

30-05-90

The WCRS Group plc Report and Accounts for the six months ending December 31 1989



CHAIRMAN'S STATEMENT

In December of last year The WCRS Group was transformed from an advertising-led marketing services group to Europe's largest media planning and buying specialist. The Group also has interests in sponsorship, public relations and advertising.

As a result the shape and earnings profile of the Group last year bears little relation to the Group's current structure. This coupled with our change of year end to December means that comparisons with past years' profits and earnings are of little more than academic interest.

Audited pre-tax profits for the six months to December 1989 totalled £16.0 million making £40.5 million for the full calendar year of 1989 (an unaudited period). This compares with £24.3 million for the fourteen months to December 1988 (an unaudited period) – a 67 per cent increase. Fully diluted earnings per share at 26.14 pence for the twelve months to December 1989 compare with 21.83 pence for the fourteen months to December 1988 despite a 13 per cent increase in the average number of ordinary shares in issue.

In recognition of the fact that the dividend yield from the Group's ordinary shares is relatively low in comparison with the market the Board is recommending a dividend for the six months to December 1989 of 2.5 pence per share.

In future years, the Board hopes to increase the dividend above the rate of earnings per share growth to bring the yield more in line with the market.

Media and Sponsorship – a Strong Performance

Our primary business – Carat International – enjoyed strong growth in France and across Europe. Carat's excellent performance reflects the rapid expansion of the European advertising market, the increasing use of specialist media planners and buyers by major advertisers and the benefits of Carat's development into new European markets.

The advertising process has three main steps – developing marketing strategy, creating advertisements, and planning and buying of media. In recent years as the media marketplace has expanded and fragmented, media planning and buying has become far more complex. Associated with this increase in complexity has been the development of media specialists.

These specialists focus single-mindedly on planning the most cost effective media schedules and then buying time on television, radio and cinema, and space in newspapers, magazines and on poster sites at the lowest rates. Carat is the leading European media planning and buying specialist.

As the clear market leader Carat enjoys significant benefits both in terms of its negotiating position with the media owners and through its ability to invest heavily in research to predict and evaluate audiences.

During the second half of 1989 Carat continued to win new business in each of its markets and, more importantly, has begun to attract pan-European clients.

Our strategic goal for Carat is to strengthen its position as Europe's largest media buying and planning group. Carat and its associate companies are already the leading buyers (including advertising agency buying clubs) in France, Germany and Spain and are the leading specialists in Italy and the UK with a strong position in Belgium. Carat also invests in extensive training and skill development programmes both internally and through the external Carat Academy which it funds. Carat is, in essence, an information management company; as such it recognises the need to keep its staff at the forefront of the development of new ideas and the use of the latest technology.

In the second half of 1989 the computer based QUARTZ system for analysing the predicted results of planned advertising campaigns was successfully introduced into France. Other research techniques which were pioneered by Carat in France have been transferred to other markets. The ESTIMAT panel for predicting audience behaviour was tested in Spain. The DIAMANT system for predicting audience numbers was tested in Belgium. In 1990 Carat plans to spend £9 million on research.

During 1989 Carat continued its European expansion. New offices were opened in Seville and La Coruna and in early 1990 an office was opened in Lisbon. Some gaps in our European network remain but I expect that these will be filled in 1990. Political change in Eastern Europe will bring about new opportunities and in response to this Carat has appointed a project team based in Germany to determine how we can best respond to take advantage of the new political, economic and advertising conditions.

Elsewhere, our sponsorship and event marketing group, Pascoe Nally International (PNI), made substantial progress in developing international client assignments.

Among these projects was the very successful marketing of the Commonwealth Games in Auckland for which PNI raised NZ\$59 million in sponsorship and sales of rights. PNI have now been appointed as sole marketing agents for the 1994 Commonwealth Games in Canada.

Further international success has come through a contract awarded to PNI for the development and marketing of baseball outside the USA in partnership with NBC and Major League Baseball.

In the UK Alan Pascoe Associates won a prestigious Hobson sponsorship award for the "IBM 10 Step Award Scheme" which introduces primary school children to basic sporting skills.

Public Relations - New Clients

Our public relations division Creamer Dickson International was formed in early 1989. It comprises the public relations consultancies Biss Lancaster in the UK and Creamer Dickson Basford in the USA and the annual report and corporate identity group Corporate Graphics who produced this report.

The seasonality of Corporate Graphics' income, the costs of establishing improved financial systems for Creamer Dickson Basford, and the expansion into new buildings in London of both Biss Lancaster and Corporate Graphics, resulted in only a small profit being recorded for the division for the six month period. The business has traded at acceptable levels of profitability for the full 12 months of 1989 and has made a good start to the new year.

Biss Lancaster and Creamer Dickson Basford both enjoyed good new business records. New clients gained in the period include Digital Equipment Corporation and Nestlé Foods Corporation's Quik brand in the US; and AIB (formerly Allied Irish Banks) and Pan Am in the UK.

Corporate Graphics also did well in winning new clients with assignments from Cable & Wireless, Standard Chartered and Chevron.

Advertising - A Stronger Partner

As part of the restructuring completed in December last year Eurocom, the publicly quoted French communications group, increased their stake in the WCRS Worldwide advertising network to 60 per cent and renamed it Eurocom WCRS Della Femina Ball (EWDB) Worldwide.

The decision to restructure the Group's advertising interests was taken following an analysis of the financial resources needed to accelerate the international development of the network. It was also recognised that to have a specialist media planning and buying group and an advertising network both managed by the same holding company might create difficulties given that the strategic focus of top management of the businesses is different. Management control of EWDB Worldwide has now clearly passed to Eurocom with The WCRS Group being a passive investor with a 40 per cent holding.

The network was expanded in December to include an additional group of agencies in France which brought the total worldwide billings up to \$2.7 billion. Further acquisitions in Europe have been completed since the end of 1989.

The second half of the calendar year has historically been less profitable for our advertising businesses. This, coupled with the inevitable uncertainty which surrounded the business during the negotiations and the restructuring cost associated with the transactions, has had an adverse impact on the results.

However, short-term problems aside, the network has the necessary talented and professional leadership in place which is very capable of moving the business ahead in the next decade.

In future years the results of EWDB Worldwide will be reported in the Group's accounts as an associate company reflecting the 40 per cent ownership.

Group Development

Since the end of the reporting period we have taken steps to clarify and strengthen the Group's structure and streamline the central operations.

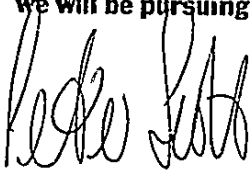
The small Group management team is moving to a new building in London reflecting the different management tasks of the holding company compared with any of the operating divisions.

In March I wrote to shareholders seeking approval to change the company name to Aegis Group plc. This was approved at the EGM on April 5 and will become effective in May. This has been done to avoid confusion with the advertising businesses in which we are now a minority shareholder.

After this period of great change the Group moves into the 1990's with a clear set of goals. The holding company, Aegis Group, will be quite distinct from the operating businesses and will focus on corporate strategy, financial policy and control.

Our financial year is now the calendar year: next time I report to you I will be able to present figures which fully reflect the new structure of your company.

1989 proved to be a year of particular significance for your Group. The task of transforming the company was complex and at times appeared near impossible. The dedication of our teams, internal and external, was extraordinary during this difficult period: on behalf of shareholders, I would like to thank them all for their efforts which created the opportunities that we will be pursuing vigorously in the year ahead.



Peter Scott
Chairman & Chief Executive

**DIRECTORS AND
ADVISERS**

**Directors of
The WCRS Group plc**
Peter J Scott
(Chairman and
Chief Executive)
Adele Biss
Frank S Law
(Non-executive)
George M Magan
(Non-executive)
Simon M Olswang
(Non-executive)
Alan P Pascoc
Andrew D Rutherford
Charles R Stern
Robin Wight

Secretary
Robert MJ Andrews

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Financial Advisers
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JO Hambro Magan & Co. Limited
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements for the six months ended 31 December 1989.

Results and Dividends

The profit and loss account is set out on page 11 and shows a profit for the period on ordinary activities of £8.46 million after deducting taxation of £7.54 million.

The Directors recommend a dividend for the six month period of 2.5p (14 months to 30 June 1989 - 5p) per share which, if approved at the Annual General Meeting, will be paid on 4 July 1990 to Ordinary shareholders registered at 11 May 1990.

The retained profit for the period of £32.14 million is carried to reserves.

The Directors propose to give shareholders the opportunity of electing to receive fully paid new Ordinary shares instead of cash in respect of all or part of the dividend proposed for the period ended 31 December 1989 (and any interim dividend in respect of the year ending 31 December 1990).

Principal Activity

The principal activity of the Company is that of a holding company based in London. Its subsidiaries and related companies provide a broad range of services in the areas of media planning and buying and marketing communications on an international basis.

Review of Business and Future Developments

A review of the business and likely future developments of the Group is given in the Chairman's Statement.

Fixed Assets

Information relating to changes in tangible fixed assets is given in Note 12 to the financial statements.

Donations

The Group made charitable donations of £21,000 during the period in the UK. There were no political donations.

Directors and Directors' Interests

The Directors of the Company in office at the end of the period, and their interests in the share capital of the Company, are given in Note 7 to the financial statements.

The following resignations from the Board occurred during the period:

M J Ball	11 July 1989
L McNamee	15 December 1989
R T S Breene	15 December 1989

A Biss, F S Law and P J Scott retire from the Board by rotation in accordance with the Company's Articles of Association and, being eligible, are proposed for re-election. P J Scott has a service contract with the Company which terminates on 11 October 1994. A service contract is currently being prepared for A Biss. F S Law does not have a service contract with the Company.

Non-Executive Directors

G M Magan was appointed to the Board on 1 May 1983. He is the Managing Director of J O Hambro Magan & Co. Limited, and a Director of a number of other companies.

S M Olswang was appointed to the Board on 20 March 1987. He is the founder and senior partner of Simon Olswang & Co, the Company's solicitors.

F S Law CBE was appointed to the Board on 1 November 1987. He is a Director of NFC International Holdings Limited, Siemens plc and a number of other international companies.

Substantial Shareholdings

The Directors of the Company have been notified of the following holdings amounting to 5% or more of the issued Ordinary share capital of the Company:

Vendors of Carat Holding SA	- 14.13%
Eurocom SA	- 12.15%
Warburg Pincus & Co.	- 7.18%

Share Capital

Details of the movements in authorised and issued share capital during the period are given in Note 19 to the financial statements.

Authority to Allot Shares

Resolution 7 set out in the notice of Annual General Meeting renews the Directors' authority to allot the authorised but unissued share capital of the Company. It is current practice for listed companies to seek this authority from their shareholders annually.

Renewal is also sought for the disapplication of the pre-emption provisions of section 89(1) of the Companies Act 1985 so as to permit rights issues and small issues of shares for cash. Upon the passing of resolution 9, your Directors will have power until the date of the next Annual General Meeting of the Company to issue, for cash, equity securities with a nominal amount not exceeding £179,886 without further recourse to shareholders.

Except in relation to the existing share option schemes, or pursuant to commitments under previous acquisition agreements, or on conversion of preference shares, the Directors have no present intention of issuing any shares, whether for cash or otherwise. No issue will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. The powers conferred by resolutions 7 and 9 will continue in force until the next Annual General Meeting. It is proposed to renew both powers each year at the Annual General Meeting.

Authority for the Company to Purchase its Own Shares

The authority for the Company to purchase its own shares, which was granted at the last Annual General Meeting of the Company, expires on the date of the forthcoming Annual General Meeting. No purchases have been made to the date of this report and there are no outstanding contracts to purchase shares as of this date. It is proposed to seek a renewal of this authority to purchase up to 3,600,000 Ordinary shares and 475,000 55% Convertible Cumulative Redeemable Preference shares (approximately 5% of the present issued capital of those classes) at the forthcoming Annual General Meeting.

The maximum price at which any share may be purchased is the price equal to 5% above the average of the middle market quotations of such share as derived from the Daily Official List of The International Stock Exchange for the ten business days immediately preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased is the par value of such share.

Close Company Status

The Directors have been advised that the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

The Board has resolved to nominate Price Waterhouse for appointment as Auditors of the Company. The Board believes that there are substantial benefits to be derived from using one international firm of auditors worldwide. Price Waterhouse have expressed their willingness to accept this appointment and a resolution to give effect to it will be submitted to the Annual General Meeting.

Stoy Hayward, who have been Auditors of the Company for several years, will not be seeking re-appointment at the Annual General Meeting. They have stated that there are no matters connected with their ceasing to hold office which should be brought to the attention of members or creditors.

By order of the Board

R M J Andrews
Secretary



24 April 1990

**CONSOLIDATED
PROFIT AND
LOSS ACCOUNT**
for the period ended
31 December 1989

	Notes	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Turnover	2	345,207	568,867
Direct cost of sales		291,698	462,347
Gross Income		53,509	106,520
Administrative expenses		45,667	97,862
		7,842	8,658
Other operating income	3	94	168
Share of profit from related companies		11,936	36,404
Interest receivable		1,143	1,002
		21,015	46,232
Interest payable	4	5,013	8,130
Profit on Ordinary Activities Before Taxation	2/5/6/7	15,002	38,102
Taxation on profit on ordinary activities	8	7,540	16,756
Profit on Ordinary Activities After Taxation		8,462	21,346
Extraordinary items	9	28,482	(1,945)
Minority interests		(2,387)	(5,674)
Profit for the Financial Period		34,557	13,727
Dividends	10	2,417	4,074
Retained Profit for the Financial Period		32,140	9,653
Profit for the Period Retained by			
Holding Company		(743)	(3,957)
Subsidiary companies		29,218	(2,209)
Related companies		3,665	15,819
		32,140	9,653
Earnings per Ordinary Share			
Basic	11	9.80p	29.91p
Fully diluted	11	9.70p	

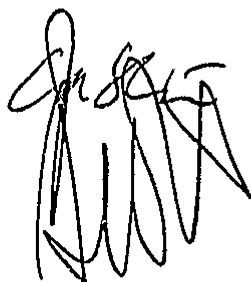
The Notes on pages 14 to 30 form part of these financial statements.

BALANCE SHEETS
at 31 December 1989

		Group		Company	
		31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
	Notes				
Fixed Assets					
Tangible assets	12	32,372	19,364	2,288	885
Investments	13	12,098	20,899	170,578	108,598
		44,470	40,263	172,866	109,483
Current Assets					
Work in progress		452	—	—	—
Debtors	14	290,031	83,446	106,071	98,000
Investments	15	5,133	—	—	—
Cash at bank and in hand		10,516	5,882	3,931	—
		306,132	89,328	110,002	98,000
Creditors					
Amounts falling due within one year	16	313,611	113,885	29,539	30,286
Net Current (Liabilities)/Assets					
		(7,479)	(24,557)	80,463	67,714
Total Assets Less Current Liabilities					
		36,991	15,706	253,329	177,197
Creditors					
Amounts falling due after more than one year	17	133,732	80,325	77,070	73,739
Provisions for Liabilities and Charges	18	2,441	551	—	—
Minority Interests		12,591	816	—	—
		(111,773)	(65,986)	176,259	103,458
Capital and Reserves					
Called-up share capital	19	5,518	4,600	4,798	4,600
Share premium account	20	126,353	2,981	55,073	2,981
Revaluation reserve	20	—	—	21,254	—
Goodwill reserve	20	(302,533)	(98,016)	—	—
Merger reserve	20	—	—	94,467	94,467
Profit and loss account	20	58,889	24,449	667	1,410
		(111,773)	(65,986)	176,259	103,458

The Notes on pages 14 to 30 form part of these financial statements.

P J Scott, C R Stern
Directors
24 April 1990



**CONSOLIDATED STATEMENT OF
SOURCE AND APPLICATION
OF FUNDS**

for the period ended
31 December 1989

	6 months to 31 December 1989		14 months to 30 June 1989	
	£000	£000	£000	£000
SOURCE OF FUNDS				
Profit on ordinary activities before taxation and extraordinary items		16,002		38,102
Extraordinary items (before taxation)		30,332		(2,209)
		46,334		35,893
<i>Adjustment for items not involving the movement of funds</i>				
Depreciation	1,988		3,228	
Loss on sale of fixed assets	56		241	
Profit before taxation retained in related companies	(11,936)		(36,404)	
Exchange translation adjustments	2,776		(2,169)	
		(7,116)		(35,104)
<i>Total generated from operations</i>		39,218		789
<i>Funds generated from other sources</i>				
Issue of Ordinary shares	52,290		2,643	
Issue of Convertible Preference shares by a subsidiary	72,000		—	
Sale of fixed assets	15,637		2,861	
Net movement in fixed asset investments	12,466		—	
Increase in long-term finance	54,933		70,018	
Minority interests	12,156		—	
		219,482	—	75,522
		258,700		76,311
APPLICATION OF FUNDS				
Additions to tangible fixed assets	31,165		7,138	
Net movement in fixed asset investments, less goodwill	—		5,995	
Goodwill on acquisition of subsidiaries and related companies	204,517		86,630	
Decrease in long-term finance	—		1,911	
Repayment of loan stock	1,526		—	
Taxation paid	946		3,794	
Dividends paid	570		3,746	
		238,724		109,214
		19,976		(32,903)
(INCREASE)/DECREASE IN WORKING CAPITAL				
Work in progress	(2,169)		1,871	
Debtors and prepayments	(206,622)		(5,665)	
Investments	(5,133)		767	
Creditors and accruals	194,086		38,510	
		(19,838)		35,483
INCREASE IN BANK AND CASH BALANCES		138		2,580

See Note 21 for details of acquisitions during the period.
The Notes on pages 14 to 30 form part of these financial statements.

**NOTES FORMING PART
OF THE FINANCIAL
STATEMENTS**

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as amended for the revaluation of the Company's fixed asset investments during the period, adopting the following principal accounting policies.

Basis of consolidation. The consolidated financial statements incorporate the financial statements of The WCRS Group plc and its subsidiaries from the date of acquisition made up to 31 December 1989. All significant inter-company balances and transactions are eliminated. The Group's results also include its share of attributable profits of related companies made up to 31 December 1989.

The Company has taken advantage of the exemption in the Companies Act 1985 section 228(7) not to present its own profit and loss account.

Goodwill. Goodwill, including any additional goodwill arising from the contingent capital payments set out in Note 22, is written off direct to reserves in the year in which it arises.

Related companies. Companies in which the Group has an interest comprising not less than 20 per cent of the voting capital or over which it exerts significant influence are treated as related companies.

Turnover. Turnover represents the total of amounts invoiced to clients, exclusive of value added tax and intra-group transactions, in respect of fees, advertising media charges, advertising production costs and rechargeable expenses.

Recognition of revenue. Revenue is recognised when charges are made to clients, usually when advertisements appear in the media and when production work is completed. Fees are recognised over the period of the relevant assignments or agreements.

Fixed assets and depreciation. Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided to write off the cost of all fixed assets, except freehold land, over their expected useful lives. It is calculated on the original costs of the assets at the following rates:

Freehold Buildings	3% per annum
Long Leasehold and Short Leasehold	Over the period of the lease
Leasehold Improvements	10% per annum
Office Furniture, Fixtures & Equipment	10 - 20% per annum
Vehicles	10 - 25% per annum

Investments in subsidiaries are stated at cost less any amounts written off or valuation. Investments in related companies are included in the consolidated balance sheet at cost less goodwill plus share of post-acquisition retained profits.

Foreign currencies. Profit and loss accounts in foreign currencies are translated into sterling at average monthly rates. Assets and liabilities in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Unrealised exchange adjustments, arising on the translation of the net assets of subsidiaries and related companies, are taken direct to reserves in the consolidated financial statements.

Work in progress. Work in progress comprises outlays incurred on behalf of clients which have still to be recharged, and is stated at cost less provision for any amounts that may not be recovered.

Deferred taxation. Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Leased assets. Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. The annual rentals are charged to the profit and loss account over the lease term.

2. OPERATING PERFORMANCE BY SECTOR AND GEOGRAPHICAL ANALYSIS

Sector:

	Profit before taxation		Turnover	
	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Media/sponsorship	14,485	27,863	148,089	13,736
Public relations	32	2,141	6,987	21,191
Advertising/direct marketing	2,982	12,655	190,131	531,503
Group costs and other businesses	(1,497)	(4,557)	—	2,437
	16,002	38,102	345,207	568,867

Geographical analysis:

	Profit before taxation		Turnover	
	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Europe (including UK)	16,684	30,292	192,318	150,621
USA and Pacific Basin	(682)	7,810	152,889	418,246
	16,002	38,102	345,207	568,867

3. OTHER OPERATING INCOME

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Rental income	93	31
Income from listed investments	1	137
	94	168

4. INTEREST PAYABLE

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
On long term loans	3,209	5,786
On bank loans and overdrafts and other loans repayable within five years	1,673	1,884
Other	131	460
	5,013	8,130

5. EMPLOYEES

Staff costs consist of:

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Wages and salaries	24,076	55,077
Social security costs	1,528	3,806
Other pension costs	831	1,560
	26,435	60,443

The average weekly number of full-time employees of the Group during the period was as follows:

	6 months to 31 December 1989 Number	14 months to 30 June 1989 Number
Media/sponsorship	245	108
Public relations	216	230
Advertising/direct marketing	1,243	1,568
Other	32	134
	1,736	2,040

The number of employees of the Company whose remuneration fell in the following ranges during the period was:

	6 months to 31 December 1989 Number	14 months to 30 June 1989 Number
£30,000 - £35,000	1	3
£35,001 - £40,000	-	2
£50,001 - £55,000	2	-
£55,001 - £60,000	-	1
£60,001 - £65,000	1	3
£65,001 - £70,000	-	1
£70,001 - £75,000	-	1
£80,001 - £85,000	1	-
£190,001 - £195,000	-	1

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is after charging/(crediting):

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Depreciation		
of owned fixed assets	1,824	3,047
of assets under finance leases	164	181
Operating lease rentals		
hire of plant and machinery	77	218
other	3,919	8,597
Auditors' remuneration	339	399
Loss on sale of tangible fixed assets	56	241
Income arising on property transactions	-	(340)
Profit on sale of listed investments	-	(2,584)

7. DIRECTORS' REMUNERATION

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Emoluments	981	3,614
Fees	80	107
Compensation for loss of office	125	—
Pension contributions	3	78
	1,189	3,799
Emoluments of Chairman (excluding pension contributions)	262	663

The number of other UK Directors whose remuneration (excluding pension contributions) fell in the following ranges was:

	6 months to 31 December 1989 Number	14 months to 30 June 1989 Number
£5,001 - £10,000	2	—
£10,001 - £15,000	—	1
£15,001 - £20,000	1	1
£20,001 - £25,000	—	1
£60,001 - £65,000	1	—
£75,001 - £80,000	1	—
£80,001 - £85,000	1	—
£90,001 - £95,000	1	—
£100,001 - £105,000	1	—
£105,001 - £110,000	—	1
£135,001 - £140,000	1	—
£145,001 - £150,000	—	1
£150,001 - £155,000	1	—
£175,001 - £180,000	—	1
£235,001 - £240,000	2	—
£315,001 - £320,000	—	1
£460,001 - £465,000	—	1
	10	10

During the period, emoluments of £481,000 were paid to four former Directors as part of their termination arrangements on resigning from office. These amounts were fully provided on the acquisition of HBM/Creamer, Inc. in July 1986 and the reorganisation of the US advertising interests in August 1988.

The Directors of the Company in office at the end of the period, and their interests in the share capital of the Company, were as follows:

	Ordinary shares of 5p each			55% Convertible Preference shares of 10p each		
	24 April 1990	31 December 1989	30 June 1989	24 April 1990	31 December 1989	30 June 1989
Beneficial						
P J Scott	509,468	503,203	663,203	62,810	62,810	62,810
A Biss	256,763	256,763	256,763	—	—	—
FS Lav	2,056	2,033	2,033	—	—	—
GM Magan	20,000	20,000	20,000	8,165	8,165	8,165
SM Olswang	54,437	53,826	53,826	—	—	—
AP Pascoe	266,479	266,479	535,530	71,930	71,930	71,930
AD Rutherford	641,398	641,398	891,398	—	—	—
CR Stern	3,000	3,000	3,000	72,745	72,745	72,745
R Wight	387,152	387,152	712,152	—	—	—
Non-beneficial						
P J Scott	130,375	128,911	128,911	24,460	24,460	24,460
AP Pascoe	108,120	108,120	90,161	—	—	—
AD Rutherford	142,250	142,250	192,250	34,675	34,675	34,675
R Wight	228,014	228,014	228,014	34,675	34,675	34,675

None of the Directors has any interest in the 51.1% Convertible Preference shares of 10p each.

The following Directors also held 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each in WCRS (Netherlands Antilles) Finance N.V., a wholly-owned subsidiary of the Company, at 31 December 1989 and at 24 April 1990:

	Beneficial	Non-beneficial
P J Scott	650,635	152,114
SM Olswang	67,514	—
AD Rutherford	68,600	—
CR Stern	3,000	—
R Wight	283,000	—

Ordinary shares of 5p each for which Directors have options to subscribe are as follows:

	Option Price	Exercisable by	31 December 1989	30 June 1989
P J Scott	225p-259p	1998-1999	775,000	275,000
A Biss	249p	1999	200,000	200,000
CR Stern	225p-259p	1998-1999	350,000	200,000
R Wight	249p	1999	200,000	200,000

During the period, A P Pascoe received Ordinary shares with market values of £223,531 (beneficial) and £49,270 (non-beneficial) as deferred consideration for the acquisition of Alan Pascoe Associates Limited. L McNamee and J Della Femina, former Directors of the Company, each received US\$500,000 in cash and Ordinary shares under the Della Femina, McNamee WCRS, Inc. earnout arrangements. Michael Ball, a former Director of the Company, received \$2.1m in settlement of an outstanding Debenture loan in connection with the disposal of 40% of Eurocom WCRS Della Femina Ball Limited (formerly WCRS Advertising Limited) to Eurocom SA. GM Magan is a Director of J O Hambro Magan & Co. Limited which charged fees of £450,000 during the period. SM Olswang is a partner of Simon Olswang & Co, Solicitors, which charged fees of £622,000 during the period.

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
UK corporation tax at 35.0% (June 1989 - 35.0%) based on profit for the period	83	795
Overseas taxation	1,956	176
Transfer from deferred taxation	(2)	(147)
	2,037	824
Related companies - Overseas taxation	5,503	15,932
	7,540	16,756

9. EXTRAORDINARY ITEMS

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
Profit on disposal of an interest in the advertising and direct marketing businesses to Eurocom SA, net of tax of £1,850,000 payable at 35.0%	30,480	—
Less: costs associated with the reorganisation of the advertising and direct marketing businesses, net of tax relief of £596,000	(1,998)	—
Total costs and losses in respect of the rationalisation of the Group into three divisions and the subsequent disposal or closure of the retail design businesses - The Saunders Design Company Limited and Lunn Dyer Group Pty. Limited, and the medical public relations business - Glick & Lorwin, Inc., net of tax relief of £264,000	—	(1,945)
	28,482	(1,945)

10. DIVIDENDS

	6 months to 31 December 1989 £000	14 months to 30 June 1989 £000
PREFERENCE		
55% Convertible Cumulative Redeemable Preference shares of 10p each	303	1,181
51.1% Convertible Cumulative Redeemable Preference shares of 10p each	63	148
9.75% Guaranteed Redeemable Convertible Preference shares of 1p each issued by a subsidiary	404	—
ORDINARY		
Interim dividend (June 1989 - 1.65p)	N/A	835
Final proposed dividend of 2.5p (June 1989 - 3.35p)	1,800	1,910
Prior period overprovision	(153)	—
	1,647	2,745
	2,417	4,074

11. EARNINGS PER ORDINARY SHARE

Basic. The calculation of earnings per Ordinary share is based on earnings net of tax, minority interests and preference dividends, but before extraordinary items, of £5,305,000 (June 1989 - £14,343,000) and an average number of Ordinary shares in issue during the period of 54,121,000 (June 1989 - 47,960,000).

Fully diluted. The calculation of fully diluted earnings per Ordinary share is based on earnings net of tax, but before preference dividends and extraordinary items, of £6,263,000 and an average number of shares of 64,577,000. Earnings include £188,000 being the effect of the exercise of conversion rights under the Company's share option schemes.

12. TANGIBLE FIXED ASSETS

Group:

	Freehold Land & Buildings £000	Long Leasehold £000	Short Leasehold £000	Leasehold Improvements £000	Office Furniture Fixtures & Equipment £000	Vehicles £000	Total £000
Cost at beginning of period	110	44	601	11,790	15,100	2,265	29,910
In subsidiaries acquired	14,738	—	—	—	12,092	5,537	32,367
Additions	—	11	401	844	1,347	1,961	4,564
Disposals	—	(55)	(25)	(10,111)	(12,146)	(1,996)	(24,333)
Exchange rate adjustments	—	—	—	(378)	(353)	(24)	(755)
At end of period	14,848	—	977	2,145	16,040	7,743	41,753
Depreciation at beginning of period	—	3	24	2,699	7,091	729	10,546
In subsidiaries acquired	98	—	—	—	3,615	2,053	5,766
Provided for the period	4	3	22	424	1,250	285	1,988
Disposals	—	(6)	—	(2,465)	(5,434)	(735)	(8,640)
Exchange rate adjustments	—	—	—	(86)	(180)	(13)	(279)
At end of period	102	—	46	572	6,342	2,319	9,381
Net book value at 31 December 1989	14,746	—	931	1,573	9,698	5,424	32,372
Net book value at 30 June 1989	110	41	577	9,091	8,009	1,536	19,364

The net book value of assets held under finance leases included in the above at 31 December 1989 is £175,000 (30 June 1989 - £1,450,000).

Company:

	Freehold Land and Buildings £000	Short Leasehold £000	Leasehold Improvements £000	Office Furniture Fixtures & Equipment £000	Vehicles £000	Total £000
Cost at beginning of period	104	530	20	238	89	981
Additions	—	—	12	47	1,464	1,523
Disposals	—	(25)	—	—	(9)	(34)
At end of period	104	505	32	285	1,544	2,470
Depreciation at beginning of period	—	20	—	40	36	96
Provided for the period	4	6	1	41	35	87
Disposals	—	—	—	—	(1)	(1)
At end of period	4	26	1	81	70	182
Net book value at 31 December 1989	100	479	31	204	1,474	2,288
Net book value at 30 June 1989	104	510	20	198	53	885

Capital commitments:

	Group		Company	
	31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
Contracted but not provided	310	30	—	—
Authorised but not contracted for	700	167	500	—

13. FIXED ASSET INVESTMENTS

Group:

	Related Companies Share of Tangible Net Assets £000	Other Investments		Total Investments £000
		UK Listed £000	Unlisted £000	
At beginning of period	18,394	2,505	—	20,899
Additions	7,002	—	2,692	9,694
Goodwill written-off	(3,285)	—	—	(3,285)
Profit retained in related companies	3,665	—	—	3,665
Disposals	(17)	—	—	(17)
Reclassification on becoming a subsidiary	(18,858)	—	—	(18,858)
Other reclassifications	(3,463)	(2,476)	5,939	—
At end of period	3,438	29	8,631	12,098

Company:

	Shares in Subsidiary Companies £000	Shares in Related Companies £000	Other Investments		Total Investments £000
			UK Listed £000	Unlisted £000	
Cost at beginning of period	96,963	9,130	2,505	—	108,598
Additions	83,806	10,855	—	21	94,682
Revaluations	44,503	(22,928)	—	(321)	21,254
Reclassifications	(44,809)	39,785	(2,476)	7,500	—
Disposals	(44,820)	(9,136)	—	—	(53,956)
Valuation at end of period	135,643	27,706	29	7,200	170,578

The Directors have valued fixed asset investments of the Company at 31 December 1989 on an earnings basis and this valuation has been incorporated in the financial statements.

Included in other investments in both Group and Company are UK listed investments with a market value at 31 December 1989 of £150,000 (30 June 1989 - £2,411,000)

Principal subsidiaries:

	Principal Country of Incorporation and Operation	Class of Share	Effective Interest in Issued Share Capital	Nature of Business
Carat Holding SA (remaining 50% acquired on 15 December 1989)	France Germany Spain UK Italy Belgium	Ordinary	100%	Media buying and planning
BBJ Media Limited	UK	Ordinary	75%	Media buying services
Biss Lancaster plc	UK	Ordinary	100%	Public relations
Siebert/Head Limited	UK	Ordinary	100%	Design consultants
Alan Pascoe Associates Limited	UK	Ordinary	100%	Sponsorship
Pascoe Nally International Limited	UK USA New Zealand	Ordinary	100%	Sponsorship
Creamer Dickson Basford, Inc.	USA	Ordinary	100%	Public relations
Corporate Graphics, Inc.	USA	Ordinary	100%	Corporate design

Related company:

Eurocom WCRS Della Femina Ball Limited	UK USA Australia Hong Kong Singapore Thailand Malaysia New Zealand Taiwan	Ordinary	40%	Advertising and direct response
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14. DEBTORS

	Group		Company	
	31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
Trade debtors	202,723	61,082	41	—
Amounts due from group companies	—	—	101,701	84,289
Amounts due from related companies	1,264	10,910	590	10,667
Other debtors	83,850	6,559	3,070	2,111
Advance corporation tax recoverable	600	637	600	637
Prepayments and accrued income	1,594	4,258	69	296
	290,031	83,446	106,071	98,000

Included in other debtors is an interest-free loan of £250,000 due for payment after more than one year.

All other amounts under debtors fall due for payment within one year.

15. CURRENT ASSET INVESTMENTS

	Group		Company	
	31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
Non-UK investments (unlisted)	5,133	—	—	—

16. CREDITORS

Amounts falling due within one year:

	Group		Company	
	31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
Bank loans and overdrafts	6,476	1,980	—	11,009
Trade creditors	191,927	78,031	—	—
Work in progress	—	1,717	—	—
Finance leases and hire-purchase contracts	40	953	—	34
Amounts due to group companies	—	—	—	7,438
Amounts due to related companies	118	1,829	—	14
Creditors for taxation and social security	3,838	2,825	44	252
Corporation tax	3,815	2,801	600	737
Dividends payable	4,232	2,385	3,328	2,385
Other creditors	95,736	11,239	24,865	7,974
Accruals and deferred income	7,427	10,125	202	443
	313,611	113,885	29,539	30,286

Bank loans and overdrafts are secured by a fixed and floating charge on certain Group assets.

17. CREDITORS

Amounts falling due after more than one year:

	Group		Company	
	31 December 1989 £000	30 June 1989 £000	31 December 1989 £000	30 June 1989 £000
Debenture loan	—	1,526	—	1,526
Bank loans and overdrafts	76,122	70,018	76,122	70,018
Finance leases and hire-purchase contracts	251	956	—	38
Other creditors	57,359	6,627	948	2,157
Accruals and deferred income	—	1,198	—	—
	133,732	80,325	77,070	73,739

Bank loans and overdrafts are represented by a multi-currency Term Loan and Revolving Credit Facility, which are secured by a floating charge over the shares of certain subsidiaries. Included in the Term Loan are amounts totalling £46,111,000 repayable in ten equal instalments between August 1991 and November 1995.

All obligations under finance leases and hire-purchase contracts will be discharged between one and five years from the date of the balance sheet.

Included in other creditors are amounts totalling £793,000 (June 1989 - £1,130,000) repayable in instalments from 1995 to 1997, and deferred payments totalling £50,731,000 payable to the vendors of Carat Holding SA.

18. PROVISIONS FOR LIABILITIES AND CHARGES: DEFERRED TAXATION

	Group £000	Company £000
At beginning of period	551	—
Credited to profit and loss account	(2)	—
In subsidiaries acquired	2,369	—
Other	(477)	—
At end of period	2,441	—

Analysis of deferred taxation:

	Group		Company	
	Amount provided £000	Amount unprovided £000	Amount provided £000	Amount unprovided £000
Accelerated capital allowances	39	—	—	—
Other timing differences	2,402	—	—	—
	2,441	—	—	—

19. SHARE CAPITAL

	31 December 1989 £000	30 June 1989 £000
Authorised:		
160,000,000 (June 1989 - 73,000,000) Ordinary shares of 5p each	8,000	3,650
19,000,000 (June 1989 - 19,000,000) 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each	1,900	1,900
6,000,000 (June 1989 - 6,000,000) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	600	600
	10,500	6,150
Allotted, called-up and fully paid:		
71,954,680 (June 1989 - 50,205,320) Ordinary shares of 5p each	3,598	2,511
9,520,770 (June 1989 - 18,406,455) 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each	952	1,841
2,482,788 (June 1989 - 2,482,788) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	248	248
Called-up share capital of the Company	4,798	4,600
72,000,000 (June 1989 - nil) 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each issued by a subsidiary	720	-
	5,518	4,600

On 6 July, 1989, 1,780,866 Ordinary shares of 5p each were issued for a total of £4,791,627 as deferred consideration in connection with the acquisition of Cohn and Wells, Inc.

On 14 July, 1989, 20,108 Ordinary shares of 5p each were issued for a total of £51,871 as consideration in connection with the acquisition of Grand Slam Sports Limited.

On 31 August, 1989, 86,692 Ordinary shares of 5p each were issued for a total of £258,168 as deferred consideration in connection with the acquisition of Corporate Graphics, Inc.

On 4 October, 1989, 235,000 Ordinary shares of 5p each were issued for a total of £173,312 pursuant to the exercise of share options.

On 30 October, 1989, 42,188 Ordinary shares of 5p each were issued for a total of £133,989 as deferred consideration in connection with the acquisition of the PKB Group.

On 30 October, 1989, 6,819 Ordinary shares of 5p each were issued for a total of £21,278 as deferred consideration in connection with the acquisition of Grand Slam Sports Limited.

On 30 October, 1989, 12,000 Ordinary shares of 5p each were issued for a total of £9,300 pursuant to the exercise of share options.

On 28 November, 1989, 26,833 Ordinary shares of 5p each were issued for a total of £82,552 as deferred consideration in connection with the acquisition of Synergie Communications Limited.

On 7 December, 1989, 3,687,560 Ordinary shares of 5p each were issued on conversion of 8,885,685 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each.

On 11 December, 1989, (i) 40,000 Ordinary shares of 5p each were issued for a total of £29,500 pursuant to the exercise of share options and (ii) 173,913 Ordinary shares of 5p each were issued for a total of \$750,000 as deferred consideration in connection with the acquisition of *Della Femina, McNamee WCRS, Inc.*

On 15 December, 1989, 15,514,172 Ordinary shares of 5p each were issued for a total of £45,921,949 as consideration in connection with the acquisition of the remaining 50% of *Carat Holding SA*.

On 18 December, 1989, (i) 113,424 Ordinary shares of 5p each were issued for a total of £311,180 as deferred consideration in connection with the acquisition of *Alan Pascoe Associates Limited* and (ii) 9,785 Ordinary shares of 5p each were issued for a total of £26,851 as deferred consideration in connection with the acquisition of *Grand Slam Sports Limited*.

Under the executive share option scheme there are 3,194,000 Ordinary shares of 5p each over which the participants have the right to exercise options at prices ranging from 134p to 315p, exercisable between 8 January 1990 and 10 December 1996.

The 55% Convertible Cumulative Redeemable Preference shares 1999 are convertible into fully paid Ordinary shares in each of the years 1990 to 1998 on the basis of 2.075p in nominal amount of Ordinary shares for every 10p in nominal amount of 55% Convertible Cumulative Redeemable Preference shares 1999 so converted.

The 51.1% Convertible Cumulative Redeemable Preference shares are convertible into fully paid Ordinary shares on any working day after the second anniversary of their date of issue and before the fifth anniversary of their date of issue on the basis of 1.923p in nominal amount of Ordinary shares for every 10p in nominal amount of 51.1% Convertible Cumulative Redeemable Preference shares so converted.

The 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each issued by a subsidiary – *WCRS (Netherlands Antilles) Finance N.V.* – are guaranteed on a subordinated basis by the Company. These shares are convertible into Ordinary shares of the Company from 16 July 1990 to 4 December 2004 at the option of the shareholder at a price of 312p per Ordinary share. The shares will be redeemed on 11 December 2004 unless previously converted, redeemed or purchased and cancelled.

20. RESERVES

Group:

	Share Premium Account £000	Revaluation Reserve £000	Goodwill Reserve £000	Merger Reserve £000	Profit & Loss Account £000
At beginning of period	2,981	—	(98,016)	—	24,449
Premium on Ordinary shares issued by the Company, less expenses	52,092	—	—	—	—
Premium on Preference shares issued by a subsidiary	71,280	—	—	—	—
Goodwill arising in the period written-off	—	—	(202,393)	—	—
Exchange translation	—	—	(2,424)	—	2,300
Retained profit for the period	—	—	—	—	32,140
At end of period	126,353	—	(302,533)	—	58,889

Goodwill arising in the period is attributable mainly to the acquisition of the remaining 50% holding in Carat Holding SA (see Note 21).

Company:

At beginning of period	2,981	—	—	94,467	1,410
Premium on Ordinary shares issued, less expenses	52,092	—	—	—	—
Revaluation reserve arising during the period	—	21,254	—	—	—
Retained profit for the period	—	—	—	—	(743)
At end of period	55,073	21,254	—	94,467	667

In presenting the figures for the Company's investments in subsidiary and related companies the Directors have adopted the alternative accounting rules under the terms of Schedule 4 Part II Section C to the Companies Act 1985 and have revalued these assets at 31 December 1989. This revaluation gave rise to a net surplus of £21,254,000 which has been taken to revaluation reserve.

The Directors also have considered the value at 31 December 1989 of the remaining fixed assets of the Company without actually revaluing them and are satisfied that these remaining assets are worth in total not less than the aggregate amount at which they are stated in these financial statements.

Accordingly and as provided in section 275 of the Companies Act 1985, any diminution in value of investments in subsidiaries and related companies included in the overall net valuation surplus of £21,254,000 does not fall to be treated as a realised loss and therefore is not regarded as reducing distributable reserves.

21. ACQUISITIONS

The following table indicates the major categories of assets and liabilities in respect of the acquisition of the remaining 50% holding in Carat Holding SA, and the adjustments made in ascribing fair values to such assets and liabilities.

The consideration includes deferred payments made in respect of the acquisition of the initial 50% holding in Carat Holding SA.

	Local book values £000	Revaluation £000	Provisions £000	Fair value on acquisition £000
Tangible fixed assets	16,685	9,916	—	26,601
Fixed asset investments	2,901	—	—	2,901
Debtors	316,531	—	—	316,531
Other assets	6,557	—	—	6,557
Creditors and provisions	(308,522)	(2,902)	(73,451)	(384,875)
Minority interests	(12,552)	—	—	(12,552)
	21,600	7,014	(73,451)	(44,837)
Transfer of investment in related companies				(18,858)
Goodwill				204,517
				140,822
Consideration				45,922
— Issue of Ordinary shares				72,000
— Issue of Convertible Preference shares by a subsidiary				13,936
— Cash movements				131,858
Deferred payments and exchange movements in respect of prior period acquisitions				8,964
				140,822

Provisions include deferred cash amounts payable to the vendors of Carat Holding SA and tax liabilities in connection with the acquisition.

22. CONTINGENT LIABILITIES AND OTHER COMMITMENTS NOT PROVIDED

Additional capital payments may be made to the vendors of certain subsidiaries and related companies in the years to 1996. Such payments are contingent on the future levels of profits achieved by the companies or in certain circumstances, the fulfilment of employment agreements. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the maximum liability at 31 December 1989 for payments that may be due is as follows:

	£000
Within one year	15,468
Between one and five years	77,020
Over five years	3,833
	96,321

At the Group's discretion, up to £81,515,000 of the contingent payments may be discharged in the form of Ordinary shares.

At 31 December 1989, there were the following commitments in respect of non-cancellable operating leases for the following year:

	Group		Company	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases that expire:				
Within one year	—	80	—	79
Between one and five years	1,186	208	—	87
Over five years	4,161	—	—	—
	5,347	288	—	166

To the Members of The WCRS Group plc

We have audited the financial statements on pages 11 to 30 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1989 and of the profit and source and application of funds of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Stoy Hayward
8 Baker Street
London W1M 1DA

Stoy Hayward

24 April 1990

**FINANCIAL HISTORY AND
FINANCIAL CALENDAR**

	12 months to 30 April 1986 £000	12 months to 30 April 1987 £000	12 months to 30 April 1988 £000	14 months to 30 June 1989 £000	8 months to 31 Dec 1989 £000
Turnover					
Profit before tax	56,108	331,148	407,687	568,867	345,207
Tax charge	2,611	10,108	18,253	38,102	16,002
Profit after tax	1,044	4,002	6,214	16,756	7,540
Extraordinary items	1,567	6,106	12,039	21,346	8,462
Retained profit	—	—	(283)	(1,945)	28,482
Earnings per Ordinary share (basic)*	1,244	4,338	8,104	9,653	32,140
Dividends per Ordinary share*	8.77p	17.59p	23.44p	29.91p	9.80p
	1.77p	3.04p	3.95p	5.00p	2.50p

*Adjusted for bonus and rights issues and subdivision of shares.

10 April 1990 Preliminary announcement of full period results.

4 May 1990 Publication of annual report.

30 May 1990 Annual General Meeting.

4 July 1990 Payment of final dividend.

**CONSOLIDATED
PROFIT AND
LOSS ACCOUNT**
for the period ended
31 December 1989 (unaudited period)

	12 months to 31 December 1989 £000	14 months to 31 December 1988 £000
Turnover	592,563	544,777
Direct cost of sales	492,330	441,714
Gross Income	100,233	103,063
Administrative expenses	83,171	94,146
	17,062	8,917
Other operating income	227	151
Share of profit from related companies	30,444	19,021
Interest receivable	1,716	888
	49,449	28,977
Interest payable	8,951	4,645
Profit on Ordinary Activities Before Taxation	40,498	24,332
Taxation on profit on ordinary activities	18,313	9,635
Profit on Ordinary Activities After Taxation	22,185	14,697
Extraordinary items	27,577	(1,023)
Minority interests	(6,264)	(2,591)
Profit for the Financial Period	43,498	11,083
Dividends	4,897	3,310
Retained Profit for the Financial Period	38,601	7,773
Earnings per Ordinary Share		
Basic	28.00p	23.51p
Fully diluted	26.14p	21.83p

This table does not form part of the audited financial statements.

**FINANCIAL HISTORY AND
FINANCIAL CALENDAR**

	12 months to 30 April 1986 £000	12 months to 30 April 1987 £000	12 months to 30 April 1988 £000	14 months to* 31 December 1988 £000	12 months to* 31 December 1989 £000
Turnover	56,108	331,148	407,687	544,777	592,563
Profit before tax	2,611	10,108	18,253	24,332	40,498
Tax charge	1,044	4,002	6,214	9,635	18,313
Profit after tax	1,567	6,106	12,039	14,697	22,185
Extraordinary items	—	—	(283)	(1,023)	27,577
Retained profit	1,244	4,338	8,104	7,773	38,601
Earnings per Ordinary share (basic)	8.77p	17.59p	23.41p	23.51p	28.00p
Dividends per Ordinary share	1.77p	3.04p	3.95p	4.25p	5.85p

*Unaudited periods.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 10:30am on 30 May 1990 at 6 Eaton Gate, London SW1 for the purpose of transacting the ordinary business of the Annual General Meeting set out in resolutions 1 to 6, and special business, when resolution 7 and 8 will be proposed as ordinary resolutions and resolutions 9 and 10 as special resolutions.

Ordinary business

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the period ended 31 December 1989 and the Auditors' Report thereon;
2. To declare a dividend;
3. To re-elect as a Director of the Company A Biss who retires by rotation and, being eligible, offers herself for re-election;
4. To re-elect as a Director of the Company F S Law who retires by rotation and, being eligible, offers himself for re-election;
5. To re-elect as a Director of the Company P J Scott who retires by rotation and, being eligible, offers himself for re-election;
6. To appoint Price Waterhouse as Auditors of the company in place of the retiring auditors Stoy Hayward, and to authorise the Directors to fix their remuneration.

Special business

Ordinary resolutions.

7. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount equivalent to the nominal amount of the authorised but unissued share capital of the Company immediately following the passing of this resolution, such authority expiring on the date of the next Annual General Meeting of the Company unless previously revoked or varied by the Company in general meeting, save that the Directors may allot relevant securities pursuant to this authority after that date pursuant to an offer or agreement made by the Company on or before that date;

8. That:

- (a) pursuant to the provisions of the Articles of Association of the Company, the Directors of the Company be and they are hereby authorised and empowered to grant to holders of Ordinary shares in the Company the right to take their dividends wholly or partly by way of new Ordinary shares credited as fully paid rather than in cash in respect of all dividends payable before the next Annual General Meeting of the Company;
- (b) an amount equal to that part of the final dividend declared in respect of the period ended 31 December, 1989 which, apart from this resolution, would be paid on 4 July 1990 to those holders of Ordinary shares registered at the close of business on 11 May 1990 who have elected to receive Ordinary shares instead of, or together with, a cash dividend, to be applied in paying up in full new Ordinary shares of 5 pence each in the capital of the Company by way of capitalisation of monies standing to the credit of the reserves of the Company;
- (c) such new shares be issued and allotted, credited as fully paid up, to those holders of Ordinary shares entitled who have so elected so that such new shares shall rank *pari passu* in all respects with the existing issued Ordinary shares of the Company except that they shall not rank for payment of the said final dividend on 4 July 1990;

- (d) the provisions of sub-paragraphs (b) and (c) of this resolution shall apply, mutatis mutandis, to any interim dividend declared in respect of the period commencing 1 January 1990.

Special resolutions.

9 That, conditionally on the passing of resolution 7 set out in the notice of this meeting, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of section 94(2) of the Act) of the Company for cash pursuant to the authority conferred by resolution 7 as if section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities during the period commencing on the date of this resolution and expiring at the annual general meeting of the Company in 1991 unless previously renewed, varied or revoked by the Company in general meeting:

- (a) pursuant to the exercise of the conversion rights attached to the 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each of the Company, the 51.1% Convertible Cumulative Redeemable Preference shares of 10p each of the Company and the 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each of WCRS (Netherlands Antilles) Finance N.V. guaranteed on a subordinated basis by, and convertible into Ordinary shares of 5p each of, the Company;
- (b) in connection with an offer of equity securities open for acceptance for a period fixed by the Directors to the holders of Ordinary shares, holders of the 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each of the Company and of the 51.1% Convertible Cumulative Redeemable Preference shares of 10p each of the Company where the equity securities respectively attributable to the interests of all such persons are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them, or, as the case may be, the respective number of such Ordinary shares into which the respective number of any such Preference shares held by them are convertible, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any problems under the laws of any territory or jurisdiction or the requirements of any regulatory body or stock exchange in any territory or jurisdiction, or in connection with fractional entitlements or otherwise howsoever;
- (c) in connection with any employee share scheme approved by the Company in general meeting; and
- (d) otherwise than pursuant to paragraphs (a), (b) and (c) above up to an aggregate nominal amount of £179,886;

10. That the Company be and it is hereby authorised to purchase its Ordinary shares and its 55% Convertible Preference shares by way of market purchase (as defined in section 163 of the Companies Act 1985) upon and subject to the following conditions:

- (a) the maximum number of shares which may be purchased is 3,600,000 Ordinary shares of 5p each and 475,000 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each;
- (b) the maximum price at which any share may be purchased is the price equal to 5% above the average of the middle market quotations of such share as derived from the Daily Official List of The International Stock Exchange for the ten business days immediately preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased is the par value of such share; and

NOTICE OF MEETING
continued

- (c) the authority to purchase conferred by this resolution shall expire on the date of the next Annual General Meeting provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.

By Order of the Board

RMJ Andrews, Secretary
41/44 Great Queen Street
London WC2B 5AR



Dated the 4th day of May 1990

Notes

A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed for your use and, if used, should be deposited with the Company's Registrars (The Royal Bank of Scotland plc, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0NU) not less than 48 hours before the time appointed for the holding of the Meeting. Completion of the proxy will not affect the right of a member to attend and vote at the Meeting.

During the period from the date of this Notice until the date of the Meeting, there will be available for inspection at 6 Eaton Gate, London SW1W 9BL during normal business hours on any weekday (Saturdays and public holidays excepted) and on the date of the Meeting until the completion of the Meeting:

- a. Copies of all Directors' service contracts with the Company
- b. Particulars of transactions of Directors and their family interests in the shares of the Company up to and including the date of this Notice.

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