

ALINTOURS PLC

FINANCIAL STATEMENTS

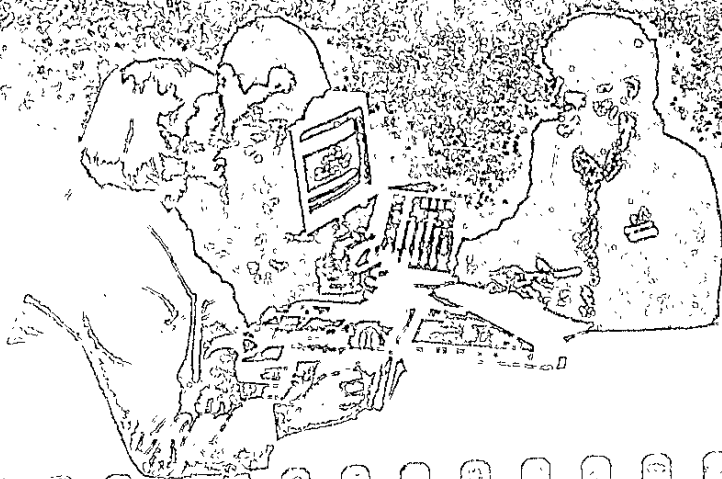
FOR THE YEAR ENDED

30TH SEPTEMBER 1992

COMPTON
26 APR 1993
M

REGISTERED NUMBER : 762768

Airtours
plc



Airtours



Annual report and accounts 1992

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Leisure is one of the world's largest and most rapidly growing businesses employing more people than almost any other sector.

The population of the UK is retiring earlier, living longer and generally has more disposable income available for leisure activities. The holiday market is an important part of the leisure sector and as such can expect to participate in its long term growth.

Airtours plc is the fastest growing company in this market and has activities covering retail travel agencies, tour operations and a leisure airline.

Financial highlights

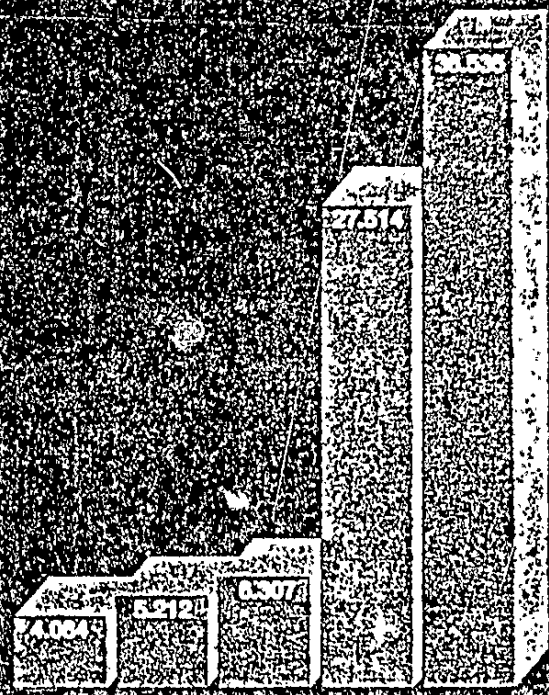
	1992	1991	%
	£000	£000	Increase
Turnover	405,553	289,538	40.1
Profit before tax	36,535	27,514	32.8
Dividends	6,696	4,987	34.3
Net assets	55,124	41,824	31.8
Earnings per share	27.47p	24.68p	11.3
Dividends per share	7.25p	5.75p	26.1
Assets per share	59.92p	48.54p	23.4

The figures for earnings, dividends and assets per share in 1991 have been restated to take account of the Capitalisation Issue to existing shareholders in January 1992.

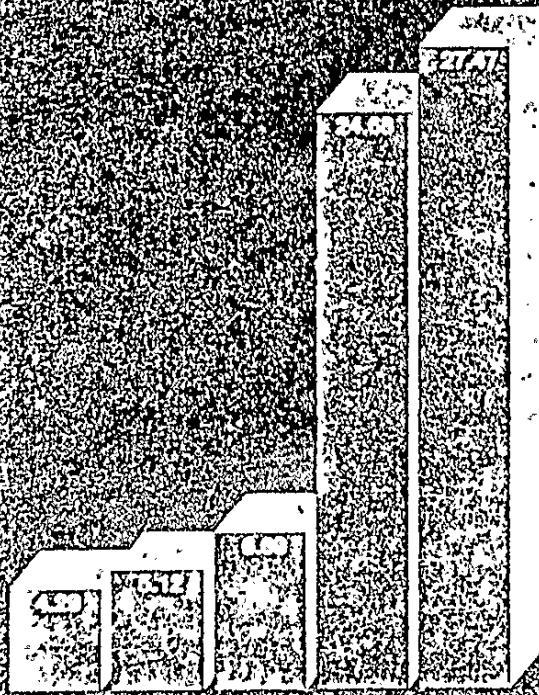
- Sixth successive year of record profits
- Over 1.65 million passengers
- Summer '92 market share increased from 12.5% to 13.9%
- Winter 1991/92 market share increased from 8.3% to 12.6%
- Airline fleet expanded to 8 MD83's
- Acquisition of Pickfords Travel
- Cash balances exceed £150 million



Turnover (£million)



Profit before tax (£million)



Earnings per share (p)



Dividends per share (p)

Chairman's statement

Our Company, Airtours plc, has gone through a period of significant change and expansion. We have doubled the number of passengers carried in our core business, established a high quality airline and, by the acquisition of Pickfords Travel, have created a fully vertically integrated holiday group. In the course of this expansion of activities we have managed to increase the Group's profits almost six-fold.

Results

I am extremely pleased to be able to report the sixth successive year of record profits since Airtours first gained its stock market quotation in 1987. Turnover for the year rose by 40.1% to £405.6m and profit before taxation rose by 32.8% to £36.5m. Earnings per share, adjusted for the Capitalisation Issue during the year, rose by 11.3% to 27.47p.

Dividend

Your Board is recommending a final dividend of 6.7p which, with the interim dividend of 0.55p, makes a total for the year of 7.25p net per ordinary share. This represents a 26.1% increase over the 5.75p paid in the previous year after adjusting for the Capitalisation Issue. It is the Board's intention to maintain a progressive dividend policy.

Balance Sheet

After absorbing the write-off of over £7m of goodwill arising from the acquisition of Pickfords Travel, Shareholders' Funds at the end of the year amounted to £55.1m compared with £41.8m at the beginning of the year. Net cash balances at the year end amounted to over £155m compared with last year's £103m.

Pickfords Travel Service Limited

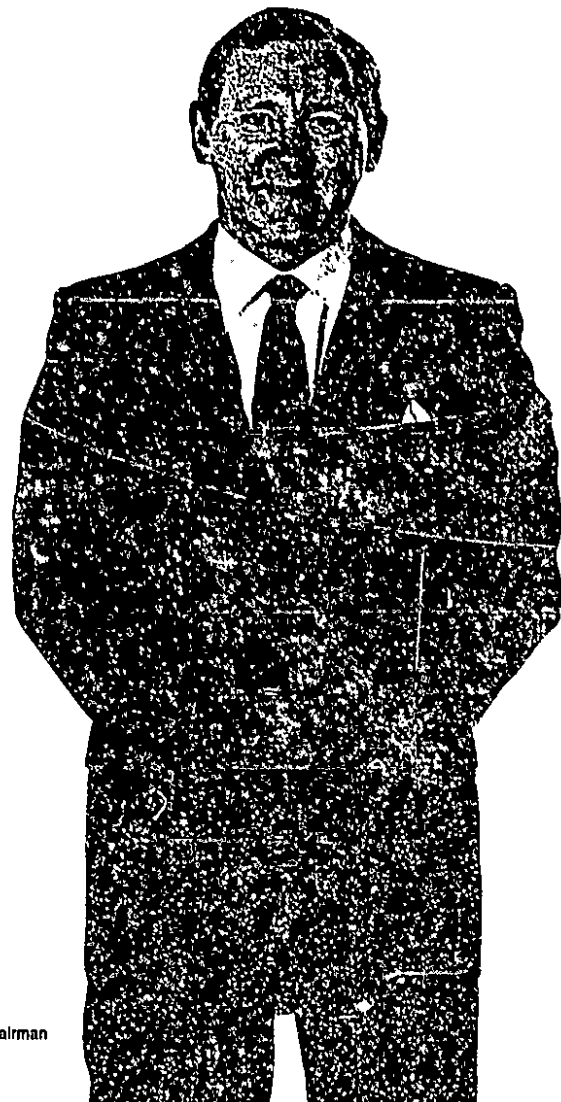
On 23rd September, 1992 your Company completed the acquisition of Pickfords Travel Service Limited from NFC plc for a consideration of £16m. The acquisition of Pickfords Travel is of great strategic importance to your Company and secures for it a substantial nationwide retail presence. This will ensure the distribution of your Company's product and provide improved intelligence on customer preferences and market trends.

Industry Overview

The more favourable business climate enjoyed at the time of my statement last year did not continue much beyond April 1992. The collapse of The International Leisure Group in 1991 had presented an apparent opportunity for a range of tour operators who put on additional capacity for Summer 1992 in an attempt to capitalise upon the demise of a major competitor. This resulted in capacity in the market place of between 5% and 10% in excess of demand if realistic prices were to be achieved. The consequence was a degree of price cutting coupled with capacity reductions from those companies which had not been successful in selling the capacity which they had on offer for Summer 1992. This is not a new position for this industry although the swings in capacity are becoming less marked as the regulatory authorities enforce stricter controls over poorly financed expansion. Success in this business is totally dependent upon a company's ability to manage its capacity and its cost base in line with rapid changes in demand. I believe that your Company has considerable skills in these areas and our continued profitable growth over the years of both feast and famine for the rest of the industry give solid support to this view. Certainly in 1992 Airtours Holidays, having had a successful early booking season, was able to make the necessary adjustments to its portfolio and sell its remaining capacity at satisfactory margins.

The increased capacity originally contracted for Summer 1992 provided a short-term boost for the charter aviation market. This benefit was subsequently eroded as major tour operators protected their in-house airlines and reduced their commitments to third party airlines. This proved to be too much for Dan-Air Services which has now been sold to British Airways plc and ceased to operate as a separate entity. Airtours had contracted very little capacity with Dan-Air in recent years following the setting up of Airtours International. As British Airways has clearly stated its intention not to maintain the charter business flown by Dan-Air, this will provide a significant reduction to the flying capacity available to the tour operating sector in 1993 although this reduction will be partially off-set by increases

Airtours has
considerable
skill in managing its
capacity and its cost
base in line with
rapid changes in
demand.



David Crossland, Chairman

Chairman's statement

in capacity elsewhere, including Airtours International, where we have concluded arrangements for the lease of two further MD83's for Summer 1993 only.

Organisation and Management

Effecting the transition from what two years ago was effectively a single business into an integrated group operating through three clearly focused and independently managed operating divisions of Retail, Tour Operations and Airline, has made considerable demands upon both management and systems. I am pleased to report that both have proven to be equal to those demands. We continue to invest considerable sums in management training and have ensured that new recruits have been of the highest calibre when we have looked externally. We continue to invest heavily in both computer hardware and software in all areas of our business in order to maintain our competitive position. We believe that we have the organisational structure and management in place to continue to develop the Airtours group into the future.

**We continue
to invest
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and software in all
areas of our
business in order
to maintain our
competitive position.**

Productivity

Airtours has traditionally prided itself on being the most efficient of the major tour operators when measured in terms of passengers carried per employee. It is our intention to ensure that this level of performance is maintained.

Quality Control

Airtours has made strenuous efforts to ensure that our passengers know what they are buying and that they get what they have been promised. Each of our divisions operate their own quality control initiatives relying heavily upon feed-back from passengers. I am pleased to be able to report that this activity has led to a marked reduction in the percentage of complaints in recent years.

Risk Management

The principal risks usually perceived by external observers of this industry are those of under-utilised aircraft and excess hotel accommodation for which payment has already been made. The reality is that Airtours, in common with other major tour operators, has considerable flexibility in its contracting of both of these services. Aviation contracts with third party suppliers usually have a variety of cancellation options which can be exercised once booking patterns have been established. This provides a considerable margin of comfort when coupled with Airtours' in-house flying capacity which only represents 75% of expected short haul requirements. As far as accommodation contracts are concerned, only 10% of Airtours' requirements are booked on an irrevocable basis.

More critical risks to the holiday business are changes in exchange and interest rates and in the cost of aviation fuel. Airtours' policy is to hedge against all major risks prior to each brochure launch. In this way we ensure that the costs built into the brochure selling prices are actually achievable.

Cash Management

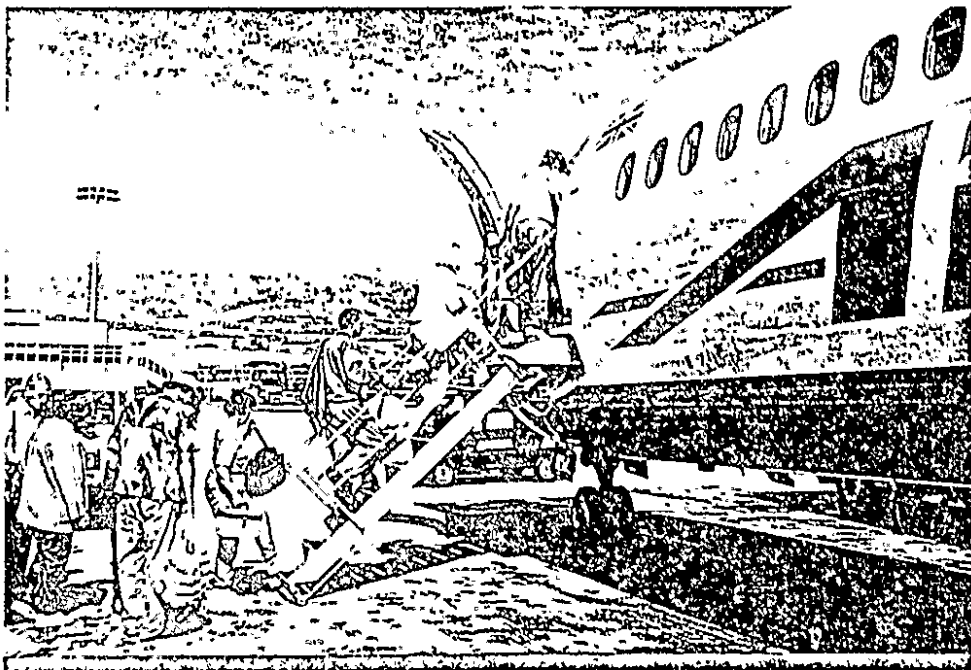
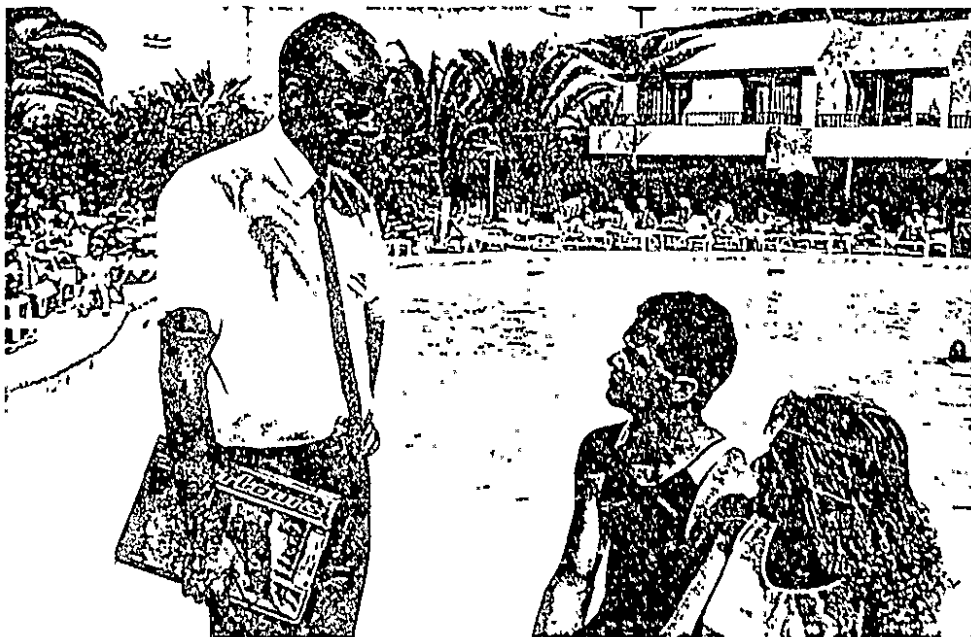
The holiday business generates substantial cash flows as passengers traditionally pay in advance and the holiday companies pay their suppliers in arrears. There is a degree



Top: At Pickford Travel's newest branch in Haymarket, London SW1, Andrea Lodrick assists clients in the choice of their holiday.

Centre: Darren Holloran, an Airtours representative with two Airtours clients.

Bottom: One of Airtours eight MD83 aircraft preparing to depart from Tenerife airport.



Chairman's statement

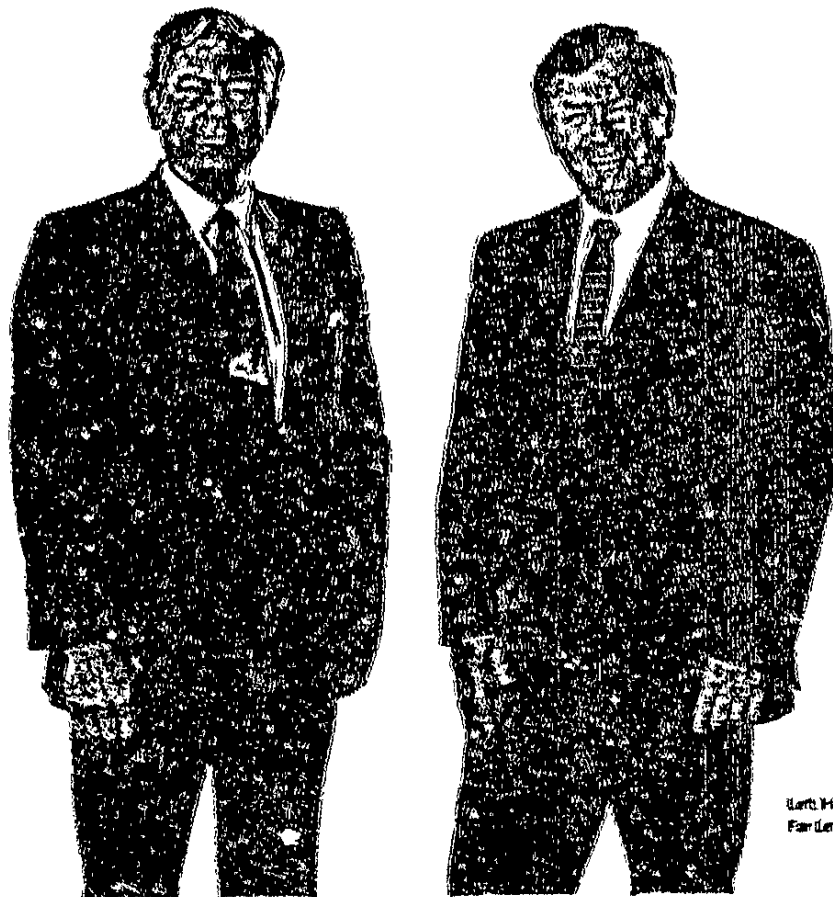
Airtours plc is now a fully integrated holiday group, each of the divisions supports the others and substantial benefits are derived from this support.

of seasonality to this cash flow but even at its lowest point in February 1992, Airtours' net cash balances did not fall below £65m. Effective cash management is therefore a very important part of managing the business and in 1991/92 generated £8m of interest receivable.

At the present time all investment of surplus funds is on term deposits with established international banks. As interest rates decline, other areas of investment for our cash surpluses are being examined but we will continue to be prudent in our deployment of such funds.

Bonding

Air inclusive tour operators are required by the Civil Aviation Authority to obtain a bond or guarantee from a bank or insurance company to protect their passengers in the event of the financial collapse of the tour operator. During the year Airtours successfully negotiated totally unsecured bonding facilities on a term basis thus securing its requirements for the next few years. These facilities were obtained at highly competitive rates and at a fraction of what many of our competitors are paying.



Left: Harry Cole, Group Finance Director
Far Left: Hugh Collinson, Group Managing Director

Current Trading

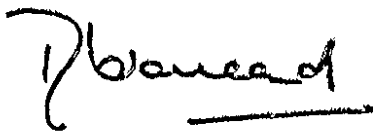
Bookings taken to date by Pickfords Travel for Winter 1992/93 and Summer 1993 are approximately in line with the previous year

Airtours Holidays bookings for Winter 1992/93 are currently ahead of the same time last year despite a general decline in business across the industry. We are therefore achieving further improvement to our share of winter business. For Summer 1993, we have obtained the same high level of early bookings that we reported for last year. Total bookings across the industry are currently some 3% down when compared with last year so we have again achieved a major share of the early booking market.

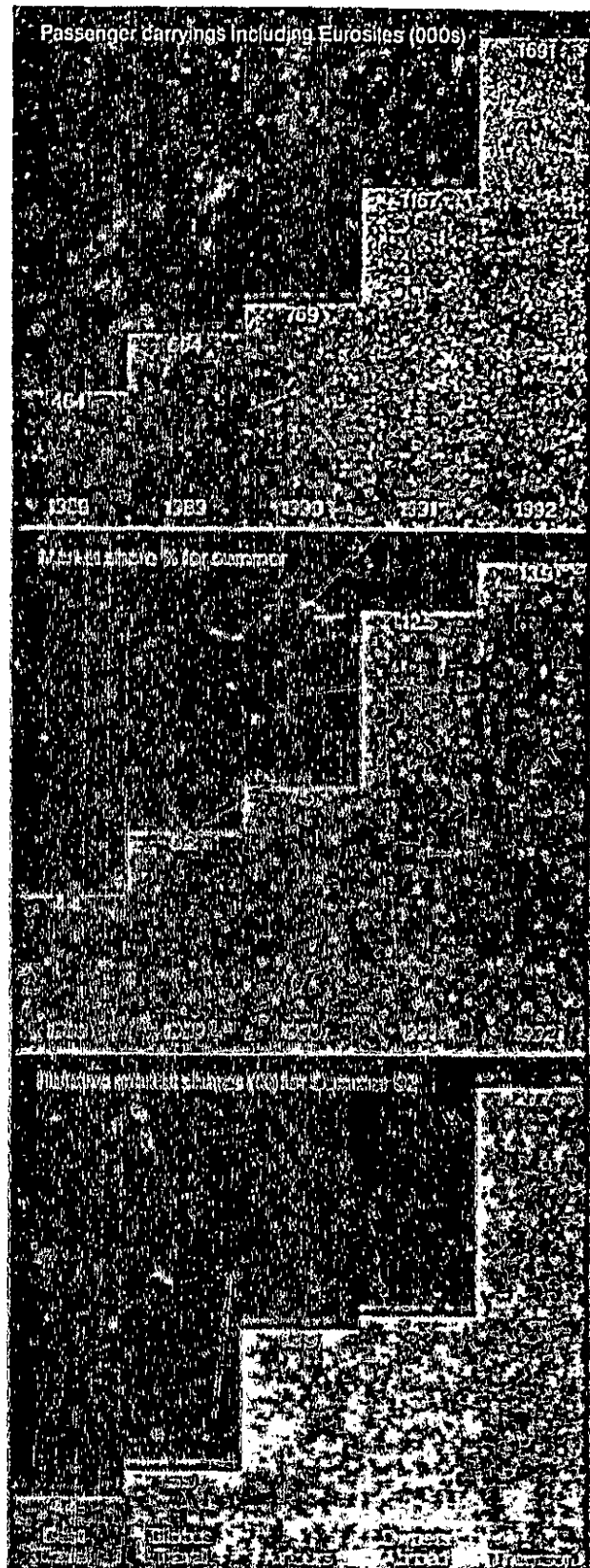
Actual trading results for the first two months of the new financial year are in line with budget although the acquisition of Pickfords Travel will accentuate the seasonality of our business. Shareholders should therefore expect an increase in losses reported at the half year as the main benefits of this acquisition will arise in the second half of the financial year.

Summary

Airtours plc is now a fully integrated holiday group, each of the divisions supports the others and substantial benefits are derived from this support. With a strong balance sheet, the Group is in excellent condition and well situated for future growth.



David Crossland
Chairman
18th December 1992



nal operation
fit-accountable
ind and Wales,
d largest retail
Kingdom.
prehensive
air and
s, cruises
insurance.

Thomas
Cook
Lynn
Poly

Pickfords Travel increased its gross sales from £368m in 1991 to £415m in 1992. Coupled with effective cost control, this performance enabled Pickfords Travel to return to profit after the losses incurred in the previous year.

Company policy on brochure racking and promotion campaigns is determined at Pickfords Travel head office by the marketing department. Any changes of policy can be instantly communicated to all branches via computerised messaging systems.

Pickfords Travel places great importance upon the quality of service provided to the customer and constantly monitors this by the audit of customer questionnaires. The results of these audits are used to modify and extend the in-house training programmes which are carried out by six regionally based training managers supplemented as appropriate by external support. This attention to staff development and training has enabled Pickfords Travel to achieve marked improvements in staff productivity which has been an important factor in achieving the turn around in profitability in 1992.



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in 1992.

Bryn Jones, Managing Director Pickfords Travel



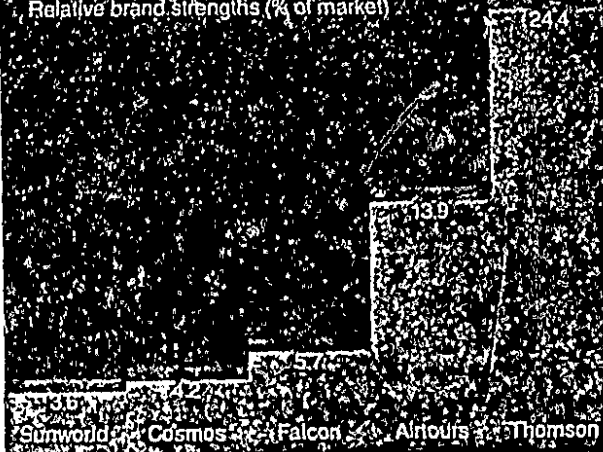
Main picture shows David Blackledge (Finance Director), Andrew Rusack (Director of Operations) and Kevin Welch (Sales and Marketing Director) in discussion with sales specialist Beverley Walker

Above: Pickfords Travel branch in Croydon's Whitgift Centre

Review of operations

Across the industry the Summer 1992 market finished with an increase of 12% over the previous year whilst the winter market increase was 21%. Against this background Airtours Holidays achieved increases of 34% and 74% respectively thus securing further improvements in market share.

Relative brand strengths (% of market)



Airtours Holidays once again produced highly satisfactory results in a competitive market. Having been particularly successful in the early booking season, the Company was therefore well placed when certain competitors found it necessary to embark upon a highly publicised round of price cutting, coupled with misleading statements about capacity increases in the industry. As a consequence of these activities the public was encouraged to delay making bookings for Summer 1992. Eventually these bookings came through and there was particularly strong demand in August and September.

Excellent performances were maintained in our important long haul destinations of Florida and the Caribbean and existing strong positions in the Canary and Balearic Islands were enhanced by further growth in market share. The single brand philosophy of Airtours has been fully vindicated – it is the second strongest brand in the inclusive tour market with more than double the market share of the next strongest brand.

Summer 1992 saw Airtours operating for the first time from Aberdeen and Humberside airports bringing the number of departure airports to twelve. New destinations



Airtours Holidays carries more passengers per employee and makes more profit per employee than any of its principal competitors.

Left: George Marcell Group Sales and Marketing Director
Far Leif Ton Waplander Director of Tour Operations



The extensive use of modern communications technology at Airtours' head office helps maintain our position in this sector. The main picture shows, left to right, Bill McGroarty (Planning Director), Paul Evans (Head of Overseas) and David Burns (Legal Director).

Above, Ailee Crighton, an Airtours representative, discusses excursion opportunities with clients.



Review of operations

In its first complete year of operations, Airtours International achieved all of its objectives and delivered excellent profits to the Airtours Group.

Over the year there were 4,940 flights producing 32,829 flying hours and carrying over 750,000 return trip passengers to a wide range of destinations in the Canary Islands, throughout the Mediterranean and as far east as Luxor in Egypt.

The earlier part of the year found the airline preparing for a 60% expansion of its fleet with the introduction of three additional new MD83's. Delivery of these aircraft took place in the Spring of 1992 and they were put into commercial service approximately one month earlier than planned. This brought the total fleet to eight aircraft.

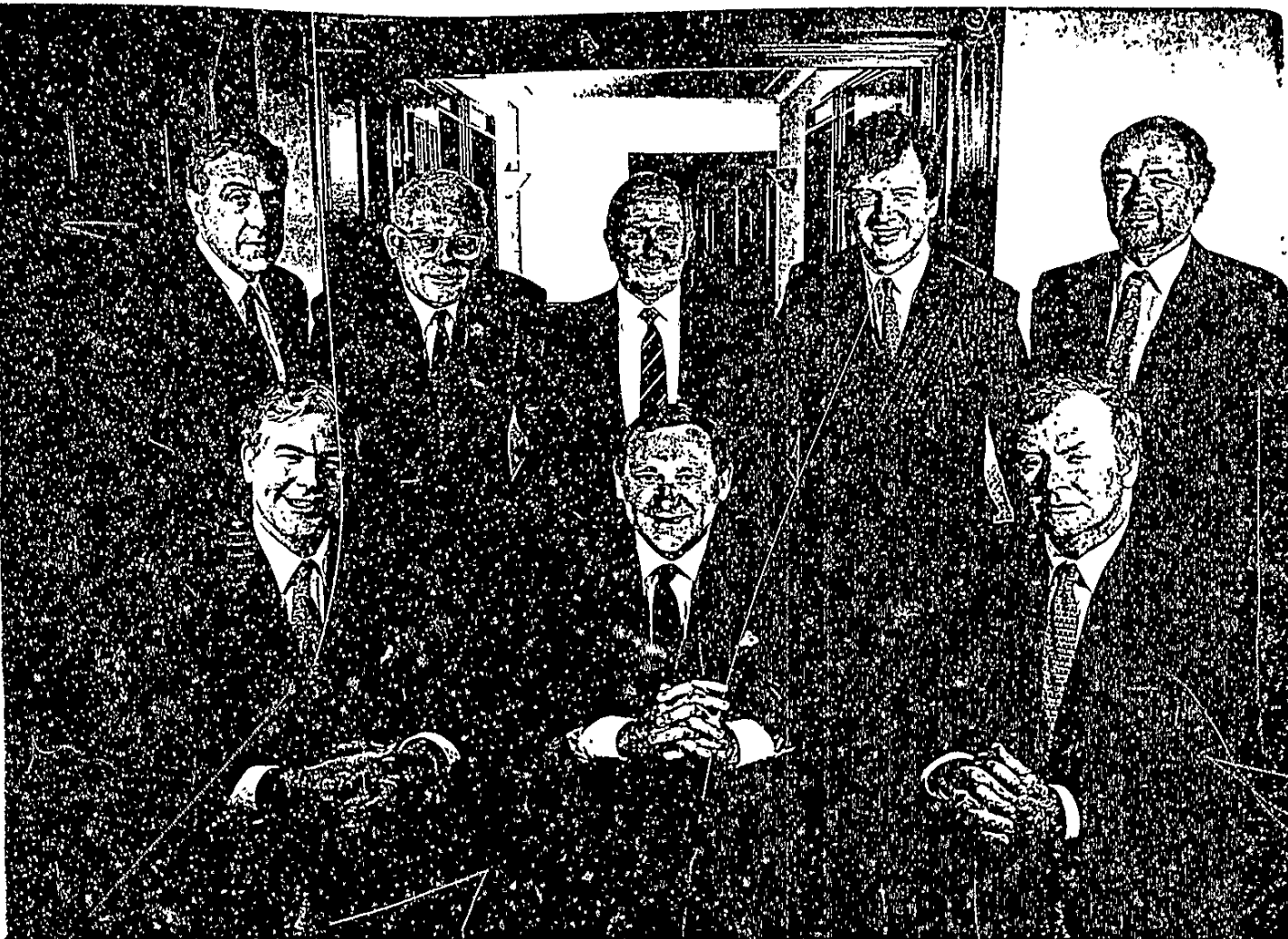
Four of these aircraft were based at Manchester, two at Gatwick and one each at Birmingham and East Midlands the latter being a new base for 1992.

The fleet of MD83's continues to operate with a high degree of reliability, enabling Airtours International to produce the world's highest utilisation of this type of aircraft.

Throughout Summer 1992, Air Traffic Control, both in the UK and overseas, continued to be a problem which created many delays. Airtours International is working with



Board of directors



Standing, from left to right:
George Marcall, Sir Michael Bishop,
Tom Trickett, Eric Sanderson
and Ton Waslander.

Seated, from left to right.
Hugh Collinson, David Crossland
(Chairman) and Harry Coe.

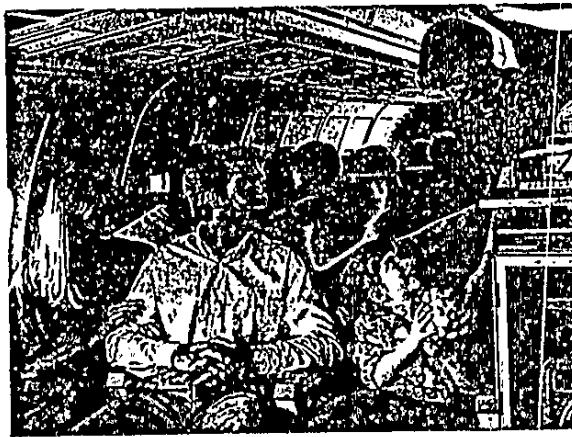
er airlines and with the Civil Aviation Authority to try to
 prove the situation for the summer of 1993. Despite these
 difficulties the airline continued to offer an extremely high
 quality service to Airtours Holidays passengers, most of
 whom complete a holiday questionnaire which, in part, deals
 with the flight element of the holiday. Airtours International
 consistently achieved higher ratings than any other
 airline used by Airtours Holidays.

For the summer of 1993 only, Airtours International's
 fleet of eight aircraft will be increased by the lease
 of a further two aircraft of identical type. These will come
 complete with flight crews but cabin service will be provided
 by our own staff, thus ensuring that passengers continue to
 receive the high level of service which is becoming
 synonymous with Airtours International.

Airtours MD83's
 continue to
 operate with a high
 degree of reliability,
 enabling Airtours
 International to
 produce the world's
 highest utilisation of
 this type of aircraft.



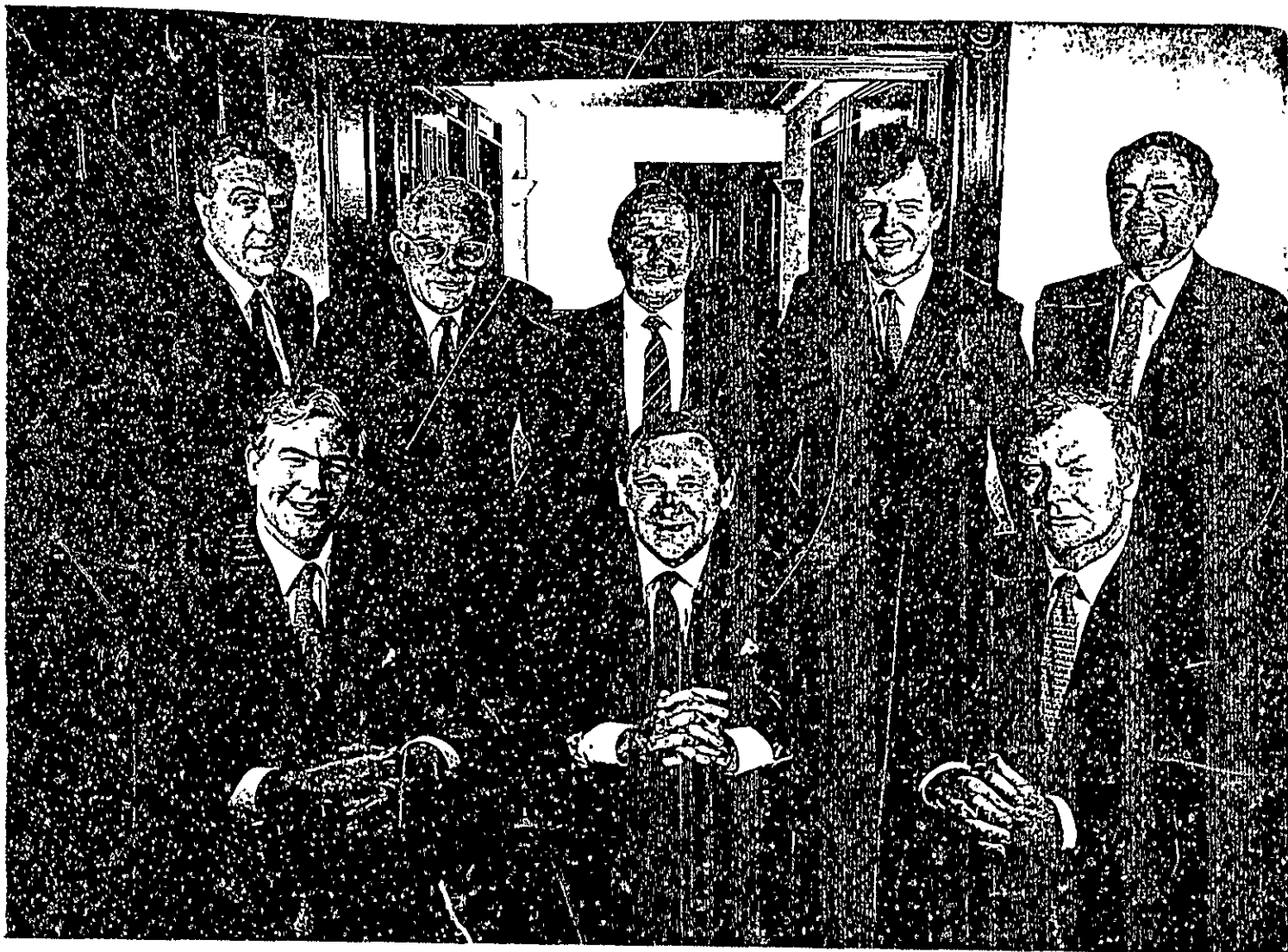
Mike Lee, Chief Executive Airtours International



Main picture shows (left)
 Gene Mashlan (Director of
 Maintenance and Engineering)
 with Colin Penny (Director of
 Flight operations) with two
 MD83 aircraft from the
 Airtours fleet.

Above: Airtours
 International has consistently
 delivered a high level of
 customer satisfaction to
 Airtours' clients.

Board of directors



Standing, from left to right:
George Marcall, Sir Michael Bishop,
Tom Trickett, Eric Sanderson
and Ton Waslander.
Seated, from left to right:
Hugh Collinson, David Crossland
(Chairman) and Harry Coe.

David Crossland

Aged 46. Chairman and principal shareholder of the Company since 1972.

Has worked in the travel industry since 1963. He was recently voted North West Businessman of the Year.

Sir Michael Bishop CBE

Aged 50. Non Executive Director appointed in 1987. Chairman of Airlines of Britain Holdings plc, the parent company of British Midland Airways, Manx Airlines and Loganair. Earlier this year appointed Chairman of Channel Four Television Corporation Limited.

Harry Coe FCA, ATII

Aged 48. Joined the Company in 1988 as Finance Director. After leaving professional practice held board level appointments in a diverse range of industries including electronics, printing, financial services and most recently commercial television with Granada.

Hugh Collinson FCA

Aged 48. Managing Director since July 1986 having joined the Company in 1985 as Finance Director. Previously Company Secretary of Thomas Locker (Holdings) plc, and a director of several of its UK subsidiaries.

George Marcall

Aged 42. Joined Airtours in 1986 and appointed to the Board in 1991. Responsible for Sales and Marketing. Previously with Marks & Spencer plc for thirteen years, latterly as head of marketing for its food division.

Eric Sanderson CA, MCIBS

Aged 41. Non Executive Director appointed 1987. Chief Executive of The British Linen Bank Group Limited. Also a non executive director of United Artists Communications (Scotland) Limited, English and Overseas Properties plc, Melville Street Investments plc and a part-time member of The British Railways Board.

Tom Trickett

Aged 61. A Director of the Company since 1972 becoming a full time executive director in 1977. Presently responsible for product review. Previously had responsibility for Central Services. Prior to 1977 was in the engineering industry with Lucas Electrical.

Ton Waslander

Aged 44. Joined Airtours in 1986 and appointed to the Board in 1991. Responsible for tour operations. Has over 20 years experience in the industry and was previously with the International Leisure Group.

Directors' report

The Directors present their report together with the financial statements for the year ended 30th September, 1992.

Principal Activities and Business Review

The principal activity of the Group during the year was that of a tour operator.

On 23rd September, 1992, the Company acquired the whole of the issued share capital of Pickfords Travel Service Limited, the third largest chain of retail travel agents in the United Kingdom. As a consequence, Airtours is now a fully integrated holiday group whose activities include tour operating, travel agencies and an airline.

The year has been one of continued growth with carryings of over 1.65 million passengers. In Spring 1992, a further three aircraft were acquired by the airline subsidiary bringing the fleet of MD83's up to eight in number.

Results and Dividend

The profit for the year after tax amounted to £24,615,000 (1991: £18,238,000). The Directors recommend a final dividend of 6.70p (1991: 5.25p) per Ordinary Share amounting to £6,164,000, in addition to the interim dividend of 0.55p (1991: 0.5p) per Ordinary Share amounting to £506,000 paid on 29th July, 1992. The retained profit of £17,919,000 has been added to reserves.

Directors

The Directors in office at the end of the year are listed below. All served on the Board throughout the year.

Mr E F Sanderson and Mr T Trickett retire by rotation and, being eligible, offer themselves for re-election. The unexpired period of Mr Trickett's service contract is one year. Mr Sanderson does not hold a service contract.

The interests, all beneficial, of the Directors in the Shares of the Company at 1st October, 1991 and at 30th September, 1992, as recorded in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985, were as follows:

	Ordinary Shares		Warrants over Ordinary Shares	
	1992	1991	1992	1991
D Crossland*	32,647,240	32,647,240	-	2,713,000
Sir M D Bishop	56,000	52,000	-	4,000
A H Coe	126,248	26,000	-	20,000
H H Collinson	1,202,172	1,896,000	-	25,600
R G Marcall	10,262	10,400	-	800
E F Sanderson	5,200	5,200	-	400
T Trickett	9,970,000	9,970,000	-	697,000
T Waslander	14,768	156,360	-	3,408

	Class I Options over Ordinary Shares		Class II Options over Ordinary Shares	
	1992	1991	1992	1991
D Crossland	-	-	-	-
Sir M D Bishop	-	-	-	-
A H Coe	302,952	628,200	304,264	304,264
H H Collinson	210,000	210,000	70,000	70,000
R G Marcall	160,656	160,656	243,280	243,280
E F Sanderson	-	-	-	-
T Trickett	-	-	-	-
T Waslander	160,656	160,656	243,280	243,280

The 1991 figures noted above have been adjusted to reflect the 3 for 1 Capitalisation Issue in January 1992.

*Under an agreement dated 2nd December, 1988, which is effective for up to five years from that date, and which was varied on 12th April, 1991, Mr T Trickett has transferred to Mr D Crossland the voting rights in respect of 8,600,000 of his shares in the Company and has agreed not to sell such shares without Mr Crossland's consent prior to the expiry of such agreement. These shares do not form part of Mr Crossland's shareholding noted above.

No grant of share options were made to any of the Directors during the year and, apart from Mr A H Coe who exercised his right to subscribe for 325,248 shares

(post Capitalisation) under the terms of the Executive Share Option Scheme, no other Director exercised their rights. In addition, during the year, all the Directors either sold or exercised their warrants over ordinary shares held at 30th September, 1991.

In the period between 30th September, 1992 and 30th November, 1992 there were no changes in the Directors' interests referred to above.

No Director had, during or at the end of the year, any material interest in any contract of significance with the Group.

Insurance effected for Directors and Officers

The Company has maintained insurance for the Directors and certain Officers of the Group against liability arising from negligence, breach of duty, default and breach of trust in relation to the Group, as permitted under section 310(3) of the Companies Act 1985.

Fixed Assets

The principal items of capital expenditure were the purchase of aircraft equipment (£3,892,000) and computer equipment (£2,608,000).

Employee Involvement

The Group has continued its practice of keeping its employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group.

This is achieved through consultations with employees generally and through the medium of an employee newsletter

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Tax Status

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Charitable and Political Donations

The Group made charitable donations of £4,600 during the year. No political donations were made.

Substantial Shareholders

At 30th November, 1992, the Company had been notified of the following shareholdings, in addition to those of Directors, amounting to 3% or more of the issued share capital of the Company:-

	Number of shares held	% of issued share capital
Schroder Investment Management Limited	7,459,500	8.11
The Equitable Life Assurance Society	5,921,000	6.44
Royal Insurance PLC	3,930,740	4.27

SAYE Scheme

Resolution number 7 to be proposed as special business at the Annual General Meeting is an Ordinary Resolution for the approval of the Company's proposed Savings-related Share Option Scheme. Further details of the scheme are set out in the circular to Shareholders which is enclosed with this Annual Report.

Auditors

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

Registered office

Wavell House
Holcombe Road
Helmshore
Rossendale
Lancashire BB4 4NB

By order of the Board

T. S. Detko

T S Detko

Secretary

18th December, 1992

Corporate advisers

Principal Bankers

Barclays Bank plc
PO Box 357
51 Mosley Street
Manchester M60 2AU

The Royal Bank of Scotland plc
PO Box 320
St Ann Street
Manchester M60 2SS

The British Linen Bank Limited
19/21 Spring Gardens
Manchester M2 1EB

N M Rothschild & Sons Limited
3 York Street
Manchester M2 2AW

Financial Advisers

The British Linen Bank Limited
PO Box 49
4 Melville Street
Edinburgh EH3 7NS

Stockbrokers

Barclays de Zoete Wedd Limited
Ebbgate House
2 Swan Lane
London EC4R 3TS

Henry Cooke, Lumsden plc
No 1 King Street
Manchester M60 3AH

Registrars and Transfer Office

Bank of Scotland
Registrar Department
26A York Place
Edinburgh EH1 3EY

Auditors

Grant Thornton
Chartered Accountants
Heron House
Albert Square
Manchester M2 5HD

Solicitors

Addleshaw, Sons & Latham
Dennis House
Marsden Street
Manchester M2 1JD

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

The principal accounting policies of the Group have remained unchanged from the previous year and are set out below:

1 Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and of its trading subsidiary undertakings (see Note 9 to the financial statements). The financial statements of each Company in the Group are prepared to 30th September with the exception of Pickfords Travel Service Limited and its subsidiaries whose financial statements were drawn up to 3rd October, 1992. For the purposes of the consolidated Group financial statements no profit or loss has been recognised for the period 23rd September, 1992 to 3rd October, 1992 for Pickfords Travel Service Limited and its subsidiary undertakings. All intra-group profits are eliminated on consolidation.

2 Turnover

Turnover is the total amount receivable by the Group from the sale of package holidays and other services supplied to customers in the ordinary course of business, net of agents' commissions. Revenues and expenses relating to package holidays are taken to the profit and loss account on flight or holiday departure.

3 Aircraft Overhaul and Maintenance Costs

Costs falling due in respect of major overhauls of engines, auxiliary power units, and airframes, are charged to the profit and loss account according to the number of hours flown in the accounting period.

4 Depreciation

Depreciation on short leasehold properties is calculated to write down their cost by equal annual instalments over the period of the leases.

Depreciation on motor vehicles is calculated on the reducing balance method and aims to write down their cost to estimated residual value over their expected useful lives of four years.

Depreciation on other tangible fixed assets, which includes aircraft spares, camping and computer equipment, is calculated on a straight line or reducing balance method and aims to write down their cost to their estimated residual value over their expected useful lives which range from three to fifteen years.

5 Purchased Goodwill

Purchased goodwill is eliminated from the financial statements by immediate write-off against reserves.

6 Deferred Tax

Deferred tax is the tax attributable to timing differences between profits computed for tax purposes and profits as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Deferred tax not provided is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that it is foreseen that sufficient corporation tax will be assessed in the succeeding period to allow offset.

7 Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or, to the extent that foreign currency denominated liabilities are covered by forward exchange contracts, at the appropriate contract rates. All realised exchange differences are dealt with through the profit and loss account.

8 Brochure and Promotional Costs

Brochure and promotional costs are charged to the profit and loss account in the season to which they relate.

9 Leased Assets

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element, which reduces the outstanding liability, and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

10 Pension Costs

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Group profit and loss account

Year ended 30th September, 1992	Notes	1992		1991
		£000	£000	£000
Turnover	1		405,553	289,538
Cost of sales			358,467	250,940
Gross profit			47,086	38,598
Selling costs		2,880		2,782
Administrative expenses		12,724		9,805
Other charges		3,060		3,302
			18,664	15,889
Operating profit			28,422	22,709
Interest receivable and sundry income	2		8,113	4,805
Profit on ordinary activities before tax	1		36,535	27,514
Tax on profit on ordinary activities	4		11,920	9,276
Profit for the financial year	5		24,615	18,238
Dividends	6		6,696	4,987
Profit retained	16		17,919	13,251
Earnings per share	7		27.47p	24.68p

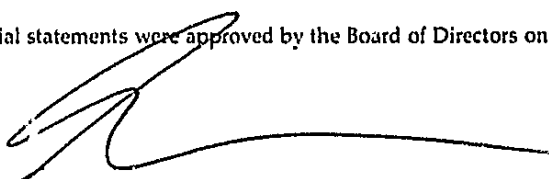
The accounting policies on page 21 and notes on pages 26 to 33 form part of these financial statements.

Group balance sheet

At 30th September, 1992	Notes	1992 £000	1991 £000
Fixed assets			
Tangible assets	8	24,790	10,932
Current assets			
Debtors: amounts falling due within one year	10	38,587	9,903
Cash at bank and in hand		155,599	103,278
		194,186	113,181
Creditors: amounts falling due within one year	11	167,004	84,867
		27,182	28,314
Debtors: amounts falling due after more than one year	12	4,543	3,114
Net current assets		31,725	31,428
Total assets less current liabilities		56,515	42,360
Creditors: amounts falling due after more than one year	13	1,174	536
Provisions for liabilities	14	217	—
		1,391	536
Net assets		55,124	41,824
Capital and reserves			
Called up share capital	15	9,200	2,154
Share premium account	16	11,980	16,347
Profit and loss account	16	33,944	23,323
		55,124	41,824

The financial statements were approved by the Board of Directors on 18th December, 1992.

A H Coe
Director



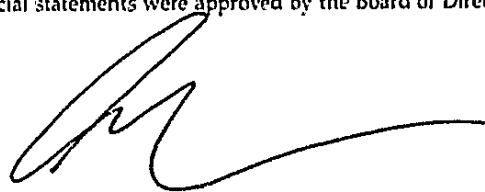
The accounting policies on page 21 and notes on pages 26 to 33 form part of these financial statements.

Company balance sheet

At 30th September, 1992	Notes	1992 £000	1991 £000
Fixed assets			
Tangible assets	8	10,102	6,168
Investments	9	17,048	330
		27,150	6,498
Current assets			
Debtors: amounts falling due within one year	10	35,752	21,528
Cash at bank and in hand		74,883	83,697
		110,635	105,225
Creditors: amounts falling due within one year	11	89,030	72,849
		21,605	32,376
Debtors: amounts falling due after more than one year	12	2,306	1,476
Net current assets		23,911	33,852
Total assets less current liabilities		51,061	40,350
Creditors: amounts falling due after more than one year	13	210	589
Provisions for liabilities	14	—	—
		210	589
Net assets		50,851	39,761
Capital and reserves			
Called up share capital	15	9,200	2,154
Share premium account	16	11,980	16,347
Profit and loss account	16	29,671	21,260
		50,851	39,761

The financial statements were approved by the Board of Directors on 18th December, 1992.

A H Coe
Director



The accounting policies on page 21 and notes on pages 26 to 33 form part of these financial statements.

Group cash flow statement

Year ended 30th September, 1992	Notes	1992		1991
		£000	£000	£000
Net cash inflow from operating activities	17(a)		36,723	68,857
Return on investments and servicing of finance				
Interest received		8,046		4,676
Interest element of finance lease rental payments		(136)		(121)
Dividends paid		(5,056)		(1,549)
Other income received		67		129
Net cash inflow from returns on investments and servicing of finance			2,921	3,135
Taxation:				
UK Corporation Tax paid		(5,683)		(2,687)
UK Corporation Tax refund		—		356
Tax paid			(5,683)	(2,331)
Investing activities				
Net increase in longer term bank deposits		(12,764)		(26,671)
Purchase of tangible fixed assets		(11,359)		(8,163)
Sale of tangible fixed assets		87		192
Net cash inflow on purchase of subsidiary undertakings	17(b)	28,222		—
Acquisition expenses		(718)		—
Net cash inflow/(outflow) from investing activities			3,468	(34,642)
Net cash inflow before financing			37,429	35,019
Financing				
Issue of ordinary share capital (net of expenses)	17(d)	2,679		15,571
Capital element of finance lease rental payments	17(d)	(551)		(438)
Net cash inflow from financing			2,128	15,133
Increase in cash and cash equivalents	17(e)		39,557	50,152

The accounting policies on page 21 and notes on pages 26 to 33 form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before tax

The turnover and profit before tax arise from the Group's activities as a tour operator. The turnover is principally derived in the United Kingdom.

	1992 £000	1991 £000
Profit on ordinary activities is stated after charging:		
Finance lease interest	136	121
Operating lease payments	9,986	3,577
Auditors' remuneration		
– audit services	70	50
Depreciation of tangible fixed assets		
– owned	3,319	2,580
– held under finance leases	543	537
Exceptional item – Airline start-up costs included in cost of sales	1,084	2,641

Total auditors' remuneration for non-audit services was £317,000 (1991: £102,000) of which £221,000 (1991: £30,000) has been written off to goodwill or against share premium account.

	1992 £000	1991 £000
2 Interest receivable and sundry income		
Bank interest receivable	8,046	4,676
Sundry income	67	129
	8,113	4,805

	1992 £000	1991 £000
3 Directors and employees		
Staff costs during the year:		
Wages and salaries	17,663	10,987
Social security costs	1,490	879
Other pension costs	501	244
	19,654	12,110

The average number of employees during the year was 1,321 (1991: 854).

	1992 £000	1991 £000
Remuneration, including pension contributions, in respect of the Directors was payable as follows:		
Directors' management remuneration	1,349	946

	1992 £000	1991 £000
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3 Directors and employees (continued)

The emoluments of the Directors, excluding pension contributions, were as follows:

The Chairman	290	241
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	Number	Number
Other Directors		
£10,001 – £15,000	1	1
£20,001 – £25,000	–	1
£25,001 – £30,000	1	–
£35,001 – £40,000	–	2
£45,001 – £50,000	–	1
£55,001 – £60,000	1	–
£65,001 – £70,000	–	1
£75,001 – £80,000	2	–
£85,001 – £90,000	1	–
£95,001 – £100,000	–	1
£105,001 – £110,000	1	–
£115,001 – £120,000	–	1
£125,001 – £130,000	2	–
£135,001 – £140,000	1	–
£145,001 – £150,000	–	1
£155,001 – £160,000	1	–
£165,001 – £170,000	–	1
£175,001 – £180,000	1	–

Pensions

The Company operates a defined contribution scheme for the benefit of the employees. Pickfords Travel Service Limited continues, at present, to participate in a number of NFC plc group pension schemes which are defined benefit schemes with the exception of that part of the NFC Retirement Plan for members under the age of 40 which is a defined contribution scheme. The assets of the schemes are administered by trustees in funds independent from those of the Company and NFC plc respectively.

	1992 £000	1991 £000
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4 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and is made up as follows:

UK Corporation tax at 33% (1991: 33.5%)	9,268	8,995
Overseas tax	2,594	621
Deferred tax	97	(343)
	11,959	9,273
Adjustments in respect of prior years:		
UK Corporation tax	(12)	3
Deferred tax	(27)	–
	11,920	9,276

5 Profit for the financial year

The parent company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The profit after tax of the Company amounted to £15,107,000 (1991: £16,201,000).

	1992 £000	1991 £000
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6 Dividends

Ordinary Shares:

Final dividend of 5.25p per share paid (1991: 1.66p)		
on 127,050 share options exercised in January, 1992 (1991: 480,000 share options)	26	32
Interim dividend paid 0.55p per share (1991: 0.5p per share)	506	431
Proposed final dividend of 6.70p per share payable		
19th February, 1993 (1991: 3.25p per share)	6,164	4,524
	6,696	4,987

Comparative figures of dividend per share have been restated to take account of the Capitalisation Issue in January, 1992.

Notes to the financial statements

7 Earnings per share

The calculation of earnings per share is based on the profit on ordinary activities for the year after tax of £24,615,000 (1991: £18,238,000) and on 89,619,641 Ordinary Shares of 10p each, being the weighted average number of shares in issue during the year ended 30th September, 1992 (1991: 73,906,568 Ordinary Shares).

The comparative figure of Ordinary Shares in issue has been restated to take account of the Capitalisation Issue in January 1992.

8 Tangible fixed assets

The Group	Total	Short leaseholds	Computer equipment	Aircraft spares	Other fixed assets
Cost	£000	£000	£000	£000	£000
At 1st October, 1991	17,094	668	6,102	4,804	5,520
Additions	11,359	711	2,608	3,892	4,148
Acquisition of subsidiary undertaking	16,834	12,018	2,883	—	1,933
Disposals	45,287	13,397	11,593	8,696	11,601
At 30th September, 1992	246	—	—	3	243
	45,041	13,397	11,593	8,693	11,358
Depreciation					
At 1st October, 1991	6,162	179	3,418	208	2,357
Provided in year	3,862	111	1,555	493	1,703
Acquisition of subsidiary undertaking	10,377	7,109	2,101	—	1,167
Disposals	20,401	7,399	7,074	701	5,227
At 30th September, 1992	150	—	—	—	150
	20,251	7,399	7,074	701	5,077
Net book value at 30th September, 1992	24,790	5,998	4,519	7,992	6,281
Net book value at 30th September, 1991	10,932	489	2,684	4,596	3,163

The Company	Total	Short leaseholds	Computer equipment	Aircraft spares	Other fixed assets
Cost	£000	£000	£000	£000	£000
At 1st October, 1991	12,099	668	6,000	—	5,431
Additions	7,326	711	2,540	—	4,075
Disposals	17,425	1,379	8,540	—	9,506
At 30th September, 1992	220	—	—	—	220
	19,205	1,379	8,540	—	9,286
Depreciation					
At 1st October, 1991	5,931	179	3,411	—	2,341
Provided in year	3,313	111	1,524	—	1,678
Disposals	9,244	290	4,935	—	4,019
At 30th September, 1992	141	—	—	—	141
	9,103	290	4,935	—	3,878
Net book value at 30th September, 1992	10,102	1,089	3,605	—	5,408
Net book value at 30th September, 1991	6,168	489	2,589	—	3,090

The net book value of computer equipment of the Group and the Company includes an amount of £665,000 in respect of assets held under finance leases on which depreciation of £543,000 has been provided in the year.

9 Fixed asset investments

The Company:

Shares in
subsidiary
undertakings
£000

Cost and net book value	
At 1st October, 1991	330
Additions	16,718
At 30th September, 1992	17,048

On 23rd September, 1992, the Company acquired 5,000,000 ordinary shares of £1 each, being 100% of the issued share capital, in Pickfords Travel Service Limited for a cash consideration of £16,718,000 inclusive of costs. The acquisition method of accounting has been used and the goodwill arising on the acquisition has been written off directly to reserves. Net assets acquired are detailed in Note 17(c).

At 30th September, 1992, the Company held, directly or indirectly, 100% of the ordinary share capital of the following principal undertakings:

	Country of Incorporation and of Operation	Proportion Held Company %	Group %	Nature of Business
Airtours Holidays Limited	England	100		Dormant
Pickfords Travel Service Limited	England	100		Travel Agent
Eurosites Limited	England	100		Dormant
Eurosites Holding BV	Holland	100		Holding Company
Eurosites BV	Holland		100	Agency Company
Eurosites GmbH	Germany		100	Agency Company
White Horse Insurance Limited	Guernsey		100	Insurance Company
Airtours International Aviation (Guernsey) Limited	Guernsey		100	Airline

	The Group		The Company	
	1992 £000	1991 £000	1992 £000	1991 £000
10 Debtors				
Amounts falling due within one year:				
Trade debtors	16,942	1,382	5,715	1,295
Other debtors	5,186	803	3,768	391
Deposits and prepayments	16,459	7,718	13,070	7,036
Amounts owed by Group undertakings	—	—	13,199	12,806
	38,587	9,903	35,752	21,528

	The Group		The Company	
	1992 £000	1991 £000	1992 £000	1991 £000
11 Creditors				
Amounts falling due within one year:				
Trade creditors	87,017	28,597	29,117	19,806
Current taxation	18,057	10,788	12,421	9,697
Social security and other taxes	1,235	347	237	159
Other creditors	7,112	3,799	3,831	2,817
Proposed dividends	6,164	4,524	6,164	4,524
Accruals	12,474	5,693	4,899	4,727
Amounts due under finance leases	367	539	367	539
Revenue received in advance	34,578	30,580	31,994	30,580
	167,004	84,867	89,030	72,849

Notes to the financial statements

12 Debtors	The Group		The Company	
	1992 £000	1991 £000	1992 £000	1991 £000
Amounts falling due after more than one year:				
ACT recoverable	1,953	1,476	1,953	1,476
Deposits and prepayments	2,590	1,638	353	—
	4,543	3,114	2,306	1,476

13 Creditors	The Group		The Company	
	1992 £000	1991 £000	1992 £000	1991 £000
Amounts falling due after more than one year:				
Taxation due on 31st December, 1993	1,017	—	—	—
Amounts owed to Group undertakings	—	—	53	53
Amounts due under finance leases (all repayable between one and two years)	157	536	157	536
	1,174	536	210	589

14 Provisions for liabilities	The Group		The Company	
	1992 £000	1991 £000	1992 £000	1991 £000
Deferred Tax				
At 1st October, 1991	—	13	—	13
Charged/(credited) during the year	70	(343)	70	(343)
Acquired with subsidiary undertaking	217	—	—	—
Advance corporation tax on proposed dividend	(70)	330	(70)	330
At 30th September, 1992	217	—	—	—

	1992 £000	1991 £000	1992 £000	1991 £000
Deferred tax which has been fully provided in the financial statements comprises				
Accelerated capital allowances	447	(236)	(164)	(236)
Short term timing differences	(298)	98	96	98
Capital gains held over	170	170	170	170
Less: Advance corporation tax	(102)	(32)	(102)	(32)
	217	—	—	—

15 Called up share capital	1992 £000	1991 £000
Authorised		
122,100,000 Ordinary Shares of 10p each	12,210	12,210
Allotted, called up and fully paid		
91,998,816 Ordinary Shares of 10p each		
(1991: 21,541,422 Ordinary Shares of 10p each)	9,200	2,154

Prior to the Capitalisation Issue 127,050 Ordinary Shares were issued under the terms of the Executive Share Option Scheme for a total cash consideration of £128,320.

15 Called up share capital (continued)

On 23rd January, 1992, £6,500,542 was capitalised from the Company's share premium account and used to issue 65,005,416 new Ordinary Shares at par. These shares were issued, credited as fully paid, to shareholders in the proportion of three new Ordinary Shares for every Ordinary Share held. As a consequence of the Capitalisation Issue, the numbers of Ordinary Shares which were the subject of existing options under the Executive Share Option Scheme and the exercise price of such options were adjusted. In addition, the rights attached to the Warrants in issue and the subscription price payable upon exercise of those Warrants were adjusted accordingly.

Subsequent to the Capitalisation Issue and prior to 30th September, 1992, a further 60,984 Ordinary Shares were issued under the terms of the Executive Share Option Scheme for a total cash consideration of £21,955.

On 3rd March, 1992, 5,263,944 new 10p Ordinary Shares were issued under the terms of the Warrants for a total cash consideration of £2,579,332.

Contingent rights to the allotment of shares

At 30th September, 1992, the following options to subscribe for Ordinary Shares of 10p each, issued under the terms of the Executive Share Option Scheme, were outstanding:

Class I	Class II	Option Price	Date of Grant
60,984	—	36p	24th January, 1989
243,936	1,087,548	31.75p	7th August, 1990
620,000	—	107.5p	1st July, 1991
70,000	230,000	117.25p	5th July, 1991
—	327,000	206p	15th July, 1992

Class I options are normally exercisable between three and ten years following the date of grant and Class II options are normally exercisable between five and ten years following the date of grant.

16 Share premium account and reserves

	Share premium account £000	Profit and loss account £000
The Group:		
At 1st October, 1991	16,347	23,323
Retained profit for the year	—	17,919
Goodwill written off	—	(7,298)
Premium on allotments during the year	2,184	—
Capitalisation issue including expenses	(6,551)	—
At 30th September, 1992	11,980	33,944
The Company:		
At 1st October, 1991	16,347	21,260
Retained profit for the year	—	8,411
Premium on allotments during the year	2,184	—
Capitalisation issue including expenses	(6,551)	—
At 30th September, 1992	11,980	29,671

The balance on the share premium account may not be distributed under section 264 of the Companies Act 1985.

	1992 £000	1991 £000
17 Cash flows		
17(a) Net cash inflow from operating activities		
Operating profit	28,422	22,709
Depreciation charges	3,862	3,117
Loss on sale of tangible fixed assets	9	18
(Increase)/decrease in debtors	(16,279)	1,328
Increase in creditors	20,573	41,564
Interest paid in respect of finance leases	136	121
Net cash inflow from operating activities	36,723	68,857

	1992 £000
17(b) Analysis of the net inflow of cash in respect of the purchase of subsidiary undertakings:	
Cash consideration excluding expenses	(16,000)
Cash at bank and in hand acquired	44,222
Net inflow of cash	28,222

Notes to the financial statements

17 Cash flows (continued)	1992
17(c) Purchase of subsidiary undertakings:	£000
Net assets acquired	
Tangible fixed assets	6,457
Debtors	13,357
Cash at bank and in hand	44,222
Creditors	(52,827)
Corporation tax payable	(1,572)
Deferred tax	(217)
	9,420
Goodwill	7,298
	16,718
Satisfied by:	
Cash including expenses	16,718

	Share capital including premium £000	Finance lease obligations £000
17(d) Changes in financing during the year:		
Balance at 1st October, 1991	18,501	1,075
Cash inflows from financing	2,679	(551)
Balance at 30th September, 1992	21,180	524

	1992 £000	1991 £000
17(e) Changes in cash and cash equivalents during the year:		
Cash at bank and in hand at 1st October, 1991	103,278	26,455
less: longer term bank deposits at 1st October, 1991	30,697	4,026
	72,581	22,429
Movement in the year	39,557	50,152
	112,138	72,581
add: longer term bank deposits at 30th September, 1992	43,461	30,697
Cash at bank and in hand at 30th September, 1992	155,599	103,278

18 Contingent liabilities and guarantees

At 30th September, 1992, there were contingent liabilities under counter indemnities given to the Group's bankers in the normal course of business in respect of TOSG bonds and other guarantees amounting to £49,532,000 (1991: £37,495,000).

19 Capital commitments

Authorised by the Board at 30th September, 1992 but not contracted for: £195,000 (1991: £200,000). In addition at 30th September, 1992, the Group and the Company had capital commitments contracted for amounting to £884,000 and £200,000 respectively (1991: Nil).

20 Leasing commitments

Operating lease payments amounting to £22,603,000 (1991: £10,284,000) are due within one year. The commitments to make the payments included in this sum expire as follows:

	1992		1991	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	219	161	—	26
In second to fifth year	1,062	5,496	—	218
In five years or more	5,028	10,637	151	9,889
	6,309	16,294	151	10,133

Auditors' report

To the members of Airtours plc

We have audited the financial statements on pages 21 to 33 in accordance with Auditing Standards. In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 30th September, 1992, and of the profit and cash flows of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton

Registered Auditors

Chartered Accountants

Manchester

18th December, 1992

Five year summary

	1992	1991	1990	1989	1988
	£000	£000	£000	£000	£000
Turnover	405,553	289,538	183,001	155,637	102,508
Profit on ordinary activities before tax	36,535	27,514	6,307	5,212	4,084
Tax	11,920	9,276	1,947	1,880	1,314
Profit for the financial year	24,615	18,238	4,360	3,332	2,770
Dividends	6,696	4,987	1,327	1,120	1,000
Profit retained	17,919	13,251	3,033	2,212	1,770
Net assets	55,124	41,824	13,002	10,170	8,033
Earnings per share	27.47p	24.68p	6.69p	5.12p	4.29p
Dividends per share	7.25p	5.75p	2.03p	1.72p	1.54p
Dividend cover	3.79	4.29	3.30	2.97	2.79
Net assets per share	59.92p	48.54p	20.20p	15.89p	12.55p

The figures for earnings, dividends and net assets per share in earlier years have been restated to take account of the Capitalisation Issue to existing shareholders in 1992. In addition the figures shown for 1988 to 1990 have been restated to take account of the Placing and Offer to existing shareholders in 1991.

Shareholders' information

Secretary and Registered Office

Tadeusz Stephen Detko, ACA
Wavell House, Holcombe Road,
Helmshore, Rossendale
Lancashire BB4 4NB

Financial Diary

23rd January, 1992	Capitalisation issue approved by shareholders
27th January, 1992	First dealings in the new shares
23rd June, 1992	Interim results announced
29th July, 1992	Interim dividend paid
7th December, 1992	Final results announced
21st January, 1993	Annual General Meeting
22nd January, 1993	Transfer books closed
19th February, 1993	Final dividend payable

Dividends	Dividends	Related Tax Credits
Interim	0.55p per share	0.18p per share
Proposed final	6.70p per share	2.23p per share

Analysis of Ordinary Shareholders as at 30th September, 1992

	Number	%	Holding	%
Individuals	2,116	90.0	47,921,702	52.1
Insurance Companies	15	0.6	8,718,614	9.5
Pension Funds	82	3.5	11,600,393	12.6
Unit and Investment Trusts	93	4.0	21,492,437	23.4
Banks and Nominee Holdings	10	0.4	1,939,290	2.1
Other Corporate Bodies	36	1.5	326,380	0.3
	2,352	100.0	91,998,816	100.0

Shareholders' Benefits

Individual registered holders of Ordinary Shares in the Company are eligible for concessionary discounts, details of which are available on request from the Company. There is no minimum shareholding requirement.

Notice of meeting

Notice is hereby given that the 1993 Annual General Meeting of the Company will be held at The Stanneylands Hotel, Wilmslow, Cheshire on Thursday, 21st January, 1993 at 11.30 am for the following purposes.

- 1 To receive the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 30th September, 1992.
- 2 To declare a final dividend.
- 3 To re-elect as a Director of the Company Mr E F Sanderson who retires as a Director by rotation.
- 4 To re-elect as a Director of the Company Mr T Trickett who retires as a Director by rotation.
- 5 To re-appoint the auditors.
- 6 To authorise the Directors to fix the remuneration of the auditors.
- 7 As special business, to consider and, if thought fit, pass the following resolution which will be proposed as an Ordinary Resolution:

That:

- (a) the Airtours plc Savings-related Share Option Scheme (the "Scheme"), to be constituted by the Rules produced in draft to this meeting and for the purposes of identification signed by the Chairman thereof, be and it is hereby approved and the Directors be and they are hereby authorised to cause such Rules to be adopted in the form of such draft (with such modifications (if any) as they consider necessary or desirable including any amendments thereto required by the Inland Revenue for the purpose of obtaining approval of the Scheme under the provisions of Section 185 and Schedule 9 Income and Corporation Taxes Act 1988) and to do all acts and things which they consider necessary or expedient for implementing and giving effect to the same: and
- (b) the Directors be and they are hereby authorised to vote and to be counted in a quorum at any meeting of the Directors at which any matter connected with the Scheme is under consideration notwithstanding that they may be interested in the same in any present or proposed capacity whatsoever, provided that no Director may vote or be counted in a quorum in the consideration of any matter concerning his individual rights of participation in the Scheme.

- 8 As special business, to consider and, if thought fit pass the following resolution which will be proposed as a Special Resolution.

That:

- (a) The Directors be and are hereby empowered pursuant to Section 95(1) of the Companies Act 1985 until the close of the next Annual General Meeting of the Company (or, if sooner, until the expiry of fifteen months after the passing of this Resolution) to allot equity securities (as defined by Section 94(2) of that Act) pursuant to the general authority conferred on the Directors in accordance with Section 80 of that Act on 23rd January, 1992 as if Section 89(1) of that Act did not apply to the allotment, provided that the power conferred by this Resolution shall be in substitution for all existing powers conferred on the Directors pursuant to the said Section 95(1) and shall be limited to:
 - (i) the allotment of equity securities in connection with a rights issue in favour of Ordinary Shareholders (notwithstanding that by reason of such exclusions as the Directors may deem necessary or desirable to deal with legal or practical problems arising in any overseas territory, in connection with fractional entitlements or otherwise howsoever, the equity securities to be issued are not offered to all such Shareholders in proportion to the number of Ordinary Shares held by each of them); and
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £459,994;
- (b) the Company may at any time prior to the expiry of the authority conferred by sub-paragraph (a) above make an offer or agreement which would or might require equity securities to be allotted pursuant thereto after such expiry.

By order of the Board

T S Detko

Secretary

18th December, 1992

Notes:

- 1 Members of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on their behalf

A form of proxy is enclosed and members who wish to use it should see that it is deposited, duly completed, with the Company's registrars not less than 48 hours before the time fixed for the meeting.

- 2 The register of Directors' interests in the Company's shares and copies of Directors' service agreements will be available for inspection by members at the registered office of the Company during normal business hours from 18th December, 1992 until the date of the Annual General Meeting and at the place of the meeting from 11.15 am until the conclusion of the meeting.