practice the directors propose to take the usual authorities under Sections 80 and 95 of the Companies Act 1985. Therefore it is proposed to extend the Section 80 authority given at the last Annual General Meeting on 19 September 2002 for a further year in respect of ordinary 10p shares up to maximum of 2,192,721 shares (£219,272).

Apart from possible issues under the Employee Share Option Scheme there is at present no intention of issuing any further ordinary shares. In any event, no issue will be made which would effectively alter the control of the company without the prior approval of the company in general meeting.

Purchase of Shares

Your directors, in line with other boards of directors of listed companies, consider that it would be appropriate for the company to have the authority to purchase its own shares as one of a range of investment options available to them, more especially if the purchase of its own shares produced an improvement in earnings per share. Shareholders should be assured that the board will commence purchasing shares only after careful consideration and after taking account of the overall financial position of the Group.

An ordinary resolution will be proposed to authorise the company to make market purchases of up to a maximum of 440,000 of its own shares, representing less than 5% of the existing issued ordinary shares. The maximum price to be paid on any exercise of the authority will be restricted to 5% above the average of the middle market quotation as derived from The Stock Exchange Daily Official List for the ordinary shares for the ten dealing days immediately prior to purchase. The minimum price that may be paid for the ordinary shares is the nominal value of 10p per share. The authority for the purchase sought at the Annual General Meeting expires at the conclusion of the following Annual General Meeting which is expected to take place during September 2004. The intention of the board is to seek to renew the authority at all future Annual General Meetings.

Corporate Governance

Statement of compliance

The Combined Code on Corporate Govenance ("The Combined Code") seeks to promote the principles of openness, integrity and accountability. These are principles that your Board fully supports and seeks to apply. Save for the exceptions outlined below, the company has complied throughout the year ended 30 April 2003 with the provisions of the Combined Code:

- The Audit Committee does not comprise solely of non-executive directors as the Chairman of the Board is a member.
- The Audit Committee does not comprise three non-executive directors. In common with many public companies of similar size, the directors consider that for the smaller public company two non-executives are sufficient to give the appropriate degree of independence to tha Board.
- The Remuneration Committee does not comprise solely of non-executive directors as the Chairman of the Board is a member.
- The appointment of all directors is a formal process involving all members of the Board and therefore a Nomination Committee has not been established. The Code exempts 'small' Boards from such a requirement.

- The group does not have an internal audit department. In view of the size of the group the directors consider that such a department is not necessary. Internal systems and controls are monitored by senior management.

Internal Control

In applying the principle that the board should maintain a sound system of internal control to safeguard shareholders' investment and the group's assets, the directors recognise that they have overall responsibility for ensuring that the group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance.

The key features of the internal control system that operated throughout the period of the accounts were as follows:

- *Control Environment.* The Board has put in place an organisational structure with clearly defined and understood lines of responsibility and delegation of authority from the Board;
- *Identification and Evaluation of Business Risks and Control Objectives.* The board identifies the major business risks facing the group and develops appropriate policies to manage those risks;
- *Information Systems.* The group operates a comprehensive annual planning and budgeting system with an annual budget approved by the Board. There is a financial reporting system which compares results of each area of the business with budgets and which updates forecasts on a monthly basis. These reports are reviewed with the Full Board on a quarterly basis.
- *Main control procedures.* The Board has adopted a schedule of matters which are required to be brought to it for decision thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. Financial controls and procedures are communicated to employees and include procedures for undertaking major transactions and organisational changes and relating to the security of assets.
- *Monitoring.* The Board has delegated to executive management implementation of the system of internal financial control procedures. The operation of the system is monitored by senior financial staff who report to the audit committee.

A formal risk review has been carried out by the Board and has identified those controls that mitigate the risks. The Board carries out periodic reviews to identify new risks and changes to existing risks. Where additional controls and procedures are required, suitable action plans are put in place and progress against these is monitored by the Board.

Going Concern

In accordance with the guidance for directors of listed companies 'Going Concern' and 'Financial Reporting' and after making appropriate enquiries, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these accounts. This is based on the directors' opinion that the group has adequate financial resources to continue in operational existence for the foreseeable future.

Directors

The directors of the Company are set out on page 1. The Company is controlled by a Board of Directors which currently comprises an executive chairman, a managing director, one other executive director and two non-executive directors. All directors may take independent professional advice in furtherance of their duties at the group's expense.

The Board meets regularly during the year. It is responsible for the overall strategy and direction of the group and for monitoring management performance, major capital and development expenditure and significant financing matters.

The Board monitors exposure to key business risks and reviews the strategic direction of the group's trading subsidiaries, their annual budgets, and their progress against those budgets and their development programmes. The Board also considers employee issues and key appointments. All directors submit themselves for re-election at least once every three years.

Mr H Richardson served as a non-executive director throughout the year. Mr B A Carte resigned as a non-executive director on 30 June 2002 and was replaced by Mr D Stewart. The non-executive directors retire by rotation in the same manner as the executive directors, in accordance with the Company's Articles of Association.

The non-executive directors are independent of management and monitor their actions and the Group's performance. They are kept fully informed of major operational and strategic issues which may arise between Board meetings. Individually, they bring a complementary, but diverse, set of skills and experience to the Board.

The Board has an Audit Committee and a Remuneration Committee. Each committee operates within defined terms of reference. Both committees comprise the non-executive directors and the Chairman. The Audit Committee meets at least twice each year to consider the Company's public reports and review the work of the external auditors. There is no Nomination Committee as the Board as a whole considers the appointment of directors.

Relations with Shareholders

The group encourages two way communication with both institutional and private investors and responds promptly to queries received. All shareholders have at least twenty working day's notice of the Annual General Meeting. The directors and Committee Chairmen are introduced and are available for questions at the Annual General Meeting.

Remuneration Committee

The composition of the committee is set out on page 1. The Committee meets as and when appropriate and is responsible for recommending directors' remuneration and the terms and conditions of their service contracts. The Committee is also responsible for the allocation of options to directors.

Except for the fact that the Remuneration Committee did not exclusively contain non-executive directors, the Remuneration Committee complied with Section A of the best practice provisions of the Listing Rules.

The Committee has complied with the best practice provisions set out in Section B annexed to the Listing Rules, both in making this statement and in determining its proposals for the year commencing 1 May 2003.

The Committee's objective is to provide Executive Directors with packages which attract, retain and motivate directors of the quality required.

Full details of the directors' remuneration and share options are given in the Remuneration Report.

Directors' Responsibilities

UK company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

In preparing the accounts, 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 accounts; and prepare the accounts on a going concern basis unless it is inappropriate to presume that the group will continue in business.

Other Matters

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Auditors

Since the last Annual Report, Smith & Williamson have transferred their audit business to a limited company, Nexia Audit Limited. A resolution for the re-appointment of Nexia Audit Limited will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 21 August 2003

D M Evans

Secretary

Remuneration Committee

The Remuneration Committee, which consists of the chairman and the non-executive directors, makes recommendations to the board on the framework of executive remuneration and determines specific remuneration packages on their behalf. The chairman attends the Remuneration Committee meetings but is not present when his own remuneration is being considered.

Annual bonuses are calculated as a percentage of pre-tax profits in excess of a threshold. In relation to D Fletcher and R Goode, the bonus relates to the performance of Fletcher King Services Limited. In relation to G Howard, the bonus relates to the performance of Ernest Howard Limited.

Share options are granted having regard to the Group's employee share ownership scheme, and are designed to give executive directors an interest in the increase in the value of the Group.

Services Contracts

Executive directors	Date of service contract	Date of appointment	Maximum Notice Period
D J R Fletcher	17.11.86	01.11.86	6 months
G Howard	01.11.91	01.11.91	6 months
R E G Goode	05.05.92	05.05.92	6 months

Non-executive directors	Date of letter of appointment	Date of appointment	Expiry of Current term of Office
H E Richardson	27.10.93	01.11.93	Annually
D H Stewart	19.06.02	01.07.02	Annually

Outside-Directorships

None of the executive directors has external non-executive directorship positions.

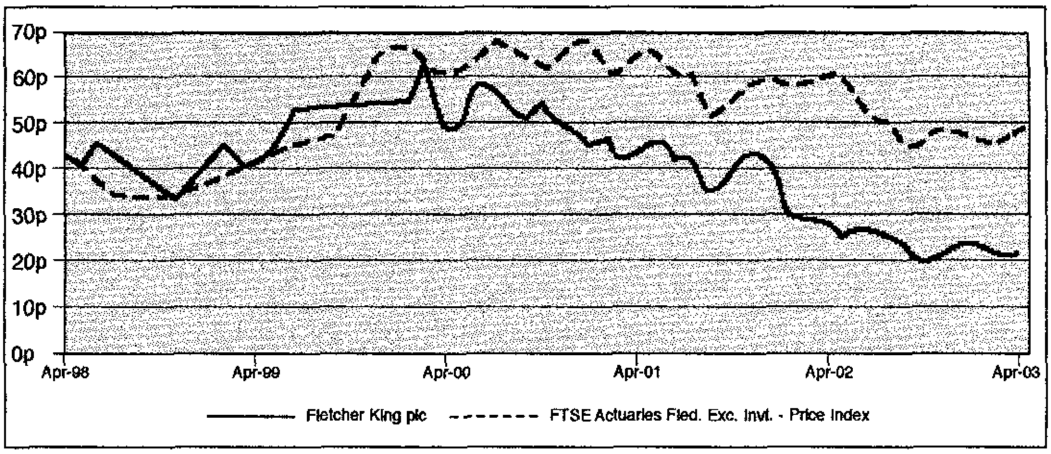
Non-Executive Directors

The fees of the non-executive directors are determined by the executive directors and are designed to reflect the time and experience which these directors bring to the company.

Performance Graphs

The Remuneration Report Regulations provide that the Company must provide a graph comparing the Total Shareholder Return (TSR) performance of the hypothetical holding of shares in the Company with a broad equity market index over a five year period in the Compliance Graph. In this context, the Directors have chosen to illustrate the performance of TSR against the FTSE Fledging Index. In the opinion of the Directors, the FTSE Fledging Index is the most appropriate index against which TSR should be measured because it is a widely used and understood index of broadly similar sized UK companies to the Company. The Compliance Graph is shown on the following page.

Compliance Graph – Historical TSR Performance



Directors' Emoluments

	2003 £000	2002 £000
Fees	**30**	30
Salaries and benefits	**298**	300
Performance-related bonuses	**94**	102
	422	432

	Salary £000	Benefits £000	Bonus £000	Fees £000	2003 £000	2002 £000
D J R Fletcher	**90**	**25**	**47**	-	**162**	163
R E G Goode	**90**	**14**	**47**	-	**151**	156
G Howard	**70**	**9**	-	-	**79**	83
H E Richardson	-		-	**15**	**15**	15
D H Stewart	-	-	-	**13**	**13**	-
B A Carte	-	-	-	**2**	**2**	15
	250	**48**	**94**	**30**	**422**	432

No executive directors at 30 April 2003 receive any pension entitlements.

Directors' Interests

The Directors of the company at 30 April 2003 are shown below together with their and their families beneficial interests in the companies Ordinary share of 10p each.

	Number of ordinary shares		Options at 25p to acquire ordinary shares	
	30 April 2003	1 May 2002	**30 April 2003**	1 May 2002
D J R Fletcher	**1,224,360**	1,224,360	**120,000**	120,000
G Howard	**138,926**	138,926	**120,000**	120,000
R E G Goode	**30,000**	30,000	**120,000**	120,000
H E Richardson	-	-	-	-
D H Stewart	**20,000**	-	-	-

On 18 March 2003, D H Stewart acquired 20,000 ordinary shares. There have been no changes in the shareholdings of any of the directors between 1 May 2003 and 21 August 2003. The share price during the year was within the range 21p - 27p and at the year end the price was 24p.

The options at 25p were issued on 31 March 1996. They are exercisable not less than 3 years and not more than 10 years from the date of being granted. The share price when the options were granted was 25p.

The group rented property located in Northampton from G Howard, a director, at a cost of £33,500 during the year (2002: £33,500) on an arm's length basis.

Independent auditors' report to the shareholders of Fletcher King plc

We have audited the accounts of Fletcher King plc for the year ended 30 April 2003 on pages 17 to 30. These accounts have been prepared under the historical cost convention and the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, 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 the information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Operating and Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited 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 accounts and the part of the Directors' Remuneration report to be audited.

Opinion

In our opinion

- the accounts give a true and fair view of the state of affairs of the company and the group as at 30 April 2003 and of the profit of the group for the year then ended; and
- the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited
Chartered Accountants and Registered Auditors
1 Riding House Street, London W1A 3AS

Nexia Audit Limited
2 September 2003.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2003

Notes		2003	2002
		£000	£000
	Turnover	**4,614**	5,000
3	Staff costs	**(2,853)**	(3,014)
2	Depreciation	**(83)**	(120)
2	Other operating charges	**(1,628)**	(1,904)
	Operating profit/(loss)	**50**	(38)
	Share of results of associated undertakings	**7**	23
	Loss on disposals of shares in associated undertakings	**-**	(2)
4	Interest receivable and similar income	**30**	47
5	Interest payable and similar charges	**(4)**	(5)
	Profit on ordinary activities before taxation	**83**	25
6	Tax charge on profit on ordinary activities	**(22)**	(24)
	Profit for the financial year	**61**	1
7	Dividends	**(88)**	(88)
16	Amounts deducted from reserves	**(27)**	(87)
8	Earnings per share – basic	**0.69p**	0.01p
	– diluted	**0.68p**	0.01p

All the group's activities are considered continuing.

There are no gains or losses in either period other than those included in the profit and loss account.

Fletcher King Plc

CONSOLIDATED BALANCE SHEET

as at 30 April 2003

Notes		2003		2002	
		£000	**£000**	£000	£000
	Fixed assets				
9	Tangible assets		**221**		294
10	Investment in associated undertakings		**19**		39
10	Other investments		**253**		3
			493		336
	Current assets				
11	Debtors	**1,496**		1,946	
	Cash at bank and in hand	**1,318**		1,305	
		2,814		3,251	
12	**Creditors**				
	Amounts falling due within one year	**(907)**		(1,140)	
	Net current assets		**1,907**		2,111
	Total assets less current liabilities		**2,400**		2,447
13	**Creditors**				
	Amounts falling due after one year		**(17)**		(38)
14	**Provisions for liabilities and charges**		**(2)**		(1)
	Net assets		**2,381**		2,408
	Capital and reserves				
15	Called up share capital		**881**		881
16	Share premium account		**76**		76
16	Profit and loss account		**1,424**		1,451
17	**Equity shareholders' funds**		**2,381**		2,408

Approved by the Board on 21 August 2003 and signed on their behalf by

D.J.R. Fletcher
Chairman

COMPANY BALANCE SHEET

as at 30 April 2003

Notes		2003		2002	
		£000	**£000**	£000	£000
	Fixed assets				
10	*Investments*		**633**		633
	Current assets				
11	Debtors	**736**		692	
	Cash at bank and in hand	**780**		982	
		1,516		1,674	
12	**Creditors**				
	Amounts falling due within one year	**(72)**		(76)	
	Net current assets		**1,444**		1,598
	Total assets less current liabilities		**2,077**		2,231
	Capital and reserves				
15	Called up share capital		**881**		881
16	Share premium account		**76**		76
16	Profit and loss account		**1,120**		1,274
	Equity shareholders' funds		**2,077**		2,231

Approved by the Board on 21 August 2003 and signed on their behalf by

D.J.R. Fletcher
Chairman

CASH FLOW STATEMENT

for the year ended 30 April 2003

Notes		2003	2002
		£000	£000
18	**Net cash inflow/(outflow) from operating activities**	**375**	(297)
	Dividends received from associated undertakings	**26**	21
19	Returns on investments and servicing of finance	**26**	43
19	Taxation	**(41)**	(163)
19	Capital expenditure and financial investment	**(262)**	893
	Equity dividends paid	**(88)**	(242)
	Cash inflow/(outflow) before financing	**36**	255
19	Financing	**(23)**	(16)
20	**Increase in cash in the year**	**13**	239

1 Accounting policies

(a) Basis of accounting

The group accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(a) Basis of consolidation

The group accounts consolidate the accounts of the company and all subsidiaries drawn up to the same year end. Undertakings, other than subsidiary undertakings, in which the group has an investment representing not less than 20% of voting rights and which it exerts significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results.

The Group has taken advantage of the transitional provisions of FRS10 "Goodwill and intangible assets". Goodwill relating to acquisitions in periods prior to the commencement date of the Standard is written off directly to profit and loss reserves. Goodwill has been eliminated as a matter of accounting policy and will be charged in the profit and loss account on subsequent disposal of the business to which it relates.Goodwill previously written off to reserves cannot now be identified without unreasonable expense and delay.

In accordance with Section 230(4) of the Companies Act 1985 the company has taken advantage of the legal dispensation not to present its own profit and loss account. The amount of the loss after taxation for the financial periods dealt with in the accounts of the company is disclosed in note 16.

(b) Turnover

Turnover consists of commissions and fees receivable excluding value added tax. Fees on property transactions for clients are recognised as earned on completion of the transaction, except in the case of long term developments where non-returnable fees are recognised when they become payable during the course of the development. Fees for other professional services are recognised when they become due, except that fees for quantity surveying, construction management and project management are included in turnover in proportion to the value of work completed.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:

Furniture, fittings and computers	15-25% per annum straight line
Motor vehicles	25% per annum reducing balance
Short leasehold premium and improvements	Over the life of the related lease

(d) Long term contracts

Long term contracts relating to quantity surveying, construction management and project management are valued at cost plus attributable profit less any foreseeable losses. Amounts recoverable on contracts are included in debtors.

(e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

(f) Finance lease and hire purchase agreements

Assets held under finance leases and hire purchase agreements are included in tangible fixed assets and are amortised in accordance with the depreciation policies detailed above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are debited to the profit and loss account so that the annual rate of charge on the outstanding obligation is approximately constant

(g) Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

(h) Investments

Fixed asset investments are shown at cost less any provision for impairment. In the group accounts, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associated profit less losses, while the group's share of the net assets of the associates is shown in the consolidated balance sheet.

2 Profit and ordinary activities before taxation

		2003 £000	2002 £000
Depreciation	- owned assets	**62**	98
	- finance leases	**21**	22
Operating lease payments	- relating to property	**364**	354
	other	**102**	140
Auditors' remuneration	- audit	**21**	20
	- non-audit fees (paid to related comapnies)	**6**	6
Loss on disposal of tangible fixed assets		**2**	47
Interest payable on finance leases and hire purchase agreements		**4**	2
Exceptional item		**-**	130

In 2002, the exceptional item relates to the write off of two bad debts in Ernest Howard Limited.

3 Staff Costs (including directors)

	2003 £000	2002 £000
Wages and salaries	**2,527**	2,652
Social security costs	**281**	305
Other	**45**	57
	2,853	3,014

Directors' emoluments are disclosed in the Remuneration Report on pages 14-15.

The *average number of persons (including directors) employed by the group was as follows:*

	2003 Number	2002 Number
Management	**9**	11
Professional	**28**	29
Administration	**21**	19
	58	**59**

4 Interest receivable and similar income

	2003 £000	2002 £000
Bank interest received	**23**	22
Interest receivable on trade investments	**7**	25
	30	47

5 Interest payable and similar charges

	2003 £000	2002 £000
Bank interest payable	**-**	3
Finance lease charges	**4**	2
	4	5

6 Tax on profit on ordinary activities

	2003	2002
	£000	£000
UK Corporation Tax - current year	**33**	42
- prior years	**(13)**	(17)
Increase/(decrease) in deferred tax provision	**1**	(11)
Share of taxation of associated undertakings	**1**	10
	22	24

The effective rate of UK corporation tax is calculated as the standard rate of UK corporation tax of 30% less any effective marginal relief. The difference between the total current tax shown above and the amount calculated applying the effective rate of UK corporation tax, to the profit before tax is as follows:

	£000	£000
Profit on ordinary activities before tax	**83**	25
Tax on group profit at UK corporation tax rate at 20% (2002: 25%)	**16**	6
Capital allowances exceeding the depreciation	**2**	(3)
Expenses not deductible for tax purposes	**15**	39
Group current tax charge for the period	**33**	42

7 Dividends

Interim of 0.25p (2002: 0.25p) per share paid	**22**	22
Final of 0.75p (2002: 0.75p) per share proposed	**66**	66
	88	88

8 Earnings per share

The basic earnings per share is based on the profit for the financial year ended 30 April 2003 of £61,000 (2002: £1,000) and on 8,807,279 (2002: 8,807,279) ordinary shares in issue throughout the year. The diluted earnings per share is based on the profit for the financial year ended 30 April 2003 of £61,000 (2002: £1,000) and on 8,924,433 (2002: 8,926,473) ordinary shares in issue during the year adjusted for the weighted average number of options outstanding at the end of each period.

9 Tangible fixed assets - group

	Furniture, fittings and computers £000	Motor vehicles £000	Short leasehold premium & improvements £000	Total £000
Cost				
At 1 May 2002	1,003	122	131	1,256
Additions	15	-	-	15
Disposals	(25)	(19)	-	(44)
At 30 April 2003	993	103	131	1,227
Depreciation				
At 1 May 2002	800	71	91	962
Charge for the year	61	11	11	83
Disposals	(25)	(14)	-	(39)
At 30 April 2003	836	68	102	1,006
Net book value				
At 30 April 2003	**157**	**35**	**29**	**221**
At 30 April 2002	203	51	40	294

At 30 April 2003, tangible fixed assets acquired under finance lease agreements had a net book value of £54,000 (2002: £83,000).

10 Investments - group

	£000
Investment in associated undertakings	
Share of net assets at 1 May 2002	39
Share of profits retained	6
Dividends received	(26)
Share of net assets 30 April 2003	19

The investment comprises a 25% interest in Fletcher King (Manchester) Limited. The associated undertaking carries on the business of commercial estate agency, surveying etc in the Manchester area.

Other investments

During the year the following investments were held by the group:

	2003 £000	2002 £000
Listed investments	3	3
Unlisted investments	250	-
	253	3

At 30 April 2003, the market value of listed investments was £57,631 (2002: £55,497).

During the year the company made an investment, equivalent to 4% holding, in Stratton House Investment Property Syndicate, amounting to £250,000.

Investments - Company	**Cost and net book value £000**
Shares in group undertakings	
At 1 May 2002 and 30 April 2003	633

The company owns 100% of the ordinary share capital of the following companies registered in England and Wales:

(i) Fletcher King Services Limited which is the trading subsidiary through which the Fletcher King business is carried on, and

(ii) Ernest Howard Limited which acts as project managers and quantity surveyors, and trades under the name Fletcher King Howard.

11 Debtors

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Trade debtors	1,093	-	1,504	–
Amounts owed by group undertakings	-	731	–	691
Other debtors	7	-	31	1
Amounts recoverable on contracts	195	-	215	–
Prepayments and accrued income	201	5	196	–
	1,496	736	1,946	692

12 Creditors

(amounts falling due within one year)

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Obligations under finance leases and hire purchase agreements	21	-	23	–
Payments on account received	19	-	31	–
Trade creditors	85	-	67	–
Corporation tax	21	-	42	–
Other taxes and social security	215	-	257	–
Other creditors	5	-	20	–
Accruals and deferred income	475	6	634	10
Proposed dividend	66	66	66	66
	907	72	1,140	76

13 Creditors

(amounts falling due after one year)

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Obligations under finance leases and hire purchase agreements	17	-	38	–
Finance leases and hire purchase agreements are payable as follows:				
Due within one year	21	-	23	–
Due between one and two years	17	-	21	–
Due between two and five years	-	-	17	–
	38	-	61	–

Obligations under finance leases and hire purchase agreements are secured by way of a charge over assets to which they relate.

14 Provision for liabilities and charges

The potential deferred taxation at 30 April 2003, which has been provided in full, is made up as follows:

	Group 2003 £000	Group 2002 £000
Accelerated capital allowances	2	1

15 Called up share capital

	2003 £000	2002 £000
Authorised 11,000,000 ordinary shares of 10p each	**1,100**	1,100
Allotted and fully paid 8,807, 279 ordinary shares at 10p each	**881**	881

Employee share option scheme
None of the existing options was exercised during the year. 22,500 options lapsed in the year. The total number of options that could be issued is 880,728 representing 10% of the issued share capital.

Outstanding options at 30 April 2003	**Number of shares**	**Exercise price**	**Exercise dates from**	**to**
31 March 1996	360,000	25p	March 1999	March 2006
19 February 1999	67,500	35p	Feb 2002	Feb 2009
	427,500			

16 Reserves - Group

	Profit and Loss account £000	**Share premium account £000**
At 1 May 2002	1,451	76
Retained loss for the year	(27)	–
At 30 April 2003	**1,424**	76

Cumulative goodwill eliminated against the profit and loss account at 30 April 2003 amounted to £3,816,000 (2002: £3,816,000).

Reserves - Company

	Profit and Loss Account £000	**Share premium account £000**
At 1 May 2002	1,274	76
Loss for the year	(154)	–
At 30 April 2003	**1,120**	76

The amount of loss after tax but before dividends attributable to the company, which has been dealt with in its own accounts, is £66,000 (2002: £37,000), together with dividends paid and proposed of 1p per share for the year, totalling £88,000 (2002: £88,000).

17 Reconciliation of movement in equity shareholders' funds

	Group 2003 £000	Group 2002 £000
Profit for the financial year	**61**	1
Dividends	**(88)**	(88)
Net deduction from equity shareholders' funds	**(27)**	(87)
Opening equity shareholders' funds	**2,408**	2,495
Closing equity shareholders' funds	**2,381**	2,408

18 *Reconciliation of operating profit/(loss) to net cash flow from operating activities*

	£000	£000
Operating profit/(loss)	**50**	(38)
Depreciation	**83**	120
Loss on disposal of tangible assets	**2**	47
Decrease in debtors	**450**	25
Decrease in creditors	**(210)**	(451)
Net cash inflow/(outflow) from operating activities	**375**	(297)

19 Analysis of cash flows

	2003 £000	2002 £000
Returns on investments and servicing of finance		
Interest received	23	48
Bank interest payable	-	(3)
Interest element of finance lease rentals	(4)	(2)
Trade investments	7	-
Net cash inflow from returns on investments and servicing of finance	26	43
Taxation		
UK corporation tax paid	(41)	(163)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(15)	(28)
Sale of tangible fixed assets	3	21
Purchase of investments	(250)	-
Sale of investments	-	900
Net cash (outflow)/inflow from capital expenditure and financial investment	(262)	893
Financing		
Capital element of finance lease rental payments	(23)	(16)
Net cash outflow from financing	(23)	(16)

20 Analysis of changes in net funds

	At 1 May 2002 £000	Cash flow £000	Non cash flow £000	At 30 April 2003 £000
Cash at bank and in hand	1,305	13	-	**1,318**
Finance leases	(61)	23	-	**(38)**
	1,244	36	-	**1,280**

21 Reconciliation of net cash flow to movement in net funds

	2003 £000	2002 £000
Increase in cash in the year	**13**	239
Cash outflow from decrease lease financing	**23**	16
Change in net debt resulting from cash flows	**36**	255
New finance leases	-	(61)
Movement in net funds in year	**36**	194
Net funds at 1 May 2002	**1,244**	1,050
Net funds at 30 April 2003	**1,280**	1,244

22 Financial commitments

At 30 April 2003 the group had annual commitments under non cancellable operating leases as follows:-

	Land and buildings 2003 £000	Other 2003 £000	Land and buildings 2002 £000	Other 2002 £000
Operating leases which expire:				
Within one year	**2**	**14**	–	*11*
In the second to fifth years inclusive	**290**	**94**	290	71
After five years	**68**	-	68	–
	360	**108**	358	82

The company has no lease obligations but has guaranteed a property lease of a subsidiary.

23 Capital Commitments

There were no capital commitments in the group at the year-end.

24 Financial instruments

The group's financial instruments comprise cash, finance leases and various items such as trade debtors and creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

It is, and has been throughout the year, the group's policy that no trading in financial instruments is undertaken.

No financial liabilities are subject to interest rate risks, exchange rate risks or liquidity risks. All financial liabilities are payable within one year, except as disclosed in note 13.

Notice is hereby given that the Sixteenth Annual General Meeting of Fletcher King Plc will be held at Stratton House, Stratton, Street, London W1J 8LA on 18 September 2003 at 9.00am for the following purposes:

Ordinary Business

1 To receive and consider the report of the directors and accounts for the year to 30 April 2003.

2 To declare a dividend

3 To re-elect the following directors who retire in accordance with the company's articles of association:
(i) G Howard
(ii) H E Richardson

4 To re-appoint Nexia Audit Limited as auditors and authorise the directors to agree their remuneration.

5 To approve the directors' remuneration report for the year ended 30 April 2003.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions under (5) and number (7) will be proposed as ordinary resolutions and resolution number (6) will be proposed as a special resolution.

6 That the directors of the company be and are hereby authorised generally and unconditionally for the purpose of Section 80 of the Companies Act 1985 (such authority to be in substitution for all previous authorities granted to the directors for the purpose of the said Section 80) to allot relevant securities (as defined in that Act) up to a maximum number of 2,192,721 of the unissued ordinary shares of 10p each of the company with a nominal value of £219,272, such authority to expire at the conclusion of the next Annual General Meeting of the company and at any time thereafter pursuant to any offer or agreement made by the company before the expiry of this authority.

7 That the directors of the company be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of that Act) pursuant to the authority conferred by the immediately preceding resolution as if subsection (1) of Section 89 of the said Act did not apply to any such allotment, provided that this power shall be limited.

(a) To the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such other exclusions or arrangements as the directors may deem necessary or expedient in relation to fractional entitlements of legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any country; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £44,036 (being 5% of the said issued capital of the company), and shall expire at the conclusion of the next Annual General Meeting of the company unless it is renewed by special resolution of the company in general meeting, provided that if the company before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry, the directors of the company may allot equity securities in pursuance of such offer or agreements as if the power covered hereby had not expired.

8. That the company is hereby generally and unconditionally authorised to make market purchase (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each in the capital of the company ('ordinary shares') provided that:

(a) The maximum number of ordinary shares hereby authorised to be purchased is 440,000.

(b) the maximum price which may be paid to each ordinary shares is 5% above the average of the middle market quotations for shares of the same class derived from The London Stock Exchange Daily Official List for the ten dealing days immediately prior to the date of the purchase of such shares and the minimum price that may be paid to the ordinary shares is the nominal value of 10p per share;

(c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the company to be held in 2003 unless such authority is renewed prior to such time; and

(d) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of the 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

D M Evans
Secretary

Notes

(a) A member of the company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him or her. A proxy need not be a member of the company. To be valid the form of proxy must be completed, signed and deposited at the office of the company's registrars not less that 48 hours before the time appointed for the meeting.

(b) The following information, which is available for inspection during normal business hours registered office of the company on any weekday (Saturday and public holidays excepted) from the date of this notice until the date of the Annual General Meeting, will also be available at the place of the Annual General Meeting from 8.30 am on the date of the meeting until the conclusion of the meeting.

(i) register of interests of directors in the share capital of the company; and

(ii) copies of contracts of service under which directors of the company are employed.

FORM OF PROXY

For use at the Annual General Meeting of the Company to be held at 9.00 am on 18 September 2003.

I/We *(Block capitals please)* ______________________________

of ______________________________

____

being (a) member(s) of the Company, hereby appoint the Chairman of the Meeting or (see Note 5)

____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 18 September 2003.

I/We direct my/our proxy to vote on the Resolutions set out in the notice convening the Annual General Meeting as follows:

	For	Against
To Adopt Ordinary Resolution 1		
To Adopt Ordinary Resolution 2		
To Adopt Ordinary Resolution 3(i)		
To Adopt Ordinary Resolution 3(ii)		
To Adopt Ordinary Resolution 4		
To Adopt Ordinary Resolution 5		
To Adopt Special Resolution 6		
To Adopt Ordinary Resolution 7		
To Adopt Ordinary Resolution 8		

Signature ______________________________ Detailed ______________

Notes

1 Please indicate with an 'X" in the spaces provided how you wish your votes to be cast. If you do not indicate how your votes are to be cast the proxy will vote as he thinks fit or abstain.

2 In the case of a corporation, this form of proxy must be under the common seal or under the hand of an officer or duly authorised attorney. In the case of the joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

3 To be effective this form of proxy, and the power of attorney or other authority (if any) under which it is signed of a notarially certified or office copy of such power or authority, must be deposited at the office of the company's registrars, not less than 48 hours before the time of the meeting.

4 Any alterations made to this form of proxy should be initialled.

5 *If you wish to appoint a proxy other than as above please delete the reference to the Chairman and insert the name of your proxy* or proxies, who need not be members of the Company, in the space provided. A proxy must attend the meeting in person to *represent you. Your appointment of a proxy will not preclude you from attending and voting at the meeting.*