

SEPARATOR SHEET



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DEAN CORPORATION PLC



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COMPANIES HOUSE 11/11/98

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It should be read in conjunction with the accompanying Admission Document of Artisan. If you are in any doubt as to the action you should take, you should consult an independent professional adviser authorised pursuant to the Financial Services Act 1986 immediately.

If you have sold or otherwise transferred all of your registered holding of Ordinary Shares, you should at once hand this document and the accompanying Admission Document and form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this document, which comprises listing particulars relating to Dean Corporation PLC prepared in accordance with the listing rules under Section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies as required by Section 149 of that Act.

London STOCK EXCHANGE	
UK LISTING Authority	
Document Approved	
Date:	11 November 1998
Signed: 1	<i>[Signature]</i>
2	<i>[Signature]</i>

DEAN CORPORATION PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2806007)

Acquisition of IPM Engineering Limited

**Demerger of Dean Homes Limited and
Speymill Contracts Limited**

Amendment of the Share Option Scheme

and

Change of name to Environmental Property Services plc

You should note that, in connection with the proposals contained in this document, Teather & Greenwood Limited, which is regulated by The Securities and Futures Authority Limited, is acting as sponsor and financial adviser to the Company and as nominated adviser and nominated broker to Artisan and no one else and will not be responsible to any other person for providing the protections afforded to customers of Teather & Greenwood Limited, nor for providing advice in relation to the proposals contained in this document.

Application has been made to the London Stock Exchange for 6,200,000 new EPS Shares to be admitted to the Official List. It is expected that Admission will become effective and that dealings in the new EPS Shares will commence on 8 December 1998. These new EPS Shares will rank *pari passu* in all respects with the existing EPS Shares save for the right to participate in the distribution to be declared in connection with the Demerger.

Notice convening an Extraordinary General Meeting of Dean Corporation PLC to be held at 11.00 a.m. on 7 December 1998, at the offices of Teather & Greenwood Limited, 12-20 Camomile Street, London EC3A 7NN is set out on page 96 of this document. In connection with such meeting you are urged to complete and return the enclosed form of proxy as soon as possible but in any event so as to be received by IRG plc, Balfour House, 390-398 High Road, Ilford, Essex, IG1 1NQ no later than 11.00 a.m. on 5 December 1998.

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Expected Timetable of Principal Events

	<i>1998</i>
Latest time and date for receipt of forms of proxy	11.00 a.m. on 5 December
Extraordinary General Meeting	11.00 a.m. on 7 December
Record Date for distribution of Artisan Shares	3.00 p.m. on 7 December
Completion of the IPM Acquisition	7 December
Demerger and name change become effective	8 December
Dealings in Artisan Shares commence on AIM	8 December
Admission and dealings in new EPS Shares commence	8 December
EPS Shares and Artisan Shares to be held in CREST credited to relevant accounts	8 December
Certificates for Artisan Shares despatched	by no later than 15 December

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of 5,000,000 EPS Shares to be issued pursuant to the IPM Acquisition and the Subscription Shares to the Official List
“Admission Document”	the Artisan document relating to Admission
“AIM”	the Alternative Investment Market of the London Stock Exchange
“Artisan”	Artisan (UK) plc
“Artisan Group”	Artisan and its subsidiary undertakings following completion of the Demerger
“Artisan Shares”	ordinary shares of 0.5p each in the capital of Artisan
“Artisan Share Option Scheme”	Artisan (UK) plc Executive Share Option Scheme, a scheme to be approved by the Inland Revenue
“Company” or “Dean”	Dean Corporation PLC, whose name it is proposed will be changed to Environmental Property Services plc
“CREST”	the dematerialised securities trading system operated by CRESTCo Limited
“Dean Homes”	Dean Homes Limited
“Dean Shareholders”	holders of the Ordinary Shares
“Demerger”	the demerger of Dean Homes and Speymill from the Company to Artisan
“Demerger Agreement”	the conditional demerger agreement dated 11 November 1998 between Dean and Artisan, further details of which are set out in paragraph 11(a)(xv) of Part VIII of this document
“Demerger Conditions”	the conditions to the completion of the Demerger as set out in the Demerger Agreement, of which the principal conditions are set out in paragraph 12 of Part VIII of this document
“Directors” or “Board”	the current directors of the Company whose names appear on page 5 of this document
“EPS”	Environmental Property Services plc, the proposed name of the Company following the Demerger
“EPS Group”	Dean and its subsidiary undertakings following completion of the Acquisition and the Demerger
“EPS Shares”	ordinary shares of 0.5p each in the capital of EPS
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company to be convened for 11.00 a.m. on 7 December 1998 by the notice set out on page 96 of this document
“Group”	Dean and its subsidiary undertakings prior to the Record Date
“IPM”	IPM Engineering Limited
“IPM Acquisition”	the proposed acquisition by the Company of the entire issued share capital of IPM
“London Stock Exchange”	London Stock Exchange Limited
“Official List”	the Daily Official List of the London Stock Exchange
“Ordinary Shares”	ordinary shares of 0.5p each in the capital of the Company
“Page”	H Page Engineering Services Limited
“Record Date”	3 p.m. on 7 December 1998

“Resolutions”	the resolutions numbered 1 to 6 set out in notice of Extraordinary General Meeting on page 96 of this document
“Share Option Scheme” or “Scheme”	Dean Corporation PLC Executive Share Option Scheme, the unapproved share option scheme of the Company
“Speymill”	Speymill Contracts Limited
“Subscription Shares”	the 1,200,000 Ordinary Shares, which Future Match Limited has agreed to subscribe for conditional on such Ordinary Shares being admitted to listing on the Official List and conditional on completion of the IPM Acquisition
“Teather & Greenwood”	Teather & Greenwood Limited
“Tripp”	J.C. Tripp and Sons Limited

Directors, Secretary and Advisers

Directors	<p>Stephen Dean (<i>Chairman</i>) David John Anderson FCA (<i>Group Managing Director</i>) Peter James Holmes ACMA (<i>Finance Director</i>) Peter Wing Hung So ACMA (<i>Non-executive Director</i>)</p> <p>all of Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambs. PE18 6WA</p>
Secretary and Registered Office	<p>Philip Richard Speer <i>Solicitor</i> Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambs. PE18 6WA</p>
Sponsor and Stockbroker	<p>Teather & Greenwood Limited 12-20 Camomile Street London EC3A 7NN</p>
Auditors	<p>Ernst & Young <i>Registered Auditors</i> Cambridge House 26 Tombland Norwich NR3 1RH</p>
Solicitors to the Company	<p>Taylor Joynson Garrett Carmelite 50 Victoria Embankment London EC4Y 0DX</p>
Solicitors to the Sponsor	<p>Lawrence Graham 190 Strand London WC2R 1JN</p>
Bankers	<p>Bank of Scotland 14 Friar Lane Leicester LE1 5RA</p>
Registrars	<p>IRG plc Balfour House 390-398 High Road Ilford, Essex IG1 1NQ</p>

Part I

LETTER FROM THE CHAIRMAN

DEAN CORPORATION PLC

(Registered in England and Wales No. 2806007)

Directors:

Stephen Dean (*Chairman*)
David John Anderson (*Group Managing Director*)
Peter James Holmes (*Finance Director*)
Peter Wing Hung So (*Non-executive Director*)

Head Office and Registered Office:

Dean House
Sovereign Court
Ermine Business Park
Huntingdon
Cambridgeshire, PE18 6WA

11 November 1998

To the holders of Ordinary Shares and, for information only, to the holders of options under the Share Option Scheme

Dear Shareholder

**Acquisition of IPM Engineering Limited
Demerger of Dean Homes Limited and Speymill Contracts Limited
Amendment of the Share Option Scheme
Change of name to Environmental Property Services plc**

Introduction

Your board announced on 5 November 1998 the proposed acquisition of IPM together with details of the proposed demerger of Dean Homes and Speymill. The purpose of this document is to set out the background to and reasons for the Demerger and the IPM Acquisition and to explain why the Directors believe these are in the best interests of Dean Shareholders. It also seeks your approval of the Demerger, the IPM Acquisition, amendments to the Share Option Scheme and the change of name of Dean Corporation PLC to Environmental Property Services plc. All of these proposals will be put to Dean Shareholders at an Extraordinary General Meeting to be held at 11.00 a.m. on 7 December 1998. Notice of the Extraordinary General Meeting is set out at the end of this document.

Acquisition of IPM

As set out in more detail below in 'Current Trading and Future Prospects', your Directors intend to achieve growth in the EPS Group both organically and through acquisitions. To this end, the Directors have identified IPM as a company which should contribute towards such growth.

The Company announced today that it has entered into an agreement to acquire IPM subject to approval by Dean Shareholders for a maximum total consideration of £2,750,000. This includes an initial cash consideration of £1,250,000 (subject to adjustment if the net assets of IPM at completion of the acquisition are more or less than £500,000) which will be satisfied in cash from the Company's existing resources. In addition, on completion 5,000,000 EPS Shares will be issued to the vendors of IPM at a price of 10p for each EPS Share. A further cash payment of up to £1,000,000, depending on the financial performance of IPM for the 20 months to 31 December 1999, will be due on or before 30 June 2000. Under the terms of the IPM Acquisition the maximum level of consideration will be due in the event that IPM reports annualised pre-tax profits of not less than £714,286 for the 20 month period to 31 December 1999. Due to its relative size, the IPM Acquisition is conditional upon the approval of Dean Shareholders at the Extraordinary General Meeting. Further details of the IPM Acquisition are set out in paragraph 8 of Part VIII of this document.

IPM

IPM provides planned and responsive maintenance for heating, air-conditioning and electrical services in commercial and residential buildings. These services are provided through a mobile team of engineers and include a 24 hour call out facility.

IPM's contracts have historically been of a one to three year term, and a number of these contracts have now been extended beyond their initial term and are reviewed on an annual basis. IPM's principal clients are the Employment Services Agency, the London Boroughs of Tower Hamlets, Lambeth, Lewisham and Croydon and the London Fire and Civil Defence Authority.

Demerger of Dean Homes and Speymill

Artisan (UK) plc is a new company incorporated for the purposes of the Demerger and will be the holding company for Dean Homes and Speymill. Application has been made for the admission of Artisan Shares to trading on AIM. Dean Shareholders will be entitled to receive shares in Artisan on the terms set out on page 8 below.

The Directors believe that the Demerger will increase shareholder value by enabling each of the EPS Group and the Artisan Group to be more appropriately valued. The Directors believe the other principal benefits of the Demerger to be:

- the creation, through EPS, of a focused environmental property services group;
- the ability of each of EPS and Artisan to develop separately and to pursue and implement their separate business objectives and address their own financial and operational requirements; and
- greater focus of management and employees on their own areas of business and expertise.

The Directors believe the Demerger to be in the best interests of the Dean Shareholders as a whole and will enable the businesses of the EPS Group and the Artisan Group to continue to improve their performance. Due to the size of Dean Homes and Speymill relative to the size of Dean, the Demerger is subject to approval by Dean Shareholders. A resolution seeking such approval is contained in the notice of EGM set out at the end of this document.

The Artisan Group

Following the Demerger, the Artisan Group will comprise the housebuilding business of Dean Homes and the specialist property contracting services of Speymill.

Dean Homes is a building company engaged in housebuilding on its own account, as a contractor and as a builder of social and sheltered housing as well as the building of commercial property. Its operations are primarily concentrated in the Cambridgeshire area.

Speymill was acquired by the Group in 1996 and provides property refurbishment services to public house and restaurant groups. Speymill's clients include Bass Leisure Retail Limited, Mill House Inns (Trading) Limited, Allied Domecq Inns Limited, Scottish & Newcastle Retail Limited and The Old Monk Company plc.

On 16 October 1998 Dean Homes acquired Bernard Ward Limited, an approved building contractor to a number of local authorities, housing associations and other public bodies.

The Board of Artisan will comprise:

Stephen Dean (Chairman)
Alan Brookes (Executive Director)
Christopher Musselle (Finance Director)
Norman Saunders (Non-executive Director)
Peter So (Non-executive Director)

Under the terms of his service agreements with the Company and Artisan, Stephen Dean will divide his time equally between the two companies.

The summary financial information which follows should be read in conjunction with this document generally and in particular the financial information in Part V. Dean Homes made a profit before tax of £749,000 in the year ended 31 December 1997 and Speymill made a profit before tax of £351,000 in the same period.

Implementing the Demerger

The Demerger will be effected by Dean declaring a dividend *in specie* involving the transfer of ownership of Dean Homes and Speymill and the issue of new shares in Artisan to the holders of Ordinary Shares as at the Record Date. The new shares in Artisan will be issued on the basis of one Artisan Share for every Ordinary Share held. Following the Demerger therefore, Dean Shareholders will retain their existing Ordinary Shares and will receive an equivalent number of new Artisan Shares. Existing share certificates relating to Ordinary Shares will remain valid but upon any subsequent sale of such Ordinary Shares, new share certificates in respect of EPS Shares will be issued.

UK Inland Revenue approval has been received for the Demerger. The proposed distribution of shares in Dean Homes and Speymill should be free of UK income tax and taxes on capital gains. Paragraph 10 in Part VIII of this document provides a summary of the principal tax consequences of the Demerger. Dean Shareholders who are in any doubt as to their taxation position should obtain advice from their own professional advisers.

The Demerger is conditional on the satisfaction of the Demerger Conditions.

Employee share schemes

The Share Option Scheme will continue in force following the Demerger for employees of EPS. It is proposed that holders of certain executive options who are employed by EPS following the Demerger will retain their options under the Scheme. Options over 150,000 Ordinary Shares held by Peter Holmes will be surrendered in consideration of a cash payment to Peter Holmes by the Company of £1,500. Further options held by Peter Holmes over 1,000,000 Ordinary Shares will be surrendered in consideration of the issue of options over 1,000,000 EPS Shares. The Directors also intend to issue options over a further 2,750,000 EPS Shares following the Demerger. Such options will be granted at an exercise price per EPS Share equal to the market value of an EPS Share at that time. Further details of options to be granted under the Scheme following the Demerger are set out in paragraph 5 of Part VIII of this document.

Options under the Scheme held by employees who will become employed by a member of the Artisan Group following the Demerger will lapse on the cessation of employment with a member of the EPS Group in accordance with the rules of the Scheme. Such persons will be offered options under a new scheme, the Artisan Share Option Scheme, created by Artisan. It is intended that these replacement options will be, as far as possible, equivalent to the existing options. Inland Revenue approval will be sought for the Artisan Share Option Scheme.

Amendment of the Share Option Scheme

In order to incentivise senior management, the Directors wish to make certain amendments to the rules of the Share Option Scheme. These rule changes relate to:

- the reduction of the minimum period following the grant of an option before which such option can be exercised from 3 years to 18 months;
- the ability of optionholders to exercise their options on ceasing to be employees of the Company for any reason; and
- the abolition of the requirement that any shares issued pursuant to the Share Option Scheme and/or any other scheme under which employees of the Company may acquire any shares in the Company and which equate to in excess of five per cent. of the issued share capital of the Company be subject to challenging performance criteria.

In addition, the Directors propose to include a rule in the Scheme requiring optionholders to indemnify the Company against any taxation liability incurred by the Company as a result of the grant, exercise or cancellation of any option granted under the Scheme.

Further details of the Share Option Scheme (as it is proposed to be amended) are set out in paragraph 9 of Part VIII of this document. The resolution to amend the Share Option Scheme is contained in the notice of EGM set out at the end of this document.

Following the proposed amendments, the Share Option Scheme will not conform to the Combined Code as appended to Chapter 12 of the Listing Rules of The London Stock Exchange.

Change of Name

It is proposed that the name of Dean be changed to Environmental Property Services plc with effect from completion of the Demerger. A resolution to this effect is contained in the notice of EGM set out at the end of this document.

The EPS Group

The acquisition of Castellain Limited, and the businesses of Headel plc and Beechmore Electrical Company Limited earlier in the year extended the Group's maintenance activities away from purely local authorities and towards commercial clients. The acquisition of IPM will add to the responsive and planned maintenance activities of the EPS Group by providing further resources. The Directors believe that these additional resources will enable the EPS Group to further develop organically.

The Directors are in the process of evaluating and negotiating further acquisitions.

Board and Management

Following the Demerger the Board of EPS will be as follows:

Stephen Dean	(Chairman)
David Anderson	(Group Managing Director)
Peter Holmes	(Finance Director)
Peter So	(Non-Executive Director)

I will, in addition to my position with EPS, become Chairman of Artisan. Norman Saunders has resigned from the Board of Dean and has been appointed as a non-executive director of Artisan. Peter So will also be a non-executive director of Artisan. It is the Board's intention to appoint a new non-executive director to the Board as soon as practicable.

Further details of the Directors are set out in paragraph 1 of Part VIII of this document.

Current Trading and Future Prospects

As I mentioned in the interim statement of 8 September 1998 the Board is of the view that the market in property services remains strong. The results for the period since the interim statement are in line with expectations and the Board expects a satisfactory outcome for the full year.

The Board intends to integrate the marketing activities of all the EPS Group companies with a view to selling the organisational expertise of the maintenance businesses into the commercial customer list of Page and the technical expertise of Page into the clients of the maintenance businesses. In this way the EPS Group will develop a fully integrated maintenance and installation business covering environmental and building services. As part of this integration the business names in the EPS Group will be rationalised once EPS Group involvement has become fully accepted by the customer base of the newly acquired businesses.

Your Board sees opportunities for growth in each of its markets in both the private and public sectors. The acquisition of IPM increases the resources available to the EPS Group within the M25 and, although this will continue to be the main focus for organic growth, your Board expects to consider other opportunities to broaden the Group's geographical base in the future.

Subscription for Ordinary Shares

Future Match Limited (which currently owns 20.2 per cent. of the issued share capital of the Company) has agreed to subscribe for a further 1,200,000 Ordinary Shares in the Company at a subscription price of 10p per Ordinary Share payable in full on subscription. The subscription is conditional on completion of the IPM Acquisition and on Admission. If such conditions are met, Future Match Limited will hold 20.13 per cent. of the issued share capital of the Company following Admission.

Extraordinary General Meeting

You will find set out at the end of this document a notice of the Extraordinary General Meeting to be held at 11.00 a.m. on 7 December 1998 at the offices of Teather & Greenwood, 12-20 Camomile Street, London EC3A 7NN.

In summary, the Resolutions set out in the notice of the EGM cover the following matters:

- (a) Ordinary Resolution number 1 approves the acquisition of IPM by the Company;
- (b) Ordinary Resolution number 2 (which is conditional on the passing of Resolutions 4, 5 and 6) provides for the approval of the Demerger including the conditional declaration of a dividend in specie on the Ordinary Shares;
- (c) Ordinary Resolution number 3 authorises the amendments to the Share Option Scheme;
- (d) Ordinary Resolution number 4 (which is conditional on the passing of Resolution 5) authorises the Directors to allot Ordinary Shares up to a nominal amount of £156,873. This authority covers shares to be issued pursuant to the terms of the IPM Acquisition, the Subscription Shares and an authority over a further 33.3 per cent. of the share capital of EPS following the Demerger;
- (e) Special Resolution number 5 (which is conditional on the passing of Resolution 4) disappplies the statutory pre-emption rights contained in section 89(1) of the Act up to a nominal amount of £24,880 (a disapplication covering the issue of the Subscription Shares, and in addition 5 per cent. of the issued share capital of EPS following the Demerger); and
- (f) Special Resolution number 6 (which is conditional on the passing of Resolution 2) provides for the approval of the change of name of Dean Corporation PLC to Environmental Property Services plc on completion of the Demerger.

Action to be Taken

Dean Shareholders are requested to complete and return the enclosed Form of Proxy for use at the Extraordinary General Meeting in accordance with the instructions printed therein, so as to arrive at the Company's Registrars, IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, as soon as possible and in any event not later than 11.00 a.m. on 5 December 1998. Completion and return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person should you wish to do so.

Further Information

Your attention is drawn to the additional information set out in Parts II to VII inclusive of this document.

Recommendation

Your Directors, who have been advised by Teather & Greenwood, consider that the Acquisition and the Demerger are in the best interests of the Company and its shareholders as a whole. In providing its advice to the Directors, Teather & Greenwood has placed reliance upon the Directors' commercial assessment of the proposals. Accordingly, your Directors unanimously recommend shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they have irrevocably undertaken to do in respect of their beneficial and non-beneficial shareholdings of 27,594,232 Ordinary Shares, equivalent to 39.8 per cent of the existing ordinary share capital of the Company.

Yours faithfully

Stephen Dean
Chairman

Part II

FINANCIAL INFORMATION ON THE GROUP

Nature of Financial Information

The financial information contained in this Part II does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Audited consolidated accounts of Dean Corporation Plc and its subsidiary undertakings for the 51 weeks ended 31 December 1995 and each of the two years ended 31 December 1997 received an unqualified audit opinion and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. Statutory consolidated accounts for the Group in respect of the 51 weeks ended 31 December 1995 and each of the two years ended 31 December 1997 have been delivered to the Registrar of Companies in England and Wales. Grant Thornton, Chartered Accountants and Registered Auditors of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP were auditors to the Group for the 51 weeks ended 31 December 1995. Ernst & Young, Registered Auditors of Cambridge House, 26 Tombland, Norwich, Norfolk NR3 1RH and Spokes and Company, Chartered Accountants and Registered Auditors of Hilden Park House, 79 Tonbridge Road, Hildenborough, Kent TN11 9BH were joint auditors to the Group for each of the two years ended 31 December 1997.

The following information is extracted without material adjustment from the audited consolidated financial statements of the Group for the 51 weeks ended 31 December 1995 and each of the two years ended 31 December 1997.

Profit and loss accounts

The profit and loss accounts of the Group for the 51 weeks ended 31 December 1995, the year ended 31 December, 1996 and the year ended 31 December 1997 are as set out below:

	Notes	51 weeks ended 31 December 1995		Year ended 31 December 1996		Year ended 31 December 1997	
		£000	£000	£000	£000	£000	£000
Turnover	1						
Existing operations		1,464		9,954		30,039	
Acquisitions		1,511		4,625		—	
Discontinued operations		31		285		1,615	
			3,006		14,864		31,654
Cost of sales			(2,390)		(12,092)		(26,857)
Gross profit			616		2,772		4,797
Administrative expenses			(393)		(1,901)		(3,440)
Other operating income			—		24		21
Exceptional expenses			—		—		(94)
Operating profit							
Existing operations		107		714		1,383	
Acquisitions		129		315		—	
Discontinued operations		(13)		(134)		(99)	
			223		895		1,284
Continuing operations:							
Profit on disposal of tangible fixed assets			—		—		92
Discontinued operations profit in sale of operations			—		—		58
			223		895		1,434
Interest receivable			16		37		89
Interest payable	5		(27)		(90)		(222)
Income from participating interests in associated undertakings			—		89		—
Profit on ordinary activities before taxation	2		212		931		1,301
Taxation	6		(44)		(255)		(311)
Profit on ordinary activities after taxation			168		676		990
Dividends	7		(72)		(231)		(415)
Retained profit for the period			96		445		575
Earnings per share	8		0.92p		1.66p		2.02p

There were no recognised gains or losses other than the profit for the periods shown above.

Balance Sheets

The consolidated balance sheets of the Group at 31 December 1995, 31 December 1996 and 31 December 1997 are set out below:

		31 December 1995 £000	31 December 1996 £000	31 December 1997 £000
	Notes			
Fixed assets				
Intangible fixed assets	9	—	30	—
Tangible fixed assets	10	555	898	608
Investments	11	99	24	373
		<u>654</u>	<u>952</u>	<u>981</u>
Current assets				
Stocks and work in progress	12	1,638	2,246	2,262
Debtors	13	1,015	4,426	7,704
Cash at bank and in hand		256	1,790	2,786
		<u>2,909</u>	<u>8,462</u>	<u>12,572</u>
Creditors: amounts falling due within one year	14	<u>(1,979)</u>	<u>(5,953)</u>	<u>(7,317)</u>
Net current assets		930	2,509	5,435
Total assets less current liabilities		1,584	3,461	6,416
Creditors: amounts falling due after more than one year	15	(243)	(457)	(994)
Provisions for liabilities and charges	17	<u>(1)</u>	<u>(2)</u>	<u>(2)</u>
		<u>1,340</u>	<u>3,002</u>	<u>5,420</u>
Capital and reserves				
Called up share capital	18	147	231	344
Share premium account	21	1,754	1,441	3,824
Capital reserve	21	(661)	665	12
Profit and loss account	21	100	497	1,072
Equity shareholders' funds	25	<u>1,340</u>	<u>2,834</u>	<u>5,252</u>
Minority interests (non equity)		—	168	168
		<u>1,340</u>	<u>3,002</u>	<u>5,420</u>

Cash Flow Statements

The cash flow statements of the Group for the 51 weeks ended 31 December 1995 the year ended 31 December 1996 and the year ended 31 December 1997 are as set out below:

		<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
	<i>Notes</i>			
Net cash (outflow)/inflow from operating activities	26	<u>(169)</u>	<u>379</u>	<u>(1,844)</u>
Returns on investment and servicing of finance				
Interest received		16	37	80
Interest paid		<u>(27)</u>	<u>(90)</u>	<u>(218)</u>
Net cash (outflow) from returns on investment and servicing of finance		<u>(11)</u>	<u>(53)</u>	<u>(405)</u>
Taxation				
Corporation tax paid		(20)	(38)	(142)
Capital expenditure and financial investment				
Net sales/purchases of tangible fixed assets		(147)	(460)	148
Purchase of intangible fixed assets		<u>—</u>	<u>(30)</u>	<u>—</u>
Net cash (outflow)/inflow from investing activities		(147)	(490)	148
Acquisitions and disposals				
Purchase of subsidiary undertakings		(894)	(396)	(381)
Disposal of subsidiary undertakings		—	99	179
(Purchase)/sale of investment in other entities		<u>(100)</u>	<u>74</u>	<u>(352)</u>
Net cash outflow from acquisitions and disposals		(994)	(223)	(554)
Equity dividends paid		<u>—</u>	<u>(165)</u>	<u>(267)</u>
Net cash (outflow) before financing		<u>(1,341)</u>	<u>(590)</u>	<u>(2,797)</u>
Financing				
Share issues	27	1,532	1,763	2,496
Additions to/(repayment of) borrowing		(466)	85	658
Capital element of finance leases		<u>(23)</u>	<u>20</u>	<u>158</u>
Net cash inflow from financing		<u>1,043</u>	<u>1,868</u>	<u>3,312</u>
Increase/(decrease) in cash and cash equivalents	29	<u>(298)</u>	<u>1,278</u>	<u>515</u>

Principal Accounting Policies

The following are the principal accounting policies of the Dean Group which have been consistently applied throughout the periods ended 31 December 1997. The financial statements have been prepared in accordance with the applicable accounting standards under the historical cost convention.

Basis of Consolidation

The Group financial statements consolidate those of the Company and of its subsidiaries (see note 10) drawn up to 31 December each year. The results of subsidiary undertakings acquired or disposed of during the year have been included from the date of acquisition or up until the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is written off to reserves immediately on acquisition.

Turnover

Turnover represents the value of work done for customers during the period excluding VAT.

Profit is recognised on work in progress contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Depreciation

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold Buildings	2% per annum on the straight line basis
Leasehold improvements	33% per annum on the straight line basis
Motor vehicles	20-25% per annum on the straight line basis
Fixtures and fittings	15-25% per annum on the straight line basis
Office equipment	25% per annum on the straight line basis
Plant and machinery	15% per annum on the straight line basis

Purchased goodwill is capitalised and amortised over its useful economic life, which is assessed at 5 years. An annual review is made by the Directors as to the economic life of all assets.

Stock and Work in Progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a purchase cost basis. Work in progress includes materials and labour costs and an appropriate proportion of overheads incurred on incompleting contracts at the year end. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty by including in the profit and loss account turnover and related costs as contract activity progresses.

Deferred Taxation

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

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments made under them are charges to the profit and loss account over the period of the lease.

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

Notes to the Accounts

(1) Turnover and profit on ordinary activities before tax

Turnover is generated from property-related activities within the UK, the analysis between existing operations, acquisitions and discontinued operations are as set out below:

	Existing Operations £000	Acquisitions £000	Discontinued Operations £000
<i>Year ended 31 December 1997</i>			
Turnover	30,039	—	1,615
Cost of sales	(25,438)	—	(1,419)
Gross profit	<u>4,601</u>	<u>—</u>	<u>196</u>
<i>Year ended 31 December 1996</i>			
Turnover	9,954	4,625	285
Cost of sales	(8,048)	(3,852)	(192)
Gross Profit	1,906	773	93
Administrative expenses	(1,192)	(458)	(227)
Operating profit/(loss)	<u>714</u>	<u>315</u>	<u>(134)</u>
<i>51 weeks ended 31 December 1995</i>			
Turnover	1,464	1,511	31
Cost of sales	(1,150)	(1,221)	(19)
Gross Profit	314	290	12
Administrative expenses	(207)	(161)	(25)
Operating profit/(loss)	<u>107</u>	<u>129</u>	<u>(13)</u>

(2) Profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	51 weeks ended 31 December 1995 £000	Year ended 31 December 1996 £000	Year ended 31 December 1997 £000
Depreciation	30	88	120
Loss on disposal of fixed assets	19	22	—
Rent receivable	—	(21)	(16)
Auditors remuneration – audit services	20	35	45
– other services	19	14	9
Other operating lease rentals	<u>142</u>	<u>229</u>	<u>267</u>

In addition the Auditors were paid £104,000 during 1997 in respect of the admission of the company's shares to the official list of the London Stock Exchange. These fees have been included in the issue costs taken directly to the Share Premium Account

(3) *Employees*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
Staff costs (including directors) were as follows:			
Wages and salaries	259	1,570	2,995
Social security costs	25	150	289
Other pension costs	12	83	104
	<u>296</u>	<u>1,803</u>	<u>3,388</u>

The average weekly number of employees of the Group was as follows:

	<i>No.</i>	<i>No.</i>	<i>No.</i>
Administration	19	29	45
Operations	28	95	99
	<u>47</u>	<u>124</u>	<u>144</u>

(4) *Exceptional expenses*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
Issue costs additional to those charged directly to the Share Premium Account	<u>—</u>	<u>—</u>	<u>94</u>

(5) *Interest payable*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
Hire purchase and finance leases	1	9	15
Bank loans and overdrafts repayable otherwise other than by instalments within 5 years	17	62	190
Bank loans repayable otherwise than by instalments after 5 years	9	19	17
	<u>27</u>	<u>90</u>	<u>222</u>

(6) *Taxation*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
Corporation tax charge at 33%	44	261	311
Adjustment to prior period	—	(8)	—
Deferred tax	—	2	—
	<u>44</u>	<u>255</u>	<u>311</u>

(7) *Dividends*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
Proposed equity dividend at 0.4p per share (1996: 0.3p; 1995: 0.2p)	72	139	276
Interim equity dividend at 0.3p per share (1996: 0.2; 1995: nil)	<u>—</u>	<u>92</u>	<u>139</u>
	<u>72</u>	<u>231</u>	<u>415</u>

(8) *Earnings per share*

The calculation of earnings per share for the year ended 31 December 1997 is based on the profit for the financial year and on a weighted average number of shares in issue during the year of 49,023,250 Ordinary Shares of ½p. Earnings per share for the year ended 31 December 1996 is based on the profit for the financial year and on a weighted average number of shares in issue during the year of 40,705,950 ordinary shares of ½p. Earnings per share for the 51 weeks ended 31 December 1995, is based on the profit for the financial period and a weighted average of shares in issue during the period of 18,183,328 ordinary shares of ½p.

(9) *Intangible fixed assets*

	<i>31 December 1996 £000</i>	<i>31 December 1997 £000</i>
Subsidiary undertaking sold during 1997 (acquired during 1996)	<u>30</u>	<u>—</u>

Goodwill is to be written off in equal instalments over its estimated useful economic life of 5 years. The benefit of the trade acquired is anticipated to exist for at least 5 years from 31 December 1996. No amortisation charge was made during the year ended 31 December 1996 due to the proximity of the purchase to 31 December 1996.

(10) *Tangible fixed assets*

	<i>Freehold land and buildings £000</i>	<i>Leasehold improve- ments £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost						
At 1 January 1996	200	30	122	189	178	719
Additions	334	12	42	26	104	518
Acquisition of subsidiary undertakings	—	—	—	65	283	348
Disposal of subsidiary undertakings	—	(7)	(38)	(13)	(39)	(97)
Disposals	—	—	(4)	(82)	(20)	(106)
At 31 December 1996	534	35	122	185	506	1,382
Additions	6	106	13	133	82	340
Disposal of subsidiary undertakings	—	(43)	(96)	(7)	(10)	(156)
Disposals	(334)	—	(3)	(112)	(16)	(465)
At 31 December 1997	<u>206</u>	<u>98</u>	<u>36</u>	<u>199</u>	<u>562</u>	<u>1,101</u>
Depreciation						
At 1 January 1996	—	1	34	69	60	164
Provided in the period	3	11	16	21	37	88
Acquisition of subsidiary undertakings	—	—	—	47	245	292
Disposal of subsidiary undertakings	—	(1)	(10)	(11)	(13)	(35)
Eliminated on disposals	—	—	—	(22)	(3)	(25)
At 31 December 1996	3	11	40	104	326	484
Provided in the period	2	12	10	32	64	120
Disposal of subsidiary undertakings	—	(16)	(20)	(1)	(7)	(44)
Eliminated on disposal	(1)	—	—	(61)	(5)	(67)
At 31 December 1997	<u>4</u>	<u>7</u>	<u>30</u>	<u>74</u>	<u>378</u>	<u>493</u>
Net book value						
At 31 December 1996	<u>531</u>	<u>24</u>	<u>82</u>	<u>81</u>	<u>180</u>	<u>898</u>
At 31 December 1997	<u>202</u>	<u>91</u>	<u>6</u>	<u>125</u>	<u>184</u>	<u>608</u>

The figures above include assets held under finance leases as follows:

Net book value						
At 31 December 1996	<u>—</u>	<u>—</u>	<u>69</u>	<u>11</u>	<u>—</u>	<u>80</u>
At 31 December 1997	<u>—</u>	<u>—</u>	<u>—</u>	<u>107</u>	<u>—</u>	<u>107</u>
Depreciation provided:						
51 weeks ended 31 December 1995	<u>—</u>	<u>—</u>	<u>1</u>	<u>7</u>	<u>—</u>	<u>8</u>
Year ended 31 December 1996	<u>—</u>	<u>—</u>	<u>6</u>	<u>3</u>	<u>—</u>	<u>9</u>
Year ended 31 December 1997	<u>—</u>	<u>—</u>	<u>—</u>	<u>20</u>	<u>—</u>	<u>20</u>

(11) *Fixed asset investments*

	31 December 1996 £000	31 December 1997 £000
Listed investments at total cost	<u>24</u>	<u>373</u>

At 31 December 1997 the Company held an interest in 1,840,362 representing 23.2 per cent. of the Ordinary Share Capital of Superframe Group Plc, a company registered in England and Wales with its registered office at The Old Electricity Works, Campfield Road, St. Albans, Hertfordshire AL1 5HJ.

The Listed Investments had a market value at 31 December 1997 of £350,000 (1996: £28,000).

The interest in Superframe Group Plc has not be accounted for as an associated undertaking since the Company did not participate in the direction of its investment during the year, had no Board representation and did not exercise significant influence.

The last available audited accounts for Superframe Group Plc are those to the year to 31 December 1996. At 31 December 1996 the Company had capital and reserves of £713,000. The Group loss before taxation for the year ended 31 December 1996 was £137,000.

The unaudited group profits before taxation for the 6 months ended the 30 June 1997 was £25,000.

At the 31 December 1997 the Company held the following interests in subsidiary undertakings:

<i>Name</i>	<i>Country of Registration</i>	<i>Class of Share Capital Held</i>	<i>Proportion Held</i>	<i>Nature of Business</i>
Dean Homes Limited	England and Wales	Ordinary	100%	House Building
J C Tripp and Son Limited	England and Wales	Ordinary	100%	Property Maintenance
Speymill Tripp Limited	England and Wales	Ordinary	100%	Refurbishment Contractors
H. Page Engineering Services Limited	England and Wales	Ordinary Preference	100% 55%	Building Services

(12) *Stock and work in progress*

	31 December 1996 £000	31 December 1997 £000
Materials	143	78
Work in progress	870	1,282
Finished properties	<u>1,233</u>	<u>902</u>
	<u>2,246</u>	<u>2,262</u>

(13) *Debtors*

	31 December 1996 £000	31 December 1997 £000
Trade debtors	2,456	3,967
Recoverable advanced corporation tax	35	127
Amounts recoverable on contracts	614	2,989
Other debtors	186	344
Prepayments and accrued income	<u>1,135</u>	<u>277</u>
	<u>4,426</u>	<u>7,704</u>

Included within trade debtors of the Group is an amount of £160,000 (1996: £nil) that is due after more than one year. In addition other debtors of the Group include an amount of £82,000 (1996: £nil) that is due after more than one year.

(14) *Creditors: amounts falling due within one year*

	31 December 1996 £000	31 December 1997 £000
Bank overdraft	600	1,080
Other loans (note 16)	44	204
Trade creditors	3,242	2,801
Corporation tax	293	554
Social security and other taxes	777	528
Proposed dividends	139	287
Other creditors	5	4
Accruals	811	1,755
Amounts due under finance leases (note 16)	42	104
	<u>5,953</u>	<u>7,317</u>

The bank overdrafts and loans are secured by a fixed charge over the assets of the Group.

(15) *Creditors: amounts falling due after more than one year*

	31 December 1996 £000	31 December 1997 £000
Bank loans and mortgages (note 16)	401	899
Amounts due under finance leases (note 16)	56	95
	<u>457</u>	<u>994</u>

The mortgages which are secured on the freehold properties of the Group, are at a commercial rate of interest.

(16) *Borrowings*

	31 December 1996 £000	31 December 1997 £000
Borrowings are repayable as follows:		
Within one year:		
Bank and other borrowings	644	1,284
Finance leases	42	104
After one and within two years:		
Bank and other borrowings	61	273
Finance leases	19	47
After two and within five years:		
Bank and other borrowings	171	532
Finance leases	37	48
After five years:		
Bank and other borrowings	169	94
Finance leases	—	—
	<u>1,143</u>	<u>2,382</u>
Borrowings repayable after five years comprise:		
Repayable by instalments		
Bank loans and other borrowings	<u>169</u>	<u>94</u>
The total value of borrowings repayable by instalments any part of which fall due after five years is as follows and relate to a Capital and Interest repayment mortgage with Alliance & Leicester Plc due for repayment in 2015. The interest rate chargeable is 1.25% above the base rate.		
Bank loans and other borrowings	<u>186</u>	<u>180</u>

(17) *Provisions for liabilities and charges*

	31 December 1996 £000	31 December 1997 £000
Deferred taxation-accelerated capital allowances	<u>2</u>	<u>2</u>

There are no unprovided deferred taxation liabilities.

(18) *Share capital*

	31 December 1996 £000	31 December 1997 £000
Authorised:		
100,000,000 (1986: 60,000,000) ordinary shares of ½p each	<u>300</u>	<u>500</u>
Allotted called up and fully paid:		
68,904,293 (1996: 46,298,123) ordinary shares of ½p each	<u>231</u>	<u>344</u>

(19) *Allotment of ordinary shares*

	Aggregate nominal value £000	Consideration £000
<i>Year ended 31 December 1996</i>		
(a) Issue of 400,000 ½p ordinary shares for cash at 10 pence per share to working capital	2	40
(b) Issue of 250,000 ½p ordinary shares to a director at par	1	1
(c) 13 placings to issue 13,140,000 ½p ordinary shares for cash to working capital	66	1,437
(d) Issue of 16,000 ½p ordinary shares for cash at 12p per share to working capital	—	2
(e) Issue of 3,000,000 ½ pence ordinary shares to a director to satisfy a warrant at 12p per share	15	360
<i>Year ended 31 December 1997</i>		
(f) Issue of 22,606,170 ½p ordinary shares for cash	113	3,052

(20) *Contingent rights to the allotment of shares*

On 4 October 1995 the Company issued options to subscribe for ½p ordinary shares at a subscription price of 10p per share to the following directors:

	Number
Peter Holmes	150,000
Lyndon Chapman	250,000

These options are exercisable at any time between 4 October 1998 to 4 October 2005 and all remained unexercised at the 31 December 1996.

On 17 October 1997, the Company issued options to subscribe for 1,250,000 ½p ordinary shares at a subscription price of 13½p per share. These options are exercisable at any time between 17 October 2000 and 17 October 2004. All remained unexercised at the year end, 1,000,000 of these options were issued to Mr P Holmes. A further 250,000 share options were granted on 7 April 1998.

(21) *Share premium account and reserves*

	Share premium account £000	Capital reserve £000	Profit and loss account £000
<i>At 31 December 1995</i>	1,754	(661)	100
Transfer to create capital reserve	a (2,000)	2,000	—
Costs of court application	b —	(8)	—
Premium on allotments during period	c 1,757	—	—
Goodwill on acquisitions	d (70)	(777)	—
Goodwill written off	e —	111	(48)
Retained profit for the year	—	—	445
<i>At 31 December 1996</i>	1,441	665	497
Premium on allotments during period	c 2,939	—	—
Issue costs	(556)	—	—
Goodwill on acquisitions	—	(653)	—
Retained profit for the period	—	—	575
<i>At 31 December 1997</i>	3,824	12	1,072

- (a) Following the Court approval obtained on 27 November 1996, £2,000,000 was transferred from the Share Premium Account to a Capital Reserve Account to be used to eliminate goodwill on acquisitions.
- (b) Costs associated with (a)
- (c) Premium on Share Issues (see Note 17)
- (d) See notes 24 and 25.
- (e) Goodwill written off on disposal of Protec Industrial Coatings Limited
- (f) Premium on Share issues see (Note 17).
- (g) Includes Goodwill on deferred consideration paid in respect of H Page Engineering Services Limited.

The capital reserve is a non-distributable reserve and consists of the following:

	<i>31 December</i> 1996 £000	<i>31 December</i> 1997 £000
Initial transfer from Share premium account (net of costs)	1,992	1,992
Goodwill written off in respect of the following acquisitions:		
Speymill Tripp Limited	(267)	(267)
J C Tripp & Son Limited	(550)	(550)
H Page Engineering Services Limited	(479)	(1,132)
Other acquisitions	(31)	(31)
	<u>665</u>	<u>12</u>

(22) Disposal of Speymill Services Limited

On 10 November 1997, the Company disposed of its holding of 100,000 Ordinary Shares of £1 each in Speymill Services Limited for a consideration of £50,000.

	1997 £000
Net cash flow from operating activities	(105)
Returns on investment and servicing of finance	(6)
Capital expenditure	(25)
	<u>(136)</u>
Financing	(11)
Movement in cash	<u>(147)</u>

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary undertaking.

	£000
Cash consideration	50
Bank overdraft	129
Net cash inflow	<u>179</u>

(23) *Disposal of Protec Industrial Coatings Limited*

On 12 September 1996, the Company disposed of its holdings of 15,000 ordinary £1 shares of £1 each in Protec Industrial Coatings Limited for a consideration of £1.

	31 December 1996 £000
Net cash flow from operating activities	(68)
Returns of investment and servicing of finance	(4)
Capital expenditure	16
	<u>(56)</u>
Financing	<u>(10)</u>
Movement in cash	<u>(66)</u>

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary undertaking:

	£000
Cash consideration	—
Bank overdraft	99
Net cash inflow	<u>99</u>

(24) *Acquisition of H Page Engineering Services Limited*

On 16 February 1996, the Company acquired 42,597 ordinary shares of £1 each in H Page Engineering Services Limited, being 40 per cent. of its share capital, for a consideration of £43,000, satisfied in cash. The Company has accounted for H Page Engineering Services Limited as an associated undertaking from 17 February 1996 to 14 November 1996.

On 14 November 1996, the Company acquired the balance of the ordinary shares of £1 each in H Page Engineering Services Limited. The consideration is calculated in accordance with the share purchase agreement as amended, which provides that the purchase price is determined upon a multiple of the 1997 and 1998 pre-tax profits. Consideration of £381,000 was paid in 1997. The maximum additional consideration payable is £330,000 of which £90,000 is contingent upon future profits. £240,000 of the consideration has now been provided in the accounts as it represents the non-contingent consideration. At 31 December 1997, the Company held 203,662 preference shares of £1 each in H Page Engineering Services Limited.

The loss after taxation for H Page Engineering Services Limited for the year ended 31 March 1996 was £212,000, of which £19,000 related to the period of ownership and is accounted for in the Group results.

The assets and liabilities of H Page Engineering Services Limited acquired were as follows:

	<i>Book value</i> £000	<i>Adjustments</i> £000	<i>Fair Value</i> £000
Tangible fixed assets	43	—	43
Current assets			
Stocks and WIP	1,233	(75)	1,158
Debtors	635	(51)	584
Cash at bank	38	—	38
Total assets	<u>1,949</u>	<u>(126)</u>	<u>1,823</u>
Trade creditors	(1,698)	—	(1,698)
Other creditors	(136)	—	(136)
Total liabilities	<u>(1,834)</u>	<u>—</u>	<u>(1,834)</u>
Net assets/(liabilities)	<u>115</u>	<u>(126)</u>	(11)
Goodwill taken to reserves			421
			<u>410</u>
Satisfied by:			
Cash			43
Expenses			24
Consideration paid for equity interest			67
Preference shares			100
Loans converted to preference shares			243
			<u>410</u>

Goodwill in the year is increased by the Company's share of profits in the period 17 February 1996 to 13 November 1996, when H Page was classified as an associated undertaking.

H Page Engineering Services Limited made the following contribution to, and utilisation of, Group cash flow.

	<i>31st December</i> 1995 £000
Net cash flow from operating activities	242
Returns on investment and servicing of finance	(2)
Investing activities	240
Financing	(1)
Movement in cash	<u>239</u>
Analysis of the net outflow of cash and cash equivalents in respect of the purchase of the subsidiary undertaking:	
Cash consideration	43
Cash at bank acquired	(38)
	5
Expensed	24
Net cash outflow	<u>29</u>

(24) *Acquisition of Speymill Tripp Limited*

On 30 June 1996, the Company acquired 100 ordinary shares of £1 in Speymill Tripp Limited, being 100 per cent. of its nominal share capital for a consideration of £245,000, satisfied by cash. Goodwill arising on the acquisition of Speymill Tripp Limited has been written off to reserves. The purchase of Speymill Tripp Limited has been accounted for by the acquisition method of accounting.

The profit after taxation of Speymill Tripp Limited for the period from 1 January to the date of the acquisition was £4,000.

The assets and liabilities of Speymill Tripp Limited acquired were as follows:

	<i>Book Value</i> £000
Tangible fixed assets	12
Current assets	
Stocks and WIP	3
Debtors	718
Total assets	<u>733</u>
Bank overdraft	116
Trade creditors	523
Other creditors	116
Total liabilities	<u>755</u>
Net liabilities	(22)
Goodwill taken to reserves	267
Consideration satisfied in full by cash	<u>245</u>

Speymill Tripp Limited made the following contribution to, and utilisation of, Group cash flow:

	<i>31 December</i> 1996 £000
Net cash flow from operating activities	936
Returns on investment and servicing of finance	2
Capital expenditure	<u>(17)</u>
Movement in cash	<u>921</u>

Analysis of the net outflow and cash equivalent in respect of the purchase of the subsidiary undertaking.

	<i>31 December</i> 1996 £000
Cash consideration	245
Bank overdraft	116
Net cash outflow	<u>361</u>

(25) *Reconciliation of shareholders' funds*

	31 December 1995 £000	31 December 1996 £000	31 December 1997 £000
Profit for the period	96	445	575
Net movement on share issues	1,189	1,762	2,496
Goodwill on acquisitions	—	(777)	(653)
Goodwill on disposals	—	64	—
Net movement in shareholders' funds	1,285	1,494	2,418
Opening shareholders' funds (equity)	55	1,340	2,834
Closing shareholders' funds (equity)	1,340	2,834	5,252

(26) *Net cash (outflow)/inflow from operating activities*

	51 Weeks ended 31 December 1995 £000	Year ended 31 December 1996 £000	Year ended 31 December 1997 £000
Operating profit	223	895	1,284
Depreciation	30	88	120
Loss on sale of tangible fixed assets	19	22	—
(Increase)/Decrease in stock	(609)	551	(68)
Decrease/(Increase) in debtors	(151)	(2,193)	(3,716)
Increase in creditors	318	1,016	533
Write down/loss on disposal in investment	1	—	3
Net cash (outflow)/inflow from operating activities	(169)	379	(1,844)

(27) *Analysis of changes in financing*

	Share capital (including premium)			Loans and amounts under finance leases		
	31 December 1995 £000	31 December 1996 £000	31 December 1997 £000	31 December 1995 £000	31 December 1996 £000	31 December 1997 £000
At start of period	5	1,901	1,672	476	307	543
Net cash inflow/(outflow) from financing	1,532	1,771	2,496	(498)	105	816
Shares issued for non-cash consideration	318	—	—	—	—	—
Bonus issue	46	—	—	—	—	—
Transfer to capital reserve	—	(2,000)	—	—	—	—
Loans and amounts due under finance lease for subsidiary undertakings acquired	—	—	—	329	254	—
Loans and amounts due under finance leases for subsidiary	—	—	—	—	—	—
Undertakings disposed	—	—	—	—	(49)	(57)
Inception of finance lease	—	—	—	—	—	—
Capitalisation of loans into minority interest preference shares	—	—	—	—	(74)	—
At end of period	1,901	1,672	4,168	307	543	1,302

(28) *Analysis of changes in cash and cash equivalent*

	<i>51 weeks ended 31 December 1995 £000</i>	<i>Year ended 31 December 1996 £000</i>	<i>Year ended 31 December 1997 £000</i>
At start of period	210	(88)	1,190
Net cash inflow/(outflow)	(298)	1,278	515
At end of period	<u>(88)</u>	<u>1,190</u>	<u>1,705</u>

(29) *Analysis of cash and cash equivalents*

	<i>31 December 1995 £000</i>	<i>31 December 1996 £000</i>	<i>31 December 1997 £000</i>	<i>Change in 51 weeks to 31 December 1995 £000</i>	<i>Change in year to 31 December 1996 £000</i>	<i>Change in year to 31 December 1997 £000</i>
Cash at bank and in hand	256	1,790	2,786	46	1,534	996
Bank overdrafts	(344)	(600)	(1,081)	(344)	(256)	(481)
	<u>(88)</u>	<u>1,190</u>	<u>1,705</u>	<u>(298)</u>	<u>1,278</u>	<u>515</u>

(30) *Capital commitments*

There were no capital commitments at 31 December 1997 or at 31 December 1996.

(31) *Contingent liabilities*

There were no other contingent liabilities at 31 December 1997 (1996: £nil), other than the acquisition of H Page Engineering Services Limited, disclosed in note 2.

(32) *Leasing commitments*

Operating lease payments amounting to £316,000 are due within one year (1996: £338,000). The leases to which these amounts relate expire as follows:

	<i>31 December 1996</i>		<i>31 December 1997</i>	
	<i>Land and Buildings £000</i>	<i>Other £000</i>	<i>Land and Buildings £000</i>	<i>Other £000</i>
Between one and five years	<u>60</u>	<u>278</u>	<u>103</u>	<u>214</u>

(33) *Related party transactions*

The Group acquired the entire issued share capital of Speymill Tripp Limited for £245,000 from Hemery Nominees Limited, a company in which Stephen Dean had a beneficial interest.

During the year ended 31 December 1997 the Company disposed of certain listed company investments at full market value to Taurus Pension Fund, (the personal pension fund of Stephen Dean and other family members).

Protec Industrial Coatings Limited was disposed of to Mr Stephen Dean (a director) and Mr Jeffrey Briscoe in September 1996 for £1 in order to protect the financial interest of the Company. At the date of disposal, the company had a deficit of assets of £66,000 and shortly thereafter went into liquidation. No distribution is anticipated to be made by the liquidator to the unsecured creditors or shareholders.

During the year the Company advanced payments on behalf of A Dean Esq., a Director of Dean Homes Limited, in respect of his personal liabilities. The advance was made on commercial terms. The maximum amount advanced during the year was £179,949. At 31 December 1997, there was a balance of £75,949 outstanding.

On 7 October 1997, a house was purchased from Dean Homes Limited, for £55,000 at Doddington, Cambridgeshire (at market value), by a trust of which Stephen Dean is settlor and co-trustee, and in which he has a reversionary beneficial interest.

Part III

FINANCIAL INFORMATION ON IPM

Nature of Financial Information

The financial information contained in this Part III does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Audited accounts of IPM for each of the three years ended 30 April 1998 received an unqualified audit opinion and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. Statutory accounts for each of the two years ended 30 April 1997 have been delivered to the Registrar of Companies in England and Wales. Those for the year ended 30 April 1998 will be delivered in the near future. McBrides, Chartered Accountants and Registered Auditors of Nexus House, 2 Cray Road, Sidcup, Kent DA14 5DA were auditors to IPM for each of the three years ended 30 April 1998.

The following information is extracted without material adjustment from the audited financial statements of IPM for each of the three years ended 30 April 1998.

Profit and loss account

The profit and loss accounts for IPM for each of the three years ended 30 April 1998 are as set out below:

	<i>Notes</i>	<i>Year ended 30 April</i>		
		<i>1996</i>	<i>1997</i>	<i>1998</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	1	2,232	4,581	2,933
Cost of sales		(1,342)	(2,684)	(1,772)
Gross profit		890	1,897	1,161
Administrative expenses		(680)	(1,577)	(891)
Other operating income		—	—	—
Operating profit	2	210	320	270
Interest receivable		1	3	5
Interest payable	4	(17)	(11)	(9)
Profit on ordinary activities before taxation		194	312	266
Taxation on profit on ordinary activities	5	(47)	(85)	(57)
Profit on ordinary activities after taxation		147	227	209
Dividends	6	(84)	(45)	(180)
Retained profit transferred to reserves	17	63	182	29

There have been no recognised gains and losses, other than the results for the above financial years, and all profits or losses have been accounted for on an historical cost basis.

Balance sheet

The balance sheets of IPM as at 30 April 1996, 30 April 1997 and 30 April 1998 are as set out below:

		<i>As at 30 April</i>		
	<i>Notes</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets				
Intangible fixed assets	7	2	1	1
Tangible fixed assets	8	<u>169</u>	<u>215</u>	<u>267</u>
		171	216	268
Current assets				
Stock	9	114	192	236
Debtors	10	300	502	452
Cash at bank and in hand		<u>155</u>	<u>693</u>	<u>199</u>
		569	1,387	887
Creditors: amounts falling due within one year	11	<u>(590)</u>	<u>(1,247)</u>	<u>(747)</u>
Net current assets/(liabilities)		<u>(21)</u>	<u>140</u>	<u>140</u>
Total assets less current liabilities		150	356	408
Creditors: amounts falling due after more than one year	12	<u>(12)</u>	<u>(36)</u>	<u>(59)</u>
		<u>138</u>	<u>320</u>	<u>349</u>
Capital and reserves				
Share capital	16	1	1	1
Profit and loss account	17	<u>137</u>	<u>319</u>	<u>348</u>
		<u>138</u>	<u>320</u>	<u>349</u>
Analysis of shareholders' funds				
Equity interests	18	<u>138</u>	<u>320</u>	<u>349</u>

Cash flow statement

The cash flow statements of IPM for each of the three years ended 30 April 1998 are as set out below:

	<i>Notes</i>	<i>Year ended 30 April</i>		
		<i>1996</i> <i>£000</i>	<i>1997</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Net cash inflow/(outflow) from operating activities	19	496	733	(100)
Returns and investments and servicing of finance	20(a)	(17)	(9)	(4)
Taxation		(44)	(41)	(119)
Capital expenditure and financial investment	20(b)	<u>(53)</u>	<u>(42)</u>	<u>(37)</u>
		382	641	(260)
Equity dividends paid		<u>(84)</u>	<u>(45)</u>	<u>(180)</u>
		298	596	(440)
Financing	20(c)	<u>(72)</u>	<u>(58)</u>	<u>(55)</u>
		<u>226</u>	<u>538</u>	<u>(495)</u>
Reconciliation of net cash flow to movement in net debt	21			
Increase/(decrease) in cash		226	538	(495)
Cash outflow from decrease in debt and lease financing		<u>72</u>	<u>58</u>	<u>55</u>
Change in debt resulting from cash flows		298	596	(440)
New finance leases		<u>(31)</u>	<u>(73)</u>	<u>(93)</u>
Change in net debt		267	523	(533)
Net funds at 1 May		<u>(169)</u>	<u>98</u>	<u>621</u>
Net funds at 30 April		<u>98</u>	<u>621</u>	<u>88</u>

Principal Accounting Policies

The following are the principal accounting policies of IPM Engineering Limited which have been consistently applied throughout the three years ended 30 April 1998. The financial statements have been prepared under the historical cost convention using applicable accounting standards.

Turnover

Turnover is the total amount receivable for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value of all tangible fixed assets over their expected useful lives as follows:

Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	15% reducing balance
Computer and equipment	25% reducing balance

Goodwill

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of 10 years as shown in the note to intangible fixed assets.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Contribution to Pension Funds

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

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

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

(1) Turnover

The turnover and operating profit for the year was derived from IPM's principal activity and was carried out wholly in the UK.

(2) Operating Profit

The operating profits stated after charging or crediting:

	<i>Year ended 30 April</i>		
	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other operating lease rentals	15	15	17
Amounts payable to the auditors in respect of audit services	4	4	5
Depreciation - owned assets	19	35	32
Depreciation - assets held under hire purchase of finance lease contracts	31	33	47
Amortisation of intangible assets	1	1	—
Loss on disposal of fixed assets	—	2	—
	<u> </u>	<u> </u>	<u> </u>

(3) *Directors and Employers*

Staff costs during the year were as follows:

	<i>Year ended 30 April</i>		
	1996	1997	1998
	£000	£000	£000
Wages and salaries	580	1,347	957
Social Security costs	59	134	92
Other pension costs	116	144	57
	<u>755</u>	<u>1,625</u>	<u>1,106</u>

The average weekly number of employees, including directors, during the year was as follows:

	1996	1997	1998
	Number	Number	Number
Administration	9	11	12
Engineering	26	30	35
	<u>35</u>	<u>41</u>	<u>47</u>

Remuneration in respect of directors was as follows:

	<i>Year ended 30 April</i>		
	1996	1997	1998
	£000	£000	£000
Management remuneration	226	866	249
Pensions	116	144	57
Benefits in kind	18	22	24
	<u>360</u>	<u>1,032</u>	<u>330</u>

During the year there were 3 (1997:3, 1996:3) directors who were members of a money purchase pension scheme.

The emoluments of the chairman excluding pension contributions during the year were £90,000 (1997: £288,000; 1996: £71,000) and the highest paid directors were £90,000 (1997: £326,000; 1996: £76,000).

(4) *Interest Payable*

	<i>Year ended 30 April</i>		
	1996	1997	1998
	£000	£000	£000
Bank loans, overdrafts and other loans repayable within 5 years	11	4	—
Finance charges in respect of hire purchase and finance leases	6	6	8
Other interest payable	—	1	1
	<u>17</u>	<u>11</u>	<u>9</u>

(5) *Tax on Profit on Ordinary Activities*

	<i>Year ended 30 April</i>		
	1996	1997	1998
	£000	£000	£000
Based on profit for the year:			
UK Corporate tax 1996 25%; 1997 25%; 1998 21%	51	85	57
Over provision for the previous years corporation tax	(4)	—	—
	<u>47</u>	<u>85</u>	<u>57</u>

(6) *Dividends*

	1996 £000	1997 £000	1998 £000	-
Ordinary shares				-
- interim £320; £45; £nil per share	24	45	—	
- final £60; £nil; £180 per share	60	—	180	
	<u>84</u>	<u>45</u>	<u>180</u>	

(7) *Intangible Fixed Assets*

	Goodwill £000	-
Cost		
At 30 April 1997 and 1998	5	
Amortisation		
At 1 May 1996	3	
Provided during the year	1	
At 30 April 1997	4	
Provided during the year	—	
At 30 April 1998	<u>4</u>	
Net book value		
At 30 April 1997	<u>1</u>	-
At 30 April 1998	<u>1</u>	-

(8) *Tangible Fixed Assets*

	<i>Plant & Machinery £000</i>	<i>Motor Vehicles £000</i>	<i>Fixtures & Fittings £000</i>	<i>Computer Equipment £000</i>	<i>Total £000</i>
Cost					
At 1 May 1996	17	193	39	35	284
Additions	7	119	1	13	140
Disposals	0	(48)	—	—	(48)
At 30 April 1997	24	264	40	48	376
Additions	10	140	2	18	170
Disposals	—	(68)	—	—	(68)
At 30 April 1998	34	336	42	66	478
Depreciation					
At 1 May 1996	9	75	12	19	115
Charge for year	4	53	4	7	68
Released on disposal	—	(22)	—	—	(22)
At 30 April 1997	13	106	16	26	161
Charge for year	5	60	4	10	79
Released on disposal	—	(29)	—	—	(29)
At 30 April 1998	18	137	20	36	211
Net book value					
Owned assets	11	58	24	22	115
Leased assets	—	100	—	—	100
At 30 April 1997	11	158	24	22	215
Owned assets	16	60	22	30	128
Leased assets	—	139	—	—	139
At 30 April 1998	16	199	22	30	267

(9) *Stocks*

	<i>As at 30 April</i>	
	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Consumable plant stock	4	4
Work in progress	188	233
	192	237

(10) *Debtors*

	<i>As at 30 April</i>	
	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	497	441
Other debtors	—	5
Prepayments and accrued income	5	6
	502	452

(11) *Creditors: Amounts falling due within one year*

	<i>As at 30 April</i>	
	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Obligations under hire purchase and finance lease contracts	36	51
Trade creditors	232	249
Corporation tax	74	12
Other taxes and Social Security	423	276
Other creditors	474	130
Accruals and deferred income	8	29
	<u>1,247</u>	<u>747</u>

There is a mortgage debenture dated August 1989 creating a charge over all assets in favour of any bank borrowings.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

(12) *Creditors: Amounts falling due after more than one year*

	<i>As at 30 April</i>	
	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Obligations under hire purchase and finance lease contracts	<u>36</u>	<u>59</u>

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

(13) *Obligations under Hire Purchase and Finance Leases*

	<i>As at 30 April</i>	
	<i>1997</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Within one year	36	51
Between one and two years	26	41
Between two and five years	10	18
	<u>72</u>	<u>110</u>

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

(14) *Operating Lease Commitments*

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	<i>1997</i>	<i>1998</i>
	<i>Land and Buildings</i>	
	<i>£000</i>	<i>£000</i>
Expiring:		
Within one year	—	—
Within one to five years	—	—
After five years	17	17
	<u>17</u>	<u>17</u>

(15) *Deferred Taxation*

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 23% (1997: 23%).

	<i>Amount provided 1997 £000</i>	<i>Amount unprovided 1997 £000</i>	<i>Amount provided 1998 £000</i>	<i>Amount unprovided 1998 £000</i>
Accelerated capital allowances	<u>—</u>	<u>—</u>	<u>—</u>	<u>3</u>

(16) *Share Capital*

	<i>1997 Number</i>	<i>1997 £000</i>	<i>1998 Number</i>	<i>1998 £000</i>
Authorised				
Ordinary shares of £1 each	1,025	1	1,025	1
Ordinary "A" shares of £1 each	<u>100</u>	<u>—</u>	<u>100</u>	<u>—</u>
Total authorised share capital	<u>1,125</u>	<u>1</u>	<u>1,125</u>	<u>1</u>
Allotted, issued and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

(17) *Reserves*

	<i>Profit and loss account £000</i>
At 1 May 1995	74
Profit for the year	<u>63</u>
At 30 April 1996	137
Profit for the year	<u>182</u>
At 30 April 1997	319
Profit for the year	<u>29</u>
At 30 April 1998	<u>348</u>

(18) *Reconciliation of the Movement in Shareholders' Funds*

	<i>Year ended 30 April</i>		
	<i>1996 £000</i>	<i>1997 £000</i>	<i>1998 £000</i>
Profit for the financial year	147	227	209
Dividends	<u>(84)</u>	<u>(45)</u>	<u>(180)</u>
	63	182	29
Opening shareholders' funds	<u>75</u>	<u>138</u>	<u>320</u>
Closing shareholders' funds	<u>138</u>	<u>320</u>	<u>349</u>

(19) *Reconciliation of Operating Profit to Net Cash Flow from Operating Activities*

	Year ended 30 April		
	1996 £000	1997 £000	1998 £000
Operating profit	210	320	270
Depreciation and amortisation	50	68	79
Loss on disposal of fixed assets	—	2	—
(Increase) in stocks	(99)	(78)	(45)
(Increase)/decrease in debtors	20	(202)	50
Increase/(decrease) in creditors	315	623	(454)
	<u>496</u>	<u>733</u>	<u>(100)</u>

(20) *Gross Cash Flows*

	Year ended 30 April		
	1996 £000	1997 £000	1998 £000
(a) Returns on investment and servicing of finance			
Interest received	1	3	5
Interest paid	(18)	(12)	(9)
	<u>(17)</u>	<u>(9)</u>	<u>(4)</u>
(b) Capital expenditure and financial investment			
Purchase of tangible fixed assets	(53)	(67)	(77)
Proceeds from sale of fixed assets	—	25	40
	<u>(53)</u>	<u>(42)</u>	<u>(37)</u>
(c) Financing			
Long term loans	(21)	(13)	—
Capital element of finance lease rentals	(51)	(45)	(55)
	<u>(72)</u>	<u>(58)</u>	<u>(55)</u>

(21) *Analysis of Changes in Net Debt*

	At 1 May		Other non-cash changes	At 30 April	
	1995 £000	Cash flows £000		1996 £000	1997 £000
Cash at bank and in hand	—	155	—	155	
Debt due within one year	(105)	92	—	(13)	
Finance leases	(64)	51	(31)	(44)	
	<u>(169)</u>	<u>298</u>	<u>(31)</u>	<u>98</u>	
	At 1 May		Other non-cash changes	At 30 April	
	1996 £000	Cash flows £000		1997 £000	1998 £000
Cash at bank and in hand	155	538	—	693	
Debt due within one year	(13)	13	—	—	
Finance leases	(44)	45	(73)	(72)	
	<u>98</u>	<u>596</u>	<u>(73)</u>	<u>621</u>	

	<i>At 1 May</i>	<i>Cash flows</i>	<i>Other</i>	<i>At 30 April</i>
	<i>1997</i>		<i>non-cash</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>	<i>changes</i>	<i>£000</i>
Cash at bank and in hand	693	(495)	—	198
Debt due within one year	—	—	—	—
Finance leases	(72)	55	(93)	(110)
	<u>621</u>	<u>(440)</u>	<u>(93)</u>	<u>88</u>

(22) Major Non-Cash Transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £93,000 (1997: £73,000; 1996: £31,000).

(23) Capital Commitments

At the year end the company had contracted to purchase two vans and a car on hire purchase which was delivered subsequent to the year end at a value of £60,000 (1997: £nil; 1996: £nil).

Part IV

UNAUDITED INTERIM RESULTS FOR DEAN CORPORATION PLC FOR THE SIX MONTHS TO 30 JUNE 1998

The following is the full text of the announcement of interim results released by the Company on 8 September 1998.

“Chairman’s Statement

Results

Your Board is pleased to report a profit before taxation of £954K for the six months ended 30 June 1998, compared with £739K for the comparable half year for 1997 and £1,300K for the full year ended 31 December 1997.

The underlying organic growth is 20% taking out additional interest from the balance of last year’s fund raising.

In May and June we acquired the assets of Headel Plc and Castellain Limited respectively for a total consideration of £464K (subject to performance). Earnings per share have not reflected the underlying organic growth because the investment of the funds raised last November, including the above acquisitions and the purchase of development opportunities, did not occur until late into the period under review.

The Board has declared an interim dividend of 0.35p per share to shareholders on the register at the close of business on 25 September 1998 which will be paid on 30 October 1998.

Property Services Division

Market conditions have been buoyant throughout the division and the good level of activity appears likely to extend for sometime to come. In mechanical services the H Page order book is at record levels with a high level of activity in the Central London area. We have expanded our small works and maintenance activity in this area through the acquisitions from Headel Plc and Beechmore Limited in May and are looking for further opportunities in this field. Headel and Beechmore have brought important contacts with blue chip customers such as British Gas, Securicor and the Territorial Army.

In addition to the contracts for IBM and Lloyds/TSB Bank referred to in last year’s annual report, we have secured on-going contracts for Berkeley Homes at their prestigious Harrods Village development in West London, London Underground, C&A and a number of financial institutions in the City. In the longer term, Page will benefit from the increased expenditure which is planned for the hospital market where we have extensive expertise and experience.

The local authority housing market is currently stable but should receive a significant boost from the recently announced government expenditure plans. We anticipate that this will give rise to significant additional opportunities over the next few years. Unfortunately, the Southwark County Council contract which expired on 31 March 1998 was not renewed and this slightly depressed the level of activity for the first half year. However, additional contracts with London Borough of Croydon, London Quadrant Housing Association and Rosebury Housing Association have been secured which will increase future volumes.

In June, we acquired Castellain Limited which carries out repossession and refurbishment works on residential houses for financial institutions such as building societies, banks etc. Despite the improvement in the economy, repossessions are forecast to increase and there is substantial opportunity for the development of this business in the future. The acquisition of Castellain represents our first move away from the local authority market. Whilst we see substantial growth within the local authority market we intend to further expand our maintenance activities in the private sector.

The leisure industry has continued to grow substantially during this period which has enabled Speymill Contracts to expand its operations both financially and geographically. Speymill Contracts' client base has also expanded and includes many of the national and regional breweries and restaurants which includes recent additions such as Bass Taverns, Charles Wells, De Vere Hotels, Pizza Express and Scottish and Newcastle.

The building industry has seen a move towards 'partnering' and Speymill Contracts had been successful in building similar relationships with Bass and their 'All Bar One' concept and the Old Monk Pub Company.

Speymill Contracts has been recommended for its largest project to date, a £1.4 million new build, 51 bedroom hotel and public house refurbishment contract for Greenalls.

The leisure industry sector remains buoyant and the company continues to establish itself as a competent, proactive contractor in the market place.

Residential and Commercial Development Division

The residential market in the division's core region is continues to be active albeit not at the same rate as 1997, except in the Cambridge City area where activity remains buoyant.

In the period under review, the division started construction on 23 homes and 6 office blocks on its own account and 37 homes in conjunction with M J Gleeson.

The company sold in the first half 17 homes on its own account and 2 office blocks were let or had instructions with solicitors.

The commercial and industrial markets in the region have offered up interesting development opportunities which the division will pursue where the potential returns meet our criteria.

Current Trading

The markets in which your Group operates continue to improve and I am confident that the Company will to make good progress in the remainder of the year. The results for July are in line with expectations and lead your Board to expect a satisfactory outcome for the full year.

I look forward to the future with confidence.

Stephen Dean
Chairman

Consolidated Profit and Loss Account

	<i>Six months ended 30 June 1998 (Unaudited) £</i>	<i>Six months ended 30 June 1997 (Unaudited) £</i>	<i>Year ended 31 December 1997 (Audited) £</i>
Turnover			
Continuing operations	18,829,050	16,150,057	31,654,251
Acquisitions	227,740	0	0
	19,056,790	16,150,057	31,654,251
Operating profit			
Continuing operations	960,343	769,677	1,434,151
Acquisitions	36,971	0	0
	997,314	769,677	1,434,151
Interest	(43,528)	(30,519)	(133,522)
Profit on ordinary activities before taxation	953,786	739,158	1,300,629
Taxation	(262,544)	(214,356)	(311,125)
Profit on ordinary activities after taxation	691,242	524,802	989,504
Dividend	(242,633)	(138,895)	(414,511)
Retained profit	<u>448,609</u>	<u>385,907</u>	<u>574,993</u>
Earnings per share	1.00p	1.13p	2.02p
Fully diluted	0.98p	0.98p	1.99p
Dividend per share	0.35p	0.30p	0.70p

Consolidated Balance Sheet

	As at 30 June 1998 (Unaudited) £	As at 30 June 1997 (Unaudited) £	As at 31 December 1997 (Audited) £
Fixed assets			
Tangible fixed assets	696,691	937,457	608,318
Investments	598,976	420,568	372,961
Goodwill	284,919	0	0
	<u>1,580,586</u>	<u>1,358,025</u>	<u>981,279</u>
Current assets			
Stocks	4,193,276	3,386,372	2,262,627
Debtors	9,135,691	5,195,597	7,703,834
Cash at bank and in hand	<u>1,649,715</u>	<u>1,107,525</u>	<u>1,705,791</u>
	<u>14,978,682</u>	<u>9,689,494</u>	<u>11,672,252</u>
Creditors			
Amounts falling due within one year	(8,887,717)	(6,575,211)	(6,237,303)
Net current assets	6,090,965	3,114,283	5,434,949
Total assets less current liabilities	<u>7,671,551</u>	<u>4,472,308</u>	<u>6,416,228</u>
Creditors			
Amounts falling due after more than one year	(1,751,032)	(1,120,850)	(994,169)
Provision for liabilities and charges	<u>(2,226)</u>	<u>(2,226)</u>	<u>(2,226)</u>
Net assets	<u><u>5,918,293</u></u>	<u><u>3,349,232</u></u>	<u><u>5,419,833</u></u>
Capital and reserves			
Called up share capital	346,619	231,490	344,521
Share premium account	3,871,576	1,440,684	3,823,824
Capital reserve	12,022	656,677	12,022
Profit and loss account	<u>1,520,206</u>	<u>852,511</u>	<u>1,071,596</u>
Equity shareholders funds	5,750,423	3,181,362	5,251,963
Minority interests (non equity)	<u>167,870</u>	<u>167,870</u>	<u>167,870</u>
	<u><u>5,918,293</u></u>	<u><u>3,349,232</u></u>	<u><u>5,419,833</u></u>

Consolidated Cash Flow

	<i>Six months</i> <i>30 June</i> <i>1998</i> <i>(Unaudited)</i> <i>£</i>	<i>Year</i> <i>31 December</i> <i>1997</i> <i>(Audited)</i> <i>£</i>
Net cash inflow/(outflow) from operating activities	147,398	(1,844,343)
Returns on investments and servicing of finance		
Interest received	191,053	79,520
Interest paid	(234,581)	(218,229)
Net cash (outflow) from returns on investments and servicing of finance	<u>(43,528)</u>	<u>(138,709)</u>
Taxation		
UK Corporation tax paid	<u>(124,819)</u>	<u>(142,115)</u>
Capital expenditure and financial investment		
Sale of tangible fixed assets	58,762	488,511
Purchase of tangible fixed assets	<u>(240,789)</u>	<u>(340,284)</u>
Net cash inflow/(outflow) from investing activities	<u>(182,027)</u>	<u>148,227</u>
Acquisitions and disposals		
Purchase of subsidiary undertakings	(246,552)	(381,181)
Disposal of subsidiary undertakings	0	179,286
Purchase of investment in other entities	(226,015)	(351,596)
Net cash inflow/(outflow) from Acquisitions and disposals	(472,567)	(553,491)
Equity dividends paid	(276,617)	(266,669)
Net cash (outflow) before financing	(952,160)	(2,797,100)
Financing		
Issue of shares/costs	49,850	2,496,171
Additions to (repayment of) borrowing	848,607	657,876
Capital element of finance leases	<u>(2,373)</u>	<u>158,084</u>
Net cash inflow from financing	<u>896,084</u>	<u>3,312,131</u>
Increase/(decrease) in cash and cash equivalents	<u>(56,076)</u>	<u>515,031</u>

Notes to the Statement of Cashflows

(a) Reconciliation of Operating profit to net cash inflow from operating activities:

	<i>Six months ended 30 June 1998 (Unaudited) £</i>	<i>Year ended 31 December 1997 (Audited) £</i>
Operating profit	997,314	1,284,986
Depreciation	58,494	119,704
Amortisation of goodwill	1,494	0
(Increase)/Decrease in debtors	(1,558,634)	(3,716,546)
(Increase)/Decrease in stocks	(1,930,649)	(68,252)
Increase/(Decrease) in creditors	2,579,379	532,772
Loss on disposal of investment	0	2,993
Net Cash inflow/(Outflow) from operating activities	<u>147,398</u>	<u>(1,844,343)</u>

(b) Reconciliation of net cash flow to movement in net debt:

	<i>Six months ended 30 June 1998 (Unaudited) £</i>	<i>Year ended 31 December 1997 (Audited) £</i>
Increase/(decrease) in cash	(56,076)	515,031
Cash inflow from increase in debt and lease financing	(846,234)	(815,960)
Finance leases disposed with subsidiary	0	56,250
Change in net debt resulting from cash flows	<u>(902,310)</u>	<u>(244,679)</u>
Opening net funds/(debt)	403,124	647,803
Closing net funds/(debt)	<u>(499,186)</u>	<u>403,124</u>

Notes to the Interim Statement

- The interim financial information has been prepared on the basis of the accounting policies set out in the group's 1997 statutory accounts with the exception that the provisions of FRS10 Goodwill and Intangible Assets have been adopted in the current financial year. The interim figures have not been audited. The interim financial statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). Comparative financial information for the year ended 31 December 1997 has been extracted from the statutory accounts for the year which have been delivered to the registrar of Companies and upon which the auditors gave an unqualified report, with no statement under section 237(2) or (3) of the Act.
- The taxation charge for the 6 months has been calculated at an effective rate of 27.5% (1997 29%).
- The calculation of earnings per share is based on the profit on ordinary activities after taxation and 69,953,387 ordinary shares (1997: 46,298,123) being the weighted average number of shares in issue during the half year. The weighted average number of shares in issue during the year ended 31 December 1997 was 49,023,250. The calculation of fully diluted earnings per share is based on the profit on ordinary activities after taxation and 70,410,921 ordinary shares being the weighted average number of shares in issue during the year, after allowing for share options.

4. The Directors have declared an interim dividend of 0.35p per share (1997: 0.30p) to shareholders on the register at the close of business on 25 September 1998, which will be paid on 30 October 1998.
5. The interim statement was approved by the board of Directors on 8 September 1998. Copies of this statement will be available to members of the public, free of charge, from the Company's registered office, Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire PE18 6WA."

Part V

FINANCIAL INFORMATION ON DEAN HOMES AND SPEYMILL

FINANCIAL INFORMATION ON DEAN HOMES

1. Basis of preparation of financial information

The financial information in this Part V has been extracted without material adjustment from the audited financial statements of Dean Homes for the period ended 31 December 1995 and each of the two years ended 31 December 1997. The financial information concerning Dean Homes does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts for each period have been delivered to the Registrar of Companies. Unqualified audit reports (not containing a statement under 237(2) or (3) of the Act) have been given by Dean Homes' auditors, Spokes & Company, Chartered Accountants and Registered Auditors, of Hilden Park House, 79 Tonbridge Road, Hildenborough, Kent TN11 9HB in respect of each of the two years ended 31 December 1997 and by Grant Thornton, Chartered Accountants and Registered Auditors, of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP in respect of the 53 weeks ended 31 December 1995.

2. Profit and loss accounts

The following table sets out the profit and loss accounts for Dean Homes for the period ended 31 December 1995 and each of the two years ended 31 December 1997.

	<i>Period ended 31 December</i>	<i>Year ended 31 December</i>	
	1995	1996	1997
	£000	£000	£000
Turnover	1,017	3,964	7,141
Cost of sales	(781)	(3,226)	(5,744)
Gross profit	236	738	1,397
Administration expenses	(77)	(304)	(533)
Operating Profit	159	434	864
Interest receivable	7	1	1
Interest payable	(16)	(12)	(115)
Profit on ordinary activities before taxation	150	423	750
Taxation	(37)	(101)	(237)
Profit on ordinary activities after taxation	113	322	513
Proposed dividend	(50)	(320)	(400)
Profit retained for the financial year	63	2	113

The following table shows the balance sheet for Dean Homes at 31 December 1997:

	31 December 1997 £000
Tangible fixed assets	13
Current assets	
Stocks and work in progress	1,657
Debtors	1,766
	<u>3,423</u>
Creditors: amounts falling due in less than one year	(3,258)
Net current assets	<u>165</u>
Total assets less current liabilities	178
Creditors: amounts falling due in more than one year	<u>—</u>
Net assets	<u>178</u>
Capital and reserves	
Called up share capital	<u>—</u>
Profit and loss account	178
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FINANCIAL INFORMATION ON SPEYMILL

1. Basis of preparation of financial information

The financial information in this Part V has been extracted without material adjustment from the audited financial statements of Speymill for the period from 21 February 1995 (its date of incorporation) to 31 December 1995 and each of the two years ended 31 December 1997. The financial information concerning Speymill does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts for each period have been delivered to the Registrar of Companies. Unqualified audit reports (not containing a statement under 237(2) or (3) of the Act) have been given by Speymill's auditors, Spokes & Company, Chartered Accountants and Registered Auditors of Hilden Park House, 79 Tonbridge Road, Hildenborough, Kent TN11 9HB in respect of each of the two years ended 31 December 1997 and by Mapus-Smith & Lemmon of 48 King Street, King's Lynn, Norfolk PE30 1HE for the period from 21 February 1995 (its date of incorporation) to 31 December 1995.

2. Profit and loss accounts

The following table sets out the profit and loss accounts for Speymill for the period ended 31 December 1995 and the two years ended 31 December 1997:

	<i>Period ended 31 December</i>	<i>Year ended 31 December</i>	
	1995	1996	1997
	£000	£000	£000
Turnover	393	6,557	9,550
Cost of sales	(344)	(5,706)	(8,455)
Gross profit	49	851	1,095
Administration expenses	(76)	(548)	(789)
Operating (loss)/profit	(27)	303	306
Interest receivable and similar income	1	6	47
Interest payable and similar charges	—	—	(2)
(Loss)/profit on ordinary activities before taxation	(26)	309	351
Taxation	—	(90)	(106)
(Loss)/profit on ordinary activities after taxation	(26)	219	245
Proposed dividend	—	(150)	(200)
(Loss)/profit retained for the financial year	(26)	69	45

The following table shows the balance sheet for Speymill at 31 December 1997:

	<i>31 December 1997 £000</i>
Tangible fixed assets	91
Current assets	
Work in progress	2
Debtors	1,437
Cash at bank	1,024
	2,463
Creditors: amounts falling due in less than one year	(2,226)
Net current assets	237
Total assets less current liabilities	328
Creditors: amounts falling due in more than one year	(40)
Net assets	288
Capital and reserves	
Called up share capital	200
Profit and loss account	88
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Part VI
VALUATION REPORT

**BARKER · STOREY
MATTHEWS**

CHARTERED SURVEYORS

150 HIGH STREET, HUNTINGDON
CAMBRIDGESHIRE PE18 6TF
TEL: 01480 . 451578 FAX: 01480 . 432666
email: Michael @ bsm-hn. demon.co.uk

Client	(1) The Directors of Dean Corporation plc (2) The Directors of Artisan (UK) plc (3) Teather and Greenwood Limited
Properties	Various Properties Situated at Godmanchester, Chatteris, Warboys, Alconbury and St Neots in the County of Cambridgeshire
Purpose of Valuation	For inclusion within a circular to Shareholders of Dean Corporation plc relating to the possible demerger of certain businesses of the company, which include the properties, also for inclusion in a prospectus relating to the admission to trading on the Alternative Investment Market of the London Stock Exchange Limited of shares in the demerged business.
Instructions	As confirmed in our letter of 14 September 1998 addressed to Mr S Dean, Executive Chairman, Dean Corporation plc
Dates of Inspections	18 and 21 September 1998
Date of Valuation	30 October 1998
Inspection & Report by	M G Storey FRICS

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Appendix 1 Chord Business Park, Godmanchester, Cambs

Appendix 2 Angoods Lane, Chatteris, Cambs

Appendix 3 Clock Tower, Warboys, Cambs

Appendix 4 Manor Farm Barn, Alconbury, Cambs

Appendix 5 Site at Tebbuts Road, St Neots, Cambs

Appendix 6 Valuations and Summary, Properties in course of Development

Appendix 7 Valuation and Summary, Property Held for Development

Appendix 8 Conditions of Engagement

To: The Directors of Dean Corporation PLC, Artisan (UK) plc and Teather & Greenwood Limited

1. Introduction and Purpose of Valuation

- 1.1 You have instructed us to prepare valuations of various properties situated at Godmanchester, Chatteris, Warboys, Alconbury and St Neots in the County of Cambridgeshire.
- 1.2 In all cases, the properties are either held for development, or are in the course of development, or are awaiting disposal following completion of development. You have informed us that the properties are all freehold.
- 1.3 The valuations are for inclusion within a circular, incorporating listing particulars, to shareholders of Dean Corporation plc relating to the possible demerger of certain businesses of the company, which includes the properties, and for inclusion in a prospectus relating to the admission to trading on the Alternative Investment Market of the London Stock Exchange of shares in the demerged business.
- 1.4 We confirm that the valuations have been carried out in accordance with the Practice Statements (PS) contained in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations have been prepared by Mr M G Storey, a Fellow of the Royal Institution of Chartered Surveyors, of Barker Storey Matthews. He is an external valuer as defined in P.S. 5.3.2.
- 1.5 The properties were inspected on Friday 18 September and Monday 21 September 1998. You have advised us that the valuation date is to be 30 October 1998. The description information within this report is based upon our inspections; in certain cases building works are understood to have progressed between the dates of our inspections and the valuation dates. The estimated costs of completing the developments set out in Appendix 6 to this report are as at the valuation date, not the dates of our inspection.
- 1.6 The valuations are subject to our Conditions of Engagement forming Appendix 8 to this report. The basis of valuation is in all cases "Open Market Value" as defined in P.S. 4.2.1 and in paragraph 2A of our conditions of engagement.

2. The Properties

- 2.1 There are five properties in total, described in more detail in Appendices 1 to 5 to this report.
- 2.2 The properties at Godmanchester, Chatteris, Warboys and Alconbury (Appendices 1 to 4) are in various stages of development. The Godmanchester development is commercial (offices), the other developments are residential. The site at St Neots (Appendix 5) is held for future residential development.

3. Physical Condition and Environmental Factors

- 3.1 Our valuations are based on several assumptions as detailed in the following paragraphs.
- 3.2 We have not carried out building surveys, nor have we inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.
- 3.3 We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent.
- 3.4 We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject properties from these uses or sites. Our

valuations assume that there is no contamination in or from the ground, that it is not landslide ground, that no contaminative or potentially contaminative uses have ever been carried out on the properties and that there is no potential for contamination of the subject properties from past or present uses of the properties or from any neighbouring properties; and we are not aware of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination.

However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

4. Tenure

4.1 We are informed by Mr S Dean, Executive Chairman of Dean Corporation plc, that the properties are all freehold. We have assumed that no unusual or especially onerous restrictions, encumbrances or outgoings exist, that good title can be shown, that the valuations would not be affected by any matter that would be revealed by local search and replies to the usual enquiries, or by any statutory notice.

4.2 At the valuation date the properties were all either vacant or in the course of development with the exception of Unit C, one of the office units at Chord Business Park, Godmanchester, which was completed and let to Friends Provident Life Office. Details of the lease terms and rent are contained in Appendix 1 to this report.

5. Planning

5.1 Details of planning consents issued, or relevant Local Authority planning policies, are provided within the individual property reports forming Appendices 1-5 of this report.

6. Valuation

6.1 Our opinions of value of the various properties are expressed in the summary sheets forming Appendices 6 and 7 of this report showing respectively those properties in the course of development, and those held for development.

6.2 To summarise, we are of the opinion that the aggregate open market value of the various freehold properties as at 30 October 1998, in their existing state, is as follows:-

A.	In the course of development	£2,321,400
B.	Held for development	£57,500
	Total Value	£2,378,900

(Two million, three hundred and seventy eight thousand, nine hundred pounds)

6.3 Our valuations do not include any allowance for any liability for Capital Gains Tax, Value Added Tax or for expenses of realisation.

7. Final Remarks

7.1 This Valuation Report is provided for the stated purpose and for the sole use of the named Clients. The Valuer accepts responsibility to the Clients alone that the Report is prepared with the skill, care and diligence reasonably to be expected of a competent Valuer.

7.2 Neither the whole nor any part of the Report nor any reference to it, may be included in any published document, circular or statement, or published in any way without the Valuer's written approval of the form and context in which it may appear.

Barker Storey Matthews

11 November 1998

APPENDIX 1

CHORD BUSINESS PARK
LONDON ROAD
GODMANCHESTER
HUNTINGDON
CAMBS

Location

The Business Park lies on the south east outskirts of Huntingdon adjoining modern residential areas and an existing small business and industrial estate, within ¼ mile of the A14 trunk road. Huntingdon is an expanding town with a current population of about 25,000 situated 60 miles north of London, 15 miles north west of Cambridge and 20 miles south of Peterborough, close to the A1/A14 intersection.

Description

Development commenced earlier in 1998 on the cleared site of a former Government buffer depot. It consists of five new detached two-storey office buildings arranged around a central courtyard providing access and 114 car parking spaces. The buildings are steel framed with natural brick elevations and tiled roofs. The specification includes carpeted raised floors, heating and comfort cooling, suspended ceilings and double glazing. One of the office buildings, Unit E, has been sold and does not form part of our valuation.

Accommodation

The net lettable accommodation quoted for letting purposes and scaled from architect's drawings is as follows:-

Unit A	272 sq m	(2,928 sq ft)
Unit B	660 sq m	(7,106 sq ft)
Unit C	379 sq m	(4,085 sq ft)
Unit D	379 sq m	(4,085 sq ft)
Total	1,690 sq m	(18,204 sq ft)

Check measurements taken on site indicate that the actual areas of the completed buildings may be slightly below these figures, but within a tolerance of about 4%.

Each building has adequate toilet and kitchen facilities and an entrance foyer. The office areas are of open-plan layout.

Planning

Planning permission was granted by Huntingdonshire District Council on 9 March 1998 under reference 97/1604. There were no particularly onerous or unusual conditions attached.

Services

All main services are connected.

State of Development

Unit C has been completed and let. Unit D has been completed, but is vacant pending letting or sale. Units A and B are under construction. In both cases, the steel frames and outer walls are complete. The roof of Unit A is virtually complete and tiled. The roof structure of Unit B is under construction, but has not yet been tiled. Both units lack windows and any internal fittings/linings except for partial wiring to Unit A. The parking/landscaping is virtually complete except for finishing works in the vicinity of Units A and B.

Tenancy

Unit C has been let to Friends Provident Life Office for a term of 15 years commencing October 1998 at an initial rent of £54,000 per annum plus VAT. The lease is full repairing and insuring with a service charge to cover upkeep of the car park and landscaping. There are upward only rent reviews after 5 and 10 years. The tenant may determine the lease after 10 years upon giving at least 6 months notice.

Timescale to Completion

Physical completion of Block A is anticipated at the end of November 1998 and of Block B at the end of December 1998. For valuation purposes in existing state, we have assumed completion of sales of Blocks A and B at the end of August 1999.

Estimated Completion Costs

We are advised by Dean Corporation that the estimated outstanding cost of completing Blocks A and B as at 31 August 1998 was £200,000 inclusive of disposal costs but exclusive of interest and profit.

APPENDIX 2

Angoods Lane
Chatteris
Cambs

Location

Chatteris is a small town situated in the Cambridgeshire Fens at the junction of the A141 and A142 roads. The current population is about 8,000. The town lies 14 miles north east of Huntingdon, 20 miles north of Cambridge and 20 miles south east of Peterborough. Angoods Lane is a residential road off Bridge Street, a short distance north of the town centre.

Description

This is the remaining phase of a development now largely completed and sold, consisting of small new terraced two-storey houses with gardens and car parking. The houses are of conventional design and of brick and tile construction. The specification includes gas central heating, well fitted kitchens and patio doors.

Accommodation

There are two basic house types known as Rutland and Grafham.

Rutland has hall, toilet, living room and kitchen on the ground floor and 3 bedrooms and bathroom on the first floor (66 sq m, 713 sq ft). Grafham has hall, living room and kitchen on the ground floor and 2 bedrooms on the first floor (54 sq m, 578 sq ft). Plots are as follows:

Plot 79	(Grafham)
Plots 84-89 inc	(Grafham)
Plot 90	(Rutland)
Plot 93	(Rutland)

Planning

Planning permission was granted by Fenland District Council on 3 May 1995 under reference F/93/0907F. There were no particularly onerous or unusual conditions attached.

Services

All main services are connected.

State of Development

Plot 79 has been completed, but was vacant pending sale at the valuation date. Plots 84-90 inclusive are in the early stage of development with only floor slabs completed. Plot 93 is well under construction with main walls complete and roof structures being assembled, but lack windows or any internal fittings/linings.

Estimated Timescale to Completion

Physical completion of Plot 93 is anticipated by the end of November 1998 and of Plots 84-90 during the Spring of 1999. For valuation purposes in existing state, we have assumed completion of sales of these units phased over 6 months from the end of November 1998.

Estimated Completion Costs

We are advised by Dean Corporation that the estimated outstanding cost of completing Plot 93 and 84-90 as at 30 October 1998 was approximately £190,000 inclusive of disposal costs but exclusive of interest and profit.

APPENDIX 3

Clock Tower
Warboys
Cambs

Location

Warboys is a large village just off the A141 road. The current population is about 3,000. The village lies 6 miles north east of Huntingdon, 5 miles south of Ramsey and 8 miles south west of Chatteris. The site faces the Clock Tower on the corner of High Street and Ramsey Road in the heart of the village.

Description

This is a small development of six individually designed terraced two-storey houses with small gardens, parking and garages to the rear. The houses are of traditional design and of brick and tile construction. The specification includes gas central heating, well fitted kitchens and patio doors. Four of the houses have so far been sold.

Accommodation

The following is a brief summary of the remaining houses:-

Plot 2 (Mid Terrace) Hall, reception, toilet, kitchen, 3 bedrooms, bathroom
100 sq m (1080 sq ft)

Plot 5 (Mid Terrace) Hall, reception, kitchen, toilet, 3 bedrooms, bathroom
102 sq m (1102 sq ft)

Planning

Planning permission was granted by Huntingdonshire District Council on 5 June 1998 under reference 98/0558. There were no particularly onerous or unusual conditions attached.

Services

All main services are connected.

State of development

The two houses were completed at the valuation date apart from very minor outstanding items.

APPENDIX 4

Manor Farm Barn
The Maltings
Alconbury
Cambs

Location

Alconbury is a village lying adjacent and just to the west of the A1. The current population is about 1300. The village lies 4 miles north-west of Huntingdon. The property adjoins Manor Farm in the older part of the village.

Description

This is a large period farm barn being converted into a pair of substantial houses with large plots. The conversion will incorporate the traditional features with many exposed timbers. Construction is of solid red brick under a pegtiled roof on two floors.

Accommodation

Plot 1 is to comprise, on the ground floor, hall, toilet, utility room, 3 bedrooms and two bathrooms. On the first floor, a large open-plan living area, plus study and kitchen/breakfast room. About 176 sq m (1900 sq ft).

Plot 2 comprises, on the ground floor, hall, 3 bedrooms and 2 bathrooms. On the first floor, a large open-plan living area and kitchen. About 158 sq m (1700 sq ft).

Planning

Planning permission was granted by Huntingdonshire District Council on 17 June 1998 under reference 98/0452. There were no particularly onerous or unusual conditions attached.

Services

All main services are connected.

State of Development

Building works are well in progress.

Estimated Timescale to Completion

Unit 2 is complete and physical completion of Unit 1 is anticipated at the end of November 1998. For valuation purposes in existing state, we have assumed completion of sales of both units at the end of February 1999.

Estimated completion costs

We are advised by Dean Corporation that the estimated outstanding cost of completing the development as at 30 October 1998 was £80,000 inclusive of disposal costs but exclusive of interest and profit.

APPENDIX 5

Site at Tebbutts Road
St Neots
Cambs

Location

St Neots is a market town of south west Cambridgeshire at the junction of the A1 and A428. The current population is about 27,000. The town lies 50 miles north of London and 18 miles west of Cambridge.

Description

The site fronts Tebbutts Road, on the edge of the town centre, opposite a Gateway Supermarket, adjacent to an office building and backing on to a modern flat development.

The site is approximately rectangular in shape, level with about 16m in frontage and 22m depth and return frontage to a private road, off which there are access rights. We calculate the site area (scaled from plans provided) to be about 0.3 hectare (0.08 acre).

Planning

Planning permission was granted by Huntingdonshire District Council for the erection of five 2 bedroom flats on 26 January 1998 under reference 88/2864. There were no particularly onerous or unusual conditions attached, but a 5 year time limit for commencement of development. An extension of time for a further 5 years was granted from 26 October 1993. We understand from Dean Corporation that a further application for extension of time has been submitted.

Services

All main services are connected.

APPENDIX 6

Properties in course of development

Property	Description and tenure	Tenancies arranged	Open market value in existing state £	Estimated completion and occupation dates	Estimated cost of completing development £	Estimated current net annual rents when completed and let £	Open market value when completed £	Estimated open market value when completed and let ** £
Chord Business Park Godmanchester Huntingdon Cambs								
Unit A	Four new two-storey detached office buildings having a total net floor area of 1,690 sq m and car parking. Units C and D completed. Units A & B part completed. Freehold.	Unit C let to Friends Provident Life Office on a 15 year full repairing and insuring lease from 1998. Subject to upward only reviews and tenant's break clause after 10 years.	700,000 (A&B)	August 1999	200,000 (A&B)	38,000	325,000	365,000
Unit B			August 1999		92,000	780,000	885,000	
Unit C			Completed		54,000	600,000	600,000	
Unit D			Completed		54,000	450,000	520,000	
			1,750,000		200,000*	238,000	2,155,000	2,370,000
Angoods Lane Chatteris Cambs								
Plot 79	New terraced 2 and 3 bedroomed houses on small estate. Plot 79 completed and awaiting sale. Plots 84-90 at floor slab level only. Plot 93 approx. half complete. Freehold	N/A	34,950	Completed		N/A	34,950	N/A
Plot 84			70,000	1999	190,000	36,950		
Plot 85			(84-90&93)	1999	(84-90&93)	34,950		
Plot 86			1999		36,950			
Plot 87			1999		36,950			
Plot 88			1999		34,950			
Plot 89			1999		34,950			
Plot 90			1999		47,500			
Plot 93			1999		47,500			
			104,950		190,000*		345,650	
The Clock Tower Warboys Cambs								
Plot 2	New terraced 3 bedroom houses near village centre. Recently completed. Freehold.	N/A	69,950	Completed	N/A	N/A	69,950	N/A
Plot 5			71,500	Completed			71,500	
			141,450				141,450	
Manor Farm Barn Alconbury Cambs								
Plot 1	Period barn conversion into two substantial individual houses. Plot 2 completed. Plot 1 nearing completion.	N/A	130,000	February 1999	80,000	N/A	250,000	N/A
Plot 2			195,000	N/A			195,000	
			325,000		80,000*		445,000	

Notes

* Estimated cost of completing development supplied by Dean Corporation plc to include fees on sale but exclusive of interest charges and profit.

** Estimated values of offices when completed and let based on known tenancy in case of Unit C. Units A, B, D, assumed to be let to tenants of average status. Actual tenant status and lease terms will affect end values.

APPENDIX 7

Properties held for development

<i>Property</i>	<i>Description and tenure</i>	<i>Terms of existing tenancies</i>	<i>Net annual rent receivable</i>	<i>Open market value £</i>
Site at Tebbutts Road St Neots Cambs	Cleared site close to town centre with planning permission for erection of 5 plots Freehold	Vacant. No tenancies	N/A	57,500

APPENDIX 8

1. PURPOSE OF VALUATION

The purpose for which the valuation is required will be established and agreed at the outset with the Client and/or its professional advisers in order to establish the appropriate bases of valuation. The purpose will be as stated in our letter of confirmation of instructions and within our Valuation Report.

2. BASIS OF VALUATION

Unless otherwise specified, our valuation is prepared in accordance with the Practice Statements (PS) and Guidance Notes (as amended) contained in the RICS Appraisal and Valuation Manual (The Red Book) as issued by The Royal Institution of Chartered Surveyors on one or more of the following bases of valuation:

A Open Market Value (OMV) as defined in PS 4.2.1 is our opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- (i) a willing seller;
- (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (iv) that no account is taken of any additional bid by a purchaser with a special interest; and
- (v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

B. Existing Use Value (EUV) as defined in PS 4.3.1 follows the definition of OMV but with two additional assumptions as set out below:

- (vi) the property can be used for the foreseeable future only for the existing use; and
- (vii) that vacant possession is provided upon completion of the sale of all parts of the property occupied by the business.

Note: EUV is a basis for use only when valuing, for financial statements, property which is occupied for the purposes of the business operating within it. Where there is a significant difference between the EUV and OMV, we are required to report our opinion on both bases and state what restrictions we have disregarded.

C. Estimated Realisation Price (ERP) as defined in PS 4.5.1. is our opinion as to the amount of cash consideration before deduction of costs of sale which we consider, on the date of valuation, can reasonably be expected to be obtained on future completion of an unconditional sale of the interest in the subject property assuming:

- (i) a willing seller;
- (ii) that completion will take place on a future date specified by the Valuer to allow a reasonable period for proper marketing (having regard to the nature of the property and the state of the market);
- (iii) that no account is taken of any additional bid by a prospective purchaser with a special interest, and

- (iv) that both parties to the transaction will act knowledgeably, prudently and without compulsion.

Note: In this instance we will generally state how long, starting with the valuation date, would be reasonably necessary to market the property to achieve the best price, together with the assumed date of completion.

D. Estimated Restricted Realisation Price (ERRP) as defined in PS 4.6.1 is the same as ERP with an amended assumption (ii) as set out below:

- (ii) that completion will take place on a future date specified by the client (and recorded in our report) which does not allow a reasonable period for proper marketing (having regard to the nature of the property and the state of the market).

Note: ERRP replaces the previously used Forced Sale basis of valuation.

E Open Market Rental Value (OMRV) as defined in PS 4.9.1 is our opinion of the best rent at which a new letting of an interest in the property would have been completed at the date of valuation assuming:

- (i) a willing landlord;
- (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the rent and other letting terms and for the completion of the letting;
- (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as on the date of valuation;
- (iv) that no account is taken of any additional bid by a prospective tenant with a special interest;
- (v) a stated length of term and stated principal conditions applying or assumed to apply to the letting and that the other terms are not exceptionally onerous or beneficial for a letting of the type and class of the subject property;
- (vi) that no premium passed and that any rent free period is in respect only of the time which would have been needed by the incoming tenant to make the subject property fit for occupation; and
- (vii) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

3. DATE OF VALUATION

The date of valuation is the date of our inspection unless subsequently modified by agreement.

4. SITE VALUES

Any cleared site values given of freehold non-domestic properties are an apportionment of the value of the whole property between the buildings, (depreciable element), and the land, (non-depreciable element).

5. COSTS, TAXES AND MARKETING

Our Valuation does not include any allowance or any liability for Capital Gains Tax, Value Added Tax or for expenses of realisation. We have assumed that any marketing programme will have due regard to market saturation where a number of properties are situated in close proximity to each other.

6. FIXTURES AND FITTINGS

Certain items of plant and machinery are included in our Valuation. These items may generally be classed as Landlord's fixtures and include *inter alia*; heating, air conditioning and ventilation, mains services, lifts, inspection pits, gantries, petrol pumps, canopies, tanks and structures. The valuation excludes any items which are in the nature of specialist or occupiers process plant and machinery which may only be of value in situ to the present or proposed occupier.

7. MEASUREMENTS, SITE AND FLOOR AREAS

All dimensions for the purposes of the valuation have been taken either on site at the time of our current or previous inspection or, when this has not been practical, from any plans available for the purpose. In this event the source of these plans will be as specified. Site and floor areas have been calculated in accordance with the current RICS Revised Code of Measuring Practice. Nevertheless, all measurements and areas should be treated as approximate.

8. DEFECTIVE PREMISES ACT

No allowance has been made for any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972.

9. REPAIR AND CONDITION OF BUILDINGS

Whilst the Valuer shall have regard to the apparent state of repair and condition of the property, we have not carried out a survey of the structure, nor have we inspected woodwork or any other parts of the structure which are covered, unexposed or inaccessible. We have not arranged for the testing of electrical, heating or other services and the drains will not be exposed. Unless stated otherwise it has been assumed that inspection of those parts that have not been inspected would neither reveal material defects nor cause the Valuer to materially alter the valuation.

We have not arranged for any investigation to be carried out to determine whether or not any harmful, hazardous or deleterious materials or techniques have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are therefore unable to report that any such parts of the structure or service installations are free from defects which may materially affect the value. The Report should not be taken as making any implied representation or statement about such parts and no warranty as to the general condition or stability of the property can be given or implied because of these factors.

10. GROUND CONDITIONS & CONTAMINATED LAND

The Environment Act 1995 has added new contaminated land provisions to The Environmental Protection Act 1990 by requiring local authorities to identify sites which are contaminated and notify the Environment Agency.

Unless otherwise stated:

- (i) we have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites;
- (ii) our Valuation assumes that there is no contamination in or from the ground, that it is not landfilled ground, that no contaminative or potentially contaminative uses have ever been carried out on the property and that there is no potential for contamination of the subject property from past or present uses of the property or from any neighbouring property; and
- (iii) we are not aware of the existence of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

11. SERVICE TENANCIES

Where properties are occupied under service tenancies we have assumed vacant possession can be obtained.

12. TENURE, TITLE AND LEASES

Unless otherwise stated our Valuation is based upon our inspection of each property and we have relied upon information supplied to us by the client and/or its professional advisers as appropriate, relating to details of tenure, tenancies and other relevant matters. Unless specific mention has been made of any defects or problems, it will be assumed that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances, or outgoing.

Unless otherwise stated our valuation assumes that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful.

13. REINSTATEMENT COST

Unless otherwise stated, any reinstatement values are on a present day basis to include demolition and professional fees but excluding Value Added Tax (except on fees), loss of rent and/or cost of alternative accommodation for the reinstatement period. Figures given are an indication for insurance purposes (and for guidance purposes only as a formal estimate should only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs) of the current reinstatement cost of the buildings in their present form or, if buildings are being constructed, as proposed to be completed.

14. TOWN PLANNING, RATING & OTHER ENQUIRIES

We will make verbal enquiries of the appropriate Local Planning and Rating Authorities where we deem it to be appropriate. Some authorities will only respond to written requests for information and employees of these departments only give information on the basis that it should not be relied upon. Accordingly, formal verification may be required in this respect.

Unless otherwise stated, we have assumed that:

- (i) the property valued complies with all necessary statutory requirements such as planning consents, planning conditions, building/fire regulations, local taxation and any additional requirements under the Shops, Offices and Railway Premises and Factory Acts;
- (ii) there are no outstanding statutory or other notices in connection with any property in respect of its present or intended use; and
- (iii) Town Planning consents do not contain restrictions that may adversely affect the value of the property.

15. REPRODUCTION AND USE

This report is provided for the stated purpose and is for the sole use of the named Client. The Valuer accepts responsibility to the Client alone that the Report is prepared with the skill, care and diligence reasonably to be expected of a competent Valuer.

Neither the whole nor any part of the Report nor any reference to it, may be included in any published document, circular or statement, or published in any way without the Valuer's written approval of the form and context in which it may appear.

Part VII

PRO FORMA STATEMENT OF NET ASSETS

The following is a pro forma statement of the net assets of the EPS Group following the IPM Acquisition and the Demerger. It has been prepared on the basis set out in the notes below. The statement has been prepared for the purpose of providing information about the transactions had they been undertaken at 30 June 1998. The statement is therefore for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the EPS Group following the Demerger and the IPM Acquisition.

Notes	<i>Pro forma net assets of the EPS Group following the transactions</i>				
	<i>The Group (1) £000</i>	<i>Adjustment for IPM Acquisition (2) £000</i>	<i>Adjustment for Demerger (3) £000</i>	<i>Other transaction adjustments (4) £000</i>	<i>(5) £000</i>
Fixed assets					
Tangible fixed assets	697	1	(104)	—	594
Intangible assets	599	267	—	—	866
Goodwill	285	—	—	—	285
	<u>1,581</u>	<u>268</u>	<u>(104)</u>	<u>—</u>	<u>1,745</u>
Current assets					
Stocks	4,193	236	(1,659)	—	2,770
Debtors	9,136	452	(3,203)	—	6,385
Cash at bank and in hand	1,650	199	(1,024)	(1,520)	(695)
	<u>14,979</u>	<u>887</u>	<u>(5,886)</u>	<u>(1,520)</u>	<u>8,460</u>
Creditors: amounts falling due within one year	(8,887)	(747)	5,484	—	(4,150)
Net current assets	6,092	140	(402)	(1,520)	4,310
Total assets less current liabilities	7,673	408	(506)	(1,520)	6,055
Creditors: amounts falling due after more than one year	(1,752)	(59)	40	—	(1,771)
Provisions for liabilities and charges	(2)	—	—	(1,000)	(1,002)
	<u>5,919</u>	<u>349</u>	<u>(466)</u>	<u>(2,520)</u>	<u>3,282</u>

Notes:

- The figures for the Group have been extracted without material adjustment from the unaudited consolidated balance sheet of the Group as at 30 June 1998 as set out in its interim results and reproduced in Part IV of this document.
- The figures for IPM have been extracted without material adjustment from the financial information set out in Part III of this document as at 30 April 1998.

3. The figures for the Demerger represent an aggregation of the financial information for Dean Homes and Speymill as at 31 December 1997 which has been extracted without material adjustment from the information set out in Part V of this document. The key components of this aggregation may be summarised as follows:

	<i>Dean Homes £000</i>	<i>Speymill £000</i>	<i>Total Adjustment £000</i>
Tangible fixed assets	13	91	104
Current assets	3,423	2,463	5,886
Creditors: amounts falling due within one year	(3,258)	(2,226)	(5,484)
Creditors: amounts falling due are more than one year	—	(40)	(40)
	<u>178</u>	<u>288</u>	<u>466</u>

4. The adjustments set out above represent:
- the payment of £1.25 million in cash upon completion, representing the initial cash consideration payable to the vendors of IPM under the terms of the acquisition agreement described in paragraph 8 of Part VIII of this document;
 - the payment of expenses associated with the transaction of £390,000, exclusive of VAT;
 - the proceeds of the suscription by Future Match Limited of £120,000.
 - the establishment, within Provisions for Liabilities and Charges, of a provision for £1.0 million representing the maximum additional consideration payable in relation to the IPM Acquisition under the terms of the earn out set out in the acquisition agreement described in paragraph 8 of Part VIII of this document;
5. The pro forma statement does not reflect;
- the trading results of the Group since 30 June 1998;
 - the trading results of IPM since 30 April 1998; and
 - the payment of those dividends and charges referred to in paragraph 13(s) of Part VIII of this document.
6. No adjustment has been made to reflect any taxation liability of the EPS Group arising from the transactions.
7. No fair value adjustments have been made in respect of the IPM Acquisition.

The Directors
Dean Corporation plc
Dean House
Sovereign Court
Ermine Business Park
Huntingdon
Cambs PE18 6WA

11 November 1998

The Directors
Teather & Greenwood Limited
12-20 Camomile Street
London
EC3A 7NN

Dear Sirs

We report on the pro forma financial information set out in Part VII of the circular dated 11 November 1998, which has been prepared, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented.

Responsibility

It is the responsibility solely of the Directors of Dean Corporation plc to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules.

It is our responsibility to form an opinion as required by the Listing Rules of the London Stock Exchange, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of the Dean Corporation plc.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the issuer; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules of the London Stock Exchange.

Yours faithfully

Ernst & Young

Part VIII

ADDITIONAL INFORMATION

1. Directors

The Directors, whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information for which they are responsible contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The functions of the directors of the Group are as follows:

Stephen Dean (*Chairman*)
David John Anderson FCA (*Group Managing Director*)
Peter James Holmes ACMA (*Finance Director*)
Peter Wing Hung So ACMA (*Non-executive*)

Stephen Dean, (Chairman), aged 48, founded the Company in June 1993. Since February 1995, he has spent substantially all his time developing the Group and identified and stewarded four of the acquisitions made by the Group to date. Following the Demerger, Stephen Dean will become Executive Chairman of Artisan.

David John Anderson, (Group Managing Director), aged 49, is a Chartered Accountant. He was a partner in Grant Thornton from 1980, before joining Melville Group PLC as Finance Director in 1983. He left that group in 1992 to pursue his own interests in the corporate finance sector. In February 1996 he became executive chairman of Page and in July 1998 became Group Managing Director of Dean.

Peter Holmes, (Finance Director), aged 32, is an associate member of the Chartered Institute of Management Accountants. He joined Dean in June 1993 as a Director, and is responsible for the Company's accounting and computer functions. He has worked in the construction sector for eight years, having joined Dean & Bowes (Contracts) Limited in 1989, where he had similar responsibilities.

Peter So, (Non-executive), aged 46, is an associate member of The Chartered Institute of Management Accountants and The Chartered Institute of Bankers (England). He has extensive experience in international finance having worked with financial institutions both in London and Hong Kong. He is currently a non-executive director of two listed companies in Hong Kong and one in Norway.

2. General Information

- (a) The Company was incorporated and registered in England and Wales on 1 April 1993 under the Act with registered number 2806007 as a private limited company, named Ichnolite Limited. The Company changed its name to Dean & Bowes (Homes) Limited on 24 May 1993 and was re-registered as a public limited company on 7 March 1995. On 13 April 1995, the Company changed its name to Dean Corporation plc. The Company is subject to the provisions of the Act.
- (b) In June 1993, the Company acquired the housebuilding activities carried out by Dean & Bowes (Contracts) Limited, a company engaged in shop and leisure premises fitting and refurbishment, of which Stephen Dean was the chairman until 10 February 1995.
- (c) From January 1995, the housebuilding activities previously carried out by the Company were carried on by a new subsidiary, Dean Homes Limited. The Company thereby became a holding company.
- (d) On 4 October 1995, Speymill was sold for the sum of £100 to John Reynolds and a trust fund established for the benefit of Russell Dean, the son of Stephen Dean, a director. On

28 June 1996, the Company acquired Speymill from Hemery Nominees Limited (with which Stephen Dean is connected) for a consideration of £245,000, paid in cash.

- (e) Also on 21 February 1995, Speymill Joinery Limited was incorporated. This company changed its name to Speymill Services limited on 7 February 1997. On 10 November 1997, the company sold Speymill Services Limited for £50,070.
- (f) On 10 March 1995, the Company made an offer to acquire the whole of the ordinary issued share capital of Blanchards PLC and thereby widened the Company's own shareholder base. Pursuant to that offer Dean Corporation allotted 115,499 Ordinary Shares in consideration for the acquisition of 86.33 per cent of the issued ordinary share capital of Blanchards PLC. As part of the acquisition the Company allotted (i) to certain creditors of Blanchards PLC 189,791 Ordinary Shares in consideration of the assignment to the Company of certain debts owed by Blanchards PLC; (ii) to Mr Colin Glass, 33,333 Ordinary Shares as a finders fee.
- (g) On 16 March 1995, the Company obtained permission to deal in its securities under Rule 4.2 of the Rules of the London Stock Exchange.
- (h) On 24 August 1995, the Company acquired Protec Industrial Coatings Limited for a cash consideration of £95,000. Protec was sold to Stephen Dean, a director, and Mr. Jeffrey Briscoe for the sum of £1 on 12 September 1996.
- (i) On 20 September 1995, the Company acquired Tripp for a consideration of £718,000, satisfied by the payment of £400,000 in cash and the allotment of 3,180,000 ordinary shares at an issue price of 10p per share.
- (j) On 28 September 1995, the Ordinary Shares were admitted to dealing on AIM.
- (k) On 16 February 1996, the Company acquired 40 per cent of the issued ordinary share capital of Page for a cash consideration of £42,597, with an option to acquire the remaining issued ordinary shares. The Company exercised this option on 14 November 1996. The option price was £606,835, plus a maximum of a further £90,000 dependent on certain profit targets being met during the financial years ending 31 December 1997 and 1998. Of the option price £366,649 was paid or satisfied partly in cash on 31 October 1997 and partly by the issue of Ordinary Shares on 17 November 1997 as described in paragraph 3(c) (xvii) below. The balance of £240,186 was paid on 1 July 1998.
- (l) On 17 July 1997, an extraordinary general meeting of the Company was held to deal with the following matters:
 - (i) to confirm the issue of 3,740,000 Ordinary Shares on 23 April, 1996 notwithstanding that at that time the Company had insufficient unissued share capital the Directors did not have sufficient authority to allot Ordinary Shares and that the statutory pre-emption rights or the pre-emption rights set out in the articles of association of the Company had not been disapplied;
 - (ii) to confirm the issue of 6,466,000 Ordinary Shares between February and March 1996 notwithstanding that such shares had been issued without fully disapplying the statutory pre-emption rights or complying with the articles of association of the Company;
 - (iii) as set out in paragraph 2(d) above, to approve the acquisition of Speymill on 28 June 1996 from Hemery Nominees Limited, with which Stephen Dean is connected;
 - (iv) to approve the sale of a portfolio of quoted investments on 30 June 1996 to the trustees of Stephen Dean's pension fund;
 - (v) as set out in paragraph 3(c)(ix) below, to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £34,724;
 - (vi) as set out in paragraph 3(c)(x) below, to disapply the statutory pre-emption rights in respect of the authority referred to at paragraph (v) above.

- (m) On 18 November 1997, the Ordinary Shares were admitted to the Official List. They are not listed on any other stock exchange.

3. Share capital of Dean

- (a) The authorised and issued share capital of the Company as at the date of this document and immediately following Admission is, and is expected to be, as follows:

- (i) As at the date of this document:

<i>Ordinary Shares</i>	<i>Number</i>	<i>£</i>
Authorised	100,000,000	500,000.00
Issued and fully paid	69,323,785	346,618.92

- (ii) Following the Demerger:

<i>Ordinary Shares</i>	<i>Number</i>	<i>£</i>
Authorised	100,000,000	500,000.00
Issued and fully paid	75,523,785	377,618.92

- (b) As at the date of this document options to subscribe for 1,650,000 Ordinary Shares (representing approximately 2.38 per cent of the present issued share capital of the Company) are outstanding under the Share Option Scheme. Details of these options are set out in paragraph 5(b) of this Part VIII. The directors intend to issue further options also as set out in paragraph 5(b) of this document of this Part VIII.
- (c) During the three years preceding the date of this document there have been the following changes in the share capital of the Company:

- (i) Ordinary Shares have been issued for cash as follows:

<i>Date</i>	<i>Number of Ordinary Shares</i>	<i>Issue Price</i>
2 November 1995	255,500	10p
5 February 1996	320,000	10p
6 February 1996	250,000	½p
6 February 1996	30,000	10p
15 February 1996	50,000	10p
16 February 1996	4,000,000	10p
22 February 1996	1,200,000	10½p
23 February 1996	500,000	10½p
6 March 1996	600,000	11½p
7 March 1996	100,000	11p
15 March 1996	16,000	12p
23 April 1996	3,740,000	11p

- (ii) On 17 May 1996, the authorised share capital was further increased to £300,000 by the creation of 60,000,000 Ordinary Shares. The Directors were also given power to allot relevant securities up to an aggregate nominal amount of £27,194, such power to expire on 16 May 2001.
- (iii) In addition, on 17 May 1996, a special resolution was passed that the share premium account of the Company be reduced from £2,387,446 to £387,446. The purpose of the reduction was to create a special capital reserve against which to write off goodwill arising on acquisitions by the Company. The resolution was duly confirmed by the High Court, in accordance with the Act, on 27 November 1996.
- (iv) Further Ordinary Shares were issued as follows:
- (a) on 13 June 1996, 3,000,000 Ordinary Shares for cash at an issue price of 12½p; and

- (b) on 18 September 1996, 3,000,000 Ordinary Shares issued on exercise of share warrants issued on 14 July 1995 and 21 September 1995 for cash, at an issue price of 12p.
- (v) On 19 December 1996, the Directors were given authority to allot relevant securities up to an aggregate nominal amount of £32,500 during the period of five years from 19 December 1996. The Directors were also empowered to disapply pre-emption rights in relation to allotments of equity securities up to the same amount.
- (vi) On 21 May 1997, the Directors were generally and unconditionally authorised pursuant to Section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £34,724 such authority to expire on 20 May 2002.
- (vii) In addition, on 21 May 1997, the Directors were authorised to allot equity securities for cash up to a total nominal value of £34,724 as if Section 89(1) of the Act did not apply to such allotment, such power to expire at the conclusion of the next Annual General Meeting of the Company following the resolution.
- (viii) As described at paragraph 2(l) above, on 17 July 1997, the shareholders of the Company confirmed the issue on 23 April 1996 of 3,740,000 shares at a price of 11p each.
- (ix) In addition, on 17 July 1997, the Directors were generally and unconditionally authorised pursuant to Section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £34,724, such authority to expire on 20 May 2002.
- (x) In addition, on 17 July 1997, the Directors were authorised to allot equity securities for cash up to a total nominal value of £34,724 as if Section 89(1) of the Act did not apply to such allotment, such power to expire at the conclusion of the next Annual General Meeting of the Company following the resolution.
- (xi) On 17 October 1997, the Directors granted options to subscribe for a total of 1,250,000 Ordinary Shares at an exercise price of 13.5p per share pursuant to the terms of the Share Option Scheme. Further details of these options are set out at paragraph 5(b) below.
- (xii) On 17 November 1997, pursuant to a deed varying the terms of the Page acquisition agreement, the Company allotted and issued a total of 1,518,390 Ordinary Shares to the vendors of Page at 13½p per share.
- (xiii) On 14 November 1997:
 - (i) the authorised share capital of the Company was increased to £500,000 by the creation of 40,000,000 Ordinary Shares;
 - (ii) the Directors were generally and unconditionally authorised, pursuant to Section 80 of the Act, to allot relevant securities up to a maximum aggregate nominal amount of £262,323, such authority to expire on the date of the annual general meeting of the Company to be held in 1998;
 - (iii) the Directors were empowered, pursuant to Section 95 of the Act, to allot equity securities for cash pursuant to the authority conferred under paragraph 3(c)(xiii)(ii) above, as if Section 89(1) of the Act did not apply to any such allotment, provided that such power was limited to:
 - (aa) the allotment of up to 21,087,780 Ordinary Shares pursuant to the Placing and Open Offer and Subscription described in the Company's prospectus dated 20 October 1997;
 - (bb) the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares;
 - (cc) otherwise than pursuant to paragraphs (aa) and (bb) above, the allotment of equity securities up to an aggregate nominal value of £17,226, such authority to expire on the date of the annual general meeting of the Company to be held in 1998, but so that the Directors will be enabled to allot equity securities after such date in pursuance of an offer or agreement entered into prior to such date.

- (xiv) On 20 April 1998, 250,000 Ordinary Shares were allotted and issued on the exercise of options under the Share Option Scheme at an issue price of 10p each.
- (xv) On 12 May 1998:
 - (i) the Directors were authorised, pursuant to section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £114,840, such authority to expire on 11 May 2003, but so that the Directors will be enabled to allot equity securities after that date in pursuance of an offer or agreement entered into prior to such date;
 - (ii) the Directors were empowered, pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority conferred under paragraph (i) above, as if section 89(1) of the Act did not apply to any such allotment, provided that such power was limited to the allotment of equity securities up to an aggregate nominal amount of £17,226, such authority to expire on the date of the annual general meeting of the Company held in 1999, but so that the Directors will be enabled to allot equity securities after such date in pursuance of an offer or agreement entered into prior to such date:
- (xvi) On 16 June 1998, 169,492 Ordinary Shares were allotted and issued as part of the consideration payable to the vendor of Castellain Limited at an issue price of 14.75p each.
- (xvii) During the three years preceding the date of this document, the following changes have taken place in the share capital of subsidiary companies:
 - (aa) On 16 February 1996, the authorised share capital of £1,000,000 in Page was converted into 100,000 cumulative redeemable preference shares of £1 each, and 900,000 ordinary shares of £1 each. On the same date, 100,000 preference shares and 98,400 ordinary shares were issued for cash at par.
 - (bb) On 31 December 1996, 300,000 unissued ordinary shares in Page were converted into cumulative redeemable preference shares of £1 each, and the following preference shares were issued at par.
171,531 shares paid up by capitalisation of loans made to Page by the Company, David Anderson and others 100,000 shares paid up in cash.
 - (cc) On 16 April 1997 the authorised share capital of Speymill was increased from £100 to £200,000 by the creation of 199,900 ordinary shares of £1 each, and these shares were issued to the Company for cash at par.
 - (dd) On 4 November 1998, the authorised share capital of Speymill was increased from £200,000 to £750,000 by the creation of 550,000 ordinary shares of £1 each. On the same date these ordinary shares were allotted and issued to the Company by way of a capitalisation of a loan to Speymill by the Company of £750,000.
 - (ee) On 4 November 1998, the authorised share capital of Dean Homes was increased from £100 to £800,000 by the creation of 799,900 ordinary shares of £1 each. On the same date, these ordinary shares were allotted and issued to the Company by way of a capitalisation of a loan to Dean Homes of £799,900 made by the Company.
- (xviii) Save as disclosed above, there have been no material changes in the share capital of the Company and no material changes in the amount of the issued share capital of any of its subsidiaries.
- (d) By Resolutions 4 and 5 to be proposed at the Extraordinary General Meeting:
 - (i) the Directors will be authorised in substitution for the authority granted on 12 May 1998, pursuant to Section 80 of 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 a maximum aggregate nominal amount of £156,873, such authority to expire on

the conclusion of the Annual General Meeting of the Company to be held in 1999 unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may at any time before such expiry make an offer of agreement which might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance to such offer or agreement as if the authority had not expired;

- (ii) the Directors will be empowered, pursuant to Section 95 of the Act, to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred under paragraph 2(d)(i) above, as if Section 89(1) of the Act did not apply to any such allotment, provided that such power is to be limited to the allotment of equity securities up to an aggregate nominal value of £24,880, such authority to expire on the date of the Annual General Meeting of the Company to be held in 1999, but so that the Directors will be enabled to allot equity securities after such date in pursuance of an offer or agreement entered into prior to such date.
- (e) Save as disclosed in paragraphs 3(c) and (d) above, within the three years preceding the date of this document:
 - (i) there has been no alteration in the share capital of the Company;
 - (ii) no share or loan capital of the Company has been issued or agreed to be issued (apart from intra-group issues by subsidiaries) for cash or otherwise;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital; and
 - (iv) no capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- (f) Immediately following Admission, a maximum of 24,476,215 Ordinary Shares will remain unissued and uncommitted and, save for the rights arising under the Share Option Scheme (both existing and/or to be granted as set out in paragraph 5 below) there is no present intention to issue the authorised but unissued share capital of the Company and (save with the prior approval of the members of the Company in general meeting) no issue of shares will be made which would effectively alter the control of the Company or the nature of its business.
- (g) The Ordinary Shares have been admitted to the CREST paperless settlement system, and are capable of being held in uncertificated form.

4. Memorandum and Articles of Association

The Company's principal object, as set out in paragraph 4(A) of the Memorandum of Association, is to carry on the business of, *inter alia*, a general commercial company. The Company is also authorised to carry on the business of a holding company.

The Articles of Association of the Company, contain, *inter alia*, provisions to the following effect:

(a) Voting

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person or (being a corporation) is present by a representative not being himself a member shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any meeting or exercise any other right unless all calls or other sums presently payable by him to the Company in respect of any shares in the capital of the Company have been paid.

(b) *Restrictions on shares*

If a member, or a person appearing to be interested in shares held by a member, has been duly served with a notice pursuant to section 212 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, the Directors may at any time, by notice ("a direction notice") to the member, direct that, in respect of the shares in relation to which the default occurred ("default shares"), the member is not entitled to vote at any general meeting or class meeting of the Company.

Where the default shares represent at least 0.25 per cent of the issued shares of a class, the direction notice may additionally direct:

- (i) that any dividend or other money which would otherwise be payable in respect of each of the default shares shall (in whole or part) be retained by the Company; and
- (ii) that no transfer of the default shares shall be registered unless the member is not himself in default in supplying the information required and the transfer is of part only of the member's holding and, when presented for registration, is accompanied by a certificate by the member in a form satisfactory to the directors to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer is a default share.

The prescribed period is 28 days from the date of service of the said notice except that if the default shares represent at least 0.25 per cent of the issued shares of a class the prescribed period is 14 days.

A direction notice shall have effect in accordance with its terms for so long as the default in respect of which it was issued continues and (unless the direction notice otherwise determines) for a further period of one week but shall cease to have effect in relation to any default shares which are transferred by the member by means of an approved transfer.

A transfer of shares is an approved transfer if:

- (i) it is a transfer of shares to an offer or by way or in pursuance of acceptance of an offer made to all the holders of the shares (or of a particular class) in the Company or a specified proportion of them;
- (ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member or other persons appearing to be interested in the shares;
- (iii) the transfer results from a sale made through a recognised investment exchange.

(c) *Variation of rights and alteration of capital*

If at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be modified or abrogated unless otherwise provided by the terms of issue of the shares of that class either with the consent in writing of the holders of three-quarters of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these articles of association of the Company relating to the general meetings shall apply *mutatis mutandis*, but the necessary quorum at any such meeting, other than an adjourned meeting, shall be such persons, present in person or by proxy, holding or representing by proxy one-third in nominal value of the issued shares of the class in question and any holder of shares of the class in question, present in person or by proxy, may demand a poll and on a poll every such holder shall have one vote for every share of that class held by him. At an adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum.

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide all or any of its share capital into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may by such resolution as is required by the Act purchase all or any of its own shares subject to the sanctioning of the purchase by extraordinary resolution of the holders of any outstanding convertible securities and subject to a maximum price in the case of a purchase of listed redeemable shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account in any manner.

(d) Transfer of shares

A member may transfer all or any of his shares held in uncertificated form ("Uncertificated Shares") in accordance with and subject to the Uncertificated Securities Regulations 1995 ("the Regulations") and the facilities and the requirements of the computer based transfer system ("the Relevant System") concerned and, subject thereto, in accordance with any arrangements made by the Directors.

A member may transfer all or any of his shares which are not Uncertificated Shares ("Certificated Shares") by instrument of transfer in writing in any usual form or in another form approved by the Directors, and the instrument shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by the transferee.

In relation to all transfers of shares, the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it. Transfers of shares and other documents relating to or affecting the title to any shares shall be registered without payment of any fee. All instruments of transfer which are registered shall be retained by the Company.

Subject to any sanction imposed for default in relation to a notice served pursuant to Section 212 Companies Act 1985 the Directors may in their absolute discretion and without assigning any reason decline to register the transfer of a Certificated Share which is not a fully paid share or upon which the Company has a lien. The Directors may also decline to register any instrument of transfer, unless:

- (i) the instrument of transfer duly stamped is deposited at the Company's registered office or such other place as the Directors may appoint, accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
- (ii) the instrument of transfer is in respect of only one class of share;
- (iii) in the case of a transfer to joint holders they do not exceed four in number;

The Directors may, in their absolute discretion and without giving a reason, refuse to register any transfer of any Uncertificated Share which is not fully paid or on which the Company has a lien provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of Uncertificated Shares in such other circumstances as may be permitted by the Regulations and the requirements of the Relevant System concerned.

If the Directors refuse to register a transfer they shall, within two months after the date on which, in respect of Certificated Shares, the transfer was lodged with the Company or, in respect of Uncertificated Shares, the date on which the appropriate instruction was received by or on behalf of the Company, send notice of the refusal to the transferee and any instrument of transfer which the Directors refuse to register shall (except in the case of fraud) be returned to the person depositing it.

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any calendar year) as the Directors may determine.

(e) Directors

Unless otherwise determined by the Company in general meeting, the number of Directors shall be not less than two but is not subject to any maximum. The quorum at any meeting of Directors shall be two.

The Directors shall be paid out of the funds of the Company, by way of fees for their services as Directors, such sums as the Company in general meeting shall determine. The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or committees of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who at the request of the Board performs special services or goes or resides abroad for any purposes of the Company may (unless otherwise expressly resolved by the Company in general meeting) receive such extra remuneration by way of salary, percentage or profits or otherwise as the Board determines.

The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. The Director shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Directors who have attained the age of 70 shall be required to vacate their office by reason of having reached that age.

There shall be no share qualification required of any Director.

Each Director may at any time, by notice in writing to the Company at the office or at a duly convened and held Board Meeting appoint any person who is approved by the Board to be his alternate and may in like manner at any time terminate such appointment.

A Director may hold any other office or place of profit with the Company (except that of auditor) and may be paid such extra remuneration for it as the Board determines. A Director may act in a professional capacity for the Company and be remunerated for those services. A Director may be a director, or other officer of, or otherwise interested in, a company promoted by the Company or in which the Company is interested and shall not be liable to account for any remuneration, profit or other benefit received and may also cause the voting power conferred by the shares in another company held or owned by the Company to be exercised in such manner as he thinks fit. A Director shall not vote or be counted in the quorum on a resolution of the Board concerning his own appointment.

A Director who to his knowledge is interested, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or, in any other case, at the first meeting of the Board after he knows that he is or has become interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with the company or firm shall be a sufficient declaration of interest. A notice shall not be effective unless either it is given at a meeting of the Board or the Director giving it takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

Except as otherwise provided by the Articles, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or other proposal in which he is, to his knowledge, directly or indirectly, materially interested. If he does, his vote shall not be counted. This prohibition does not apply to any of the following matters, namely:

- (i) a contract or arrangement for giving to the Director security or an indemnity in respect of money lent by him or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) a contract or arrangement for the giving by the Company of security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries which the Director has himself guaranteed or secured in whole or in part;
- (iii) a contract or arrangement by the director to subscribe for shares, debentures or other securities listed by the Company issued or to be issued pursuant to an offer or invitation to, or any class of, members or debenture holders of the Company, or to any section of the public or to underwrite any shares, debentures or other securities of the Company;

- (iv) a contract or arrangement in which the Director is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (v) a contract or arrangement concerning another company (not being a company in which the Director owns one per cent or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise;
- (vi) a proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries which does not accord to the Director as such any privilege or advantage not generally accorded to the employees to which the scheme or fund relates;
- (vii) an arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner as the employees and which does not accord to the Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates; and
- (viii) a proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of the Directors or for the benefit of persons including Directors.

(f) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (both present and future) including its uncalled capital and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure that borrowings (exclusive of borrowings between the Company and any of its subsidiaries or between such subsidiaries) shall not, at any time, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to three times the adjusted total of capital and reserves or the sum of £2,000,000 whichever shall be the greater. The Articles make provision for certain liabilities and other amounts to be included in or excluded from the definition of "borrowings". No breach of the borrowing limit shall render the debt incurred or security given in breach thereof invalid or ineffectual unless the lender or recipient thereof had express notice that such limit had been or would thereby be exceeded.

(g) *Dividends*

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Directors. Interim dividends may be paid if profits available for distribution justify such payment and if the Directors so resolve. Subject to the rights attached to shares, all dividends shall be declared and paid according to the amount paid up on the shares in respect of which the dividend is paid. No dividends payable in respect of any share shall bear interest unless otherwise provided by the rights attached to any share. The Directors may, with the prior sanction of an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares of the same class credited as fully paid in lieu of receiving the net cash amount due to them in respect of such dividend.

(h) *Unclaimed dividends*

All unclaimed dividends may be invested or otherwise made use of for the benefit of the Company until claimed. Any dividend unclaimed for 12 years after the date such dividend became due for payment shall be forfeited and shall revert to the Company

(i) *Return of capital*

On a winding up of the Company, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Act and, subject to any special rights attaching to any class of shares, shall be applied in repaying to the members of the

Company the amounts paid up on the shares held by them. Any surplus assets will belong to the holders of any ordinary shares then in issue according to the numbers of shares held by them, or if no ordinary shares are then in issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.

On a winding up of the Company, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company and may set such value as he deems fair upon any property to be divided and may determine how such divisions shall be carried out as between members or different classes of members.

(j) *Pensions, gratuities etc.*

The Directors may provide or pay pensions, annuities and superannuation or other allowances or benefits to Directors or former Directors or any persons who are or have been employed by or in the service of the Company or any of its subsidiaries, (whether past or present) or any holding company of the Company or of any company which is allied or associated with the Company and to the spouses, widows, children and other relatives or dependants of such persons and may establish, maintain, support or subscribe to and contribute to all kinds of schemes, trusts and funds (whether contributory or non-contributory) for the benefit of all such persons.

(k) *Untraced shareholders*

The Company may sell any share of a member or any share to which a person is entitled by virtue of transmission on death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law if for a continuous period of 12 years such member or person has not cashed any cheques or warrants sent by the Company. The Company may only exercise its right to sell if it has, within a further period of three months after giving notice in certain newspapers of its intention to sell such share, still received no notice either of the whereabouts or of the existence of the member or such persons and has notified the London Stock Exchange of its intention to sell. The Company shall be obliged to account to the person entitled thereto for an amount equal to the net proceeds of sale.

5. **Directors' and other interests**

- (a) The interests of the Directors and of connected persons of a Director which would, if the connected person were a Director, be required to be disclosed herein, and the existence of which is known to or could with reasonable diligence be ascertained by that Director in the share capital of the Company (both beneficial and non-beneficial) as required to be notified to the Company pursuant to Sections 324 or 328 of the Act and which are required to be entered in the register maintained under Section 325 of the Act as at 10 November 1998, being the latest practicable date prior to the publication of this document and following Admission, are as follows (all of which are beneficial):

<i>Director:</i>	<i>At present</i>		<i>Following Admission</i>	
	<i>Number</i>	<i>Per cent.</i>	<i>Number</i>	<i>Per cent.</i>
Stephen Dean	24,529,000	35.38	24,529,000	32.48
David Anderson	994,232	1.43	994,232	1.32
Peter Holmes	310,000	0.45	310,000	0.41
Peter So	—	—	—	—

Stephen Dean's beneficial shareholding set out above includes 9,000,000 Ordinary Shares held by Hemery Nominees Limited and 587,000 Ordinary Shares held by a family trust established by Stephen Dean for his minor child.

In addition, Stephen Dean has a non-beneficial interest in a further 1,761,000 Ordinary Shares, representing 2.33 per cent. of the share capital of the Company following Admission, which are held by family trusts for Mr. Dean's adult children.

Peter So's wife is interested in 40 per cent. of the issued share capital of the company which holds 10 per cent. of the issued share capital of Future Match Limited which holds 20.2 per cent. of the existing issued share capital of the Company.

Peter Holmes is in addition interested in 1,150,000 Ordinary Shares pursuant to the Share Option Scheme. 1,000,000 of such options will be surrendered on the issue of Options over 1,000,000 EPS Shares to be issued to Peter Holmes. The Directors also intend to issue Options over 1,750,000 EPS Shares to David Anderson.

- (b) Options have been granted to Directors and employees under the Share Option Scheme for nil consideration as follows:

<i>Optionholder</i>	<i>Number of Ordinary Shares under option</i>	<i>Date of Grant</i>	<i>Expiry Date of Option</i>	<i>Exercise Price per Ordinary Share</i>
Peter Holmes	†150,000	4 October 1995	3 October 2002	10p
	1,000,000	17 October 1997	16 October 2004	13.5p
Colin Dent	250,000	17 October 1997	16 October 2004	13.5p
Alan Brookes*	100,000	7 April 1998	7 April 2001	13.83p
Christopher Musselle*	75,000	7 April 1998	7 April 2001	13.83p
Martyn Cadden*	75,000	7 April 1998	7 April 2001	13.83p

† The Company intends to pay to Peter Holmes £1,500 in consideration of the surrender of these options.

* These employees will cease to be employees of any members of the EPS Group following the Demerger, and these options will therefore lapse at that time. Alan Brookes and Christopher Musselle have been appointed directors of Artisan. Martyn Cadden is, and will remain, a director of Speymill.

The Directors intend following the Demerger and IPM Acquisition to grant rights to subscribe for EPS Shares pursuant to the Share Option Scheme for nil consideration conditional on shareholder approval of the proposed amendments to the Share Option Scheme and on completion of the Demerger and the IPM Acquisition as follows:

<i>Optionholder</i>	<i>Number of EPS Shares</i>
David Anderson	1,750,000
George Rajendra	750,000
Peter Holmes	250,000

1,000,000 of Peter Holmes' options over EPS Shares set out above will be granted in consideration of the surrender of 1,000,000 share options granted to him under the Share Option Scheme.

- (c) Save as disclosed above, none of the Directors nor any member of their immediate families holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or of any member of the Group.
- (d) There are no outstanding loans granted by any member of the Group to the Directors nor are there any guarantees provided by any member of the Group for their benefit.
- (e) Stephen Dean and Peter Holmes entered into service agreements (as varied) with the Company on 21 September 1995. Stephen Dean and Peter Holmes' current basic annual remuneration is £132,000 (initially reducing to £66,000 and increasing to £75,000 with effect from 1 January 1999) and £50,000 respectively. Following the Demerger, Mr Dean's time and remuneration will be divided equally between the Company and Artisan, and this has been reflected in an amendment to the terms of his service agreement. David Anderson

entered into a service agreement with the Company on 14 July 1998. His current basic remuneration is £100,000 per annum. The service agreements of Stephen Dean, Peter Holmes and David Anderson are terminable on the giving of 12 months' notice by either party. Under the service agreements of Stephen Dean and Peter Holmes they are each entitled to a company car, private health insurance and a contribution to each of their personal pension plans of, in the case of Stephen Dean £40,000 (reducing to £20,000 following the Demerger) and in the case of Peter Holmes of 10 per cent. of salary. David Anderson is entitled to reasonable expenses incurred in using his private motor car of up to £10,000 per annum and is entitled to private health insurance and a contribution to his personal pension plan of 20 per cent. of salary. Peter So entered into a letter of engagement with the Company on 20 October 1997 under which he receives £15,000 per annum. The letter of engagement is terminable at any time on one month's notice.

By three agreements dated 9 November 1998, the Company has agreed to pay to each of David Anderson, Peter Holmes and George Rajendra a bonus based on the difference in price at which each EPS Share in respect of which share options will be granted to him under the terms of the Share Option Scheme (as set out in paragraph (b) above) are exercisable and 6.5p. This bonus will be payable by the Company on the exercise of any options held by these individuals under the Scheme (and therefore will not be payable by the Company until at least eighteen months after the date of the grant of the options). The above individuals have each agreed that they will not be entitled to any other bonus or profit sharing arrangements which the Company may implement whilst such bonuses remain payable by the Company (unless otherwise agreed by the remuneration committee).

- (f) Save as disclosed in paragraph 5(e) above, there are no existing or proposed service contracts between any Director and any member of the Group and there will be no variation in the Directors' emoluments as a consequence of the IPM Acquisition and Demerger.
- (g) Save as stated as paragraph (b) and (e) above, none of the Directors is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company during the current or immediately preceding financial year or during an earlier financial year and remain in any respect outstanding or unperformed.
- (h) The aggregate of the remuneration paid and benefits in kind granted to the Directors for the year ended 31 December, 1997, amounted to £258,000. In the year ending 31 December 1998, the aggregate of the remuneration paid and benefits in kind granted to the Directors is estimated to amount to £410,000.
- (i) As at 10 November 1998, being the latest practicable date prior to the publication of this document, the Company had been notified in accordance with Section 198 of the Act or was otherwise aware of the following interests (direct or indirect) in three per cent. or more of the issued share capital of the Company in addition to the Directors' interests detailed in paragraphs 5(a) and (b) above:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Future Match Limited	14,000,000	20.20
(j) Following Admission, the Directors believe that the persons who will hold a direct or indirect interest of three per cent. or more of the issued share capital of the Company, in addition to those set out in the Directors' interests, detailed in sub-paragraphs 5(a) and (b) above.		
Future Match Limited	15,200,000	20.13

In addition, certain of the vendors of IPM may hold an interest of three per cent. or more of the issued share capital of the Company depending on how the 5,000,000 EPS Shares to be issued pursuant to the terms of the IPM Acquisition are allocated between the Vendors. Such allocation will not be known until the IPM Acquisition completes. 5,000,000 EPS Shares will equate to 6.29 per cent. of the issued share capital of the Company following the IPM Acquisition.

- (k) Save as mentioned in paragraph 5(a), (i) and (j) above, as at 10 November 1998, being the latest practicable date prior to publication of this document, the Company had not been notified of any interest in three per cent. or more of the issued share capital of the Company nor, so far as the Company is aware, are there any persons who directly or indirectly, jointly or severally, exercise or, immediately following Admission, could exercise control over the Company.
- (l) By an agreement dated 20 October 1997 between the Company and Mr Stephen Dean, Mr Dean gave certain undertakings to the Company to satisfy the requirements of the London Stock Exchange with regard to his relationship with the Company whilst he remains a controlling shareholder for the purposes of Rule 3.12(a) and (b) of the Listing Rules of the London Stock Exchange. These undertakings included assurances that whilst he remains a controlling shareholder:
- (i) he will ensure that the Board is independent of him at all times;
 - (ii) he will not be interested in any company or business which carries on the same or similar or related business to that of the Company and/or any of its subsidiary undertakings;
 - (iii) he will conduct all transactions and relationships with members of the Group in which he has a material interest (other than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company) on an arm's length basis and on normal commercial terms; and
 - (iv) he will not vote his shares in the Company in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest.
- (m) Stephen Dean who, as at 10 November 1998, has a beneficial interest in 35.38 per cent. and a non-beneficial interest in 2.33 per cent. of the issued share capital of the Company, will by virtue of the terms of the Demerger Agreement have the same interest in the share capital of Artisan. As such he will be subject to the provisions of Rule 9 of the City Code on Takeovers and Mergers and accordingly is restricted in his ability to acquire further voting rights in the Company.

6. Subsidiary companies

- (a) The Company is the holding company of the Group and currently has six wholly owned trading subsidiaries, all of which have their registered office at Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire PE18 6WA, as follows:

J. C. Tripp and Sons Limited	Residential property maintenance
H Page Building Engineering Limited	Environmental services
H Page Building Management Services Limited	Environmental services
Castellain Limited	Residential property maintenance
Speymill Contracts Limited	Leisure refurbishment
Dean Homes Limited	Residential property development

- (b) Following the Demerger and IPM Acquisition, the Company will have five wholly owned trading subsidiaries whose registered office will be as set out in paragraph 6(a) above:

J. C. Tripp and Sons Limited	Residential property maintenance
H Page Engineering Services Limited	Environmental services
H Page Building Management Services Limited	Environmental services
Castellain Limited	Residential property maintenance
IPM Engineering Limited	Environmental services

The Company also owns EPS Limited, a dormant company.

7. Premises

- (a) The Company's principal place of business is Dean House, Sovereign Court, Ermine Business Park Huntingdon, Cambridgeshire PE18 6WA, from which Speymill and Dean Homes Limited also operate. This building is held on a lease entered into on 14 July 1997 for a term expiring on 3 July 2007. The rent for the first year is £65,000, increasing to £75,000, £80,000, £90,000 and £100,000 in succeeding years, and then subject to review. The lease is on full repairing and insuring terms. The Company has sub-let surplus accommodation in Dean House for a term expiring on 3 July 2002, for a rent of £26,000 and a service charge of 31 per cent of building maintenance costs. If the Demerger proceeds, the Company will assign the lease or sub-let Dean House to Artisan on the same terms.

The Company took on 13 June 1997 a lease of offices at 4 Angel Gate, London EC1, on full internal repairing and insuring terms, for a term expiring on 25 February 1999. The rent is £8,834 a year, exclusive of service charges. These offices have been sub-let by the Company until the expiry of the lease.

- (b) Tripp's principal places of business are 5 Leathermarket, Weston Street, London SE1, Broom Road, Croydon, Surrey and The Park Business Centre, Kilburn Park Road, London NW6. The Croydon premises are held on a lease dated 18 October 1996, for a term of three years without security of tenure. The rent is £1,000 p.a. The repair obligation is tenantable repair, excluding structural defects. The Park Business Centre premises are occupied under a licence terminable on the giving of two months notice at any time, for £546 per month.

Tripp owns freehold premises known as 47 Pleydell Avenue and 42 Anerley Hill, London SE1. These properties are currently let to business tenants and a residential tenant, on short term tenancies.

- (c) Page operates from office premises at 5 Leathermarket, Weston Street, London SE1. These premises are leasehold, held on a lease for three years expiring on 23 June 1999. The lease is on internal repairing (limited by a schedule of condition) and full insuring terms. The current rent is £35,000, exclusive of service charges.
- (d) H Page Building Management Services Limited ("BMS") operates from the premises at The Park Business Centre, Kilburn Park Road, London NW6 referred to in (b) above.

8. The IPM acquisition agreement

Under the terms of a share sale and purchase agreement (the "IPM Agreement") entered into on 5 November 1998 between Dean and certain of the members of IPM (the "Vendors"), Dean has agreed to acquire the entire issued share capital of IPM.

The cash consideration to be paid by Dean on completion is £1,250,000 to be adjusted on a pound for pound basis by an amount (if any) by which the net assets of IPM at completion are shown (by reference to management accounts prepared in accordance with accounting policies and principles referred to in the IPM Agreement) to be more or less than £500,000. In addition on completion Dean will allot and issue to the Vendors 5,000,000 fully paid EPS Shares. Such EPS Shares will be allotted to the Vendors in such proportions as they shall direct. The Vendors have agreed not in any 6 month period following completion to dispose of more than one third of these EPS Shares.

Dean may also be required to pay an element of further consideration up to a maximum of £1,000,000 which is to be calculated by reference to the aggregate post tax audited consolidated profits of IPM for the two financial periods 31 December 1998 and 31 December 1999, the payment of which is to be made by no later than 30 June 2000 to the Vendors or, failing agreement of the amount of such consideration by that date to the Vendors' solicitors to be held pending the agreement of such amount.

Completion of the IPM Agreement is conditional upon Dean Shareholders voting in favour of the Resolutions 1 to 6 set out in the notice of EGM contained in this document.

The IPM Agreement contains obligations on both Dean and the Vendors to prevent IPM from doing certain matters prior to completion of the agreement and during the period of the calculation of the deferred consideration, without first obtaining the consent of either the Vendors or Dean (as appropriate). Dean has also undertaken not to dispose of more than 50 per cent. of the issued share capital of IPM prior to 30 June 2000.

The IPM Agreement also contains usual warranties and representations which have been given by the Vendors to Dean and certain undertakings on the part of each of the Vendors as to (*inter alia*) their carrying on of certain businesses and the non-solicitation of customers and employees of IPM following completion of the IPM Agreement. In addition, the Vendors have agreed to indemnify the Company in respect of any liability of IPM not covered by a policy of insurance or in respect of which a claim is made by IPM's insurers against IPM relating to an accident on 5 August 1998 in which two of IPM's employees were killed.

9. Share Option Scheme

The following is a summary of the principal features of the Share Option Scheme (as proposed to be amended at the EGM):

- (a) The Share Option Scheme is in unapproved form. The number of Ordinary Shares presently committed under the Share Option Scheme is 1,650,000, representing 2.38 per cent of the present issued ordinary share capital of the Company. Following the Demerger options over 250,000 Ordinary Shares will lapse and 1,150,000 options will be surrendered. In addition the Directors intend to issue options over 3,750,000 EPS Shares shortly after the Demerger. At that time options will have been granted over 4,000,000 EPS Shares, representing 5.3 per cent. of the issued ordinary share capital of the Company following Admission.
- (b) The purpose of the Share Option Scheme is to enable full-time employees and directors of the Company and of any participating subsidiary to acquire by subscription or purchase options over shares in the ordinary share capital of the Company ("Scheme Shares").

- (c) Eligibility

Only those Directors who work at least 25 hours each week and those employees who devote substantially the whole of their time to the affairs of the Group will be eligible to have options granted to them. Directors and employees with a material interest in the share capital of the Company may not participate in the Scheme.

- (d) Grant of options

The Committee (as described below) may grant eligible employees an option over such number of Scheme Shares as the Committee may determine. Options may be granted at any time within the period of between four and forty dealing days immediately following the date of the preliminary interim and full years results of the Company and thereafter at any other time if the Committee considers that exceptional circumstances exist to justify the grant of an option (subject always to the provisions of the Model Code published by the Exchange). No option may be granted after the tenth anniversary of its adoption.

- (e) Option price

The price ("the Option Price") payable for each Scheme Share on exercise of an option is that determined by the Committee from time to time but shall not be less than the Market Value of a Scheme Share (as defined below).

- (f) Individual limits

No person may at any time hold options over Scheme Shares if the aggregate market value of those Scheme Shares taken at the date of grant ("the Appropriation Value") and the aggregate Appropriation Value of shares subject to options granted to him and which remain unexercised under the Share Option Scheme and any other discretionary share option scheme of the Company or any associated company exceeds the greater of £100,000 and four times his relevant emoluments, save that options may be granted to twice this limit if such excess options are 'Super Options' within the meaning set out in guidelines published by the Association of British Insurers.

- (g) Exercise and lapse of options

Options will normally be exercisable only in the period commencing eighteen months after the date of grant of the option and ending on the seventh anniversary of the date of grant and may be exercised only if any specified performance criteria have been met. If an option holder dies or ceases employment or to hold office his options will also become exercisable. If an option holder ceases to be employed or hold office, the options will automatically lapse six months after that option holder ceases to be employed or hold office.

(h) Overall limits applicable and performance criteria

(i) Ten per cent in 10 years limit

No option may be granted under the Share Option Scheme if as a result, the aggregate nominal value of all shares issued or which require to be issued pursuant to options granted under the Share Option Scheme or under any other employee share option scheme of the Company or any other scheme providing for the acquisition of Ordinary Shares by employees adopted after Admission involving the issue of shares during the previous 10 years would exceed 10 per cent of the nominal value of the ordinary share capital of the Company in issue on the day preceding the proposed date of grant.

(ii) 10 per cent 10 years limit

No option may be granted under the Share Option Scheme if, as a result, the aggregate nominal value of all Scheme Shares issued or which require to be issued pursuant to options granted under the Share Option Scheme or under any other discretionary employee share option scheme granted after Admission during the previous 10 years would exceed five per cent of the nominal value of the ordinary share capital of the Company in issue on the day preceding the proposed date of grant. Options granted over shares in excess of five per cent of the share capital must incorporate challenging performance criteria.

(iii) Shares to be disregarded

For the purpose of the limits set out in sub-paragraph (i) and (iii) above no account shall be taken and there shall be disregarded any Scheme Share which would have been required to be issued pursuant to any option which has lapsed or been surrendered or disclaimed.

(iv) Performance criteria

Grants of options under the Share Option Scheme may be subject to certain objective performance criteria being achieved imposed by the Committee.

(i) General provisions relating to the Share Option Scheme.

(i) Constitution of Committee

The Share Option Scheme will be administered by the remuneration committee, consisting wholly or mainly of non-executive Directors. The committee will select those persons who will be granted options, and decide the performance criteria to attach to options granted under the Scheme.

(ii) Market Value of a Scheme Share

The Share Option Scheme will be administered by the remuneration committee, consisting wholly or mainly of non-executive Directors. The committee will select those persons who will be granted options and decide the performance criteria to attach to options granted under the Scheme:

(aa) where an option is granted at any time when Scheme Shares have been admitted to the Official List the average of the middle market quotations of a Scheme Share as derived from the Official List on each of the three dealing days preceding the date of grant of the relevant option; or

(bb) where an option is granted at any time when Scheme Shares have been admitted to trading on AIM the average price displayed by the market makers in the Scheme Shares on SEAQ in accordance with Rule 17.11 of the Rules of the London Stock Exchange on the three dealing days preceding the date of grant of the relevant option.

(iii) Takeovers etc.

In the event that:

(aa) a company ("the Acquiring Company") obtains control of the Company as a result of a takeover offer; or

(bb) a court sanctions a compromise or arrangement under section 425 of the Act; or

(cc) the Acquiring Company becomes bound to acquire the ordinary share capital of the Company under section 428 to 430 of the Act,

each holder of an option may (subject to the rules of the Share Option Scheme) exercise all or any of his options in whole or part; and/or to the extent an option is not or has not been exercised, execute, with the consent of the Acquiring Company, a release of such option in exchange for the grant to him of an equivalent option to acquire shares in the Acquiring Company.

(iv) Alteration to the Share Option Scheme

The rules of the Share Option Scheme may be altered by the Committee provided that the rules of the Share Option Scheme cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Share Option Scheme.)

(v) Variation of share capital

On a variation of the Company's share capital by way of issue of shares (other than as consideration for an acquisition) and/or any capitalisation, consolidation, sub-division or reduction in share capital, the Option Price, the Scheme limits and the number of Scheme Shares comprised in an option can be varied at the discretion of the Committee, subject to certification from the Company's auditors that in their opinion the adjustments are fair and reasonable.

(vi) Indemnity

Optionholders agree to indemnify the Company against any charge to tax or other liability for which the Company may be liable to account to the Inland Revenue or other authority arising as a result of the grant, exercise or cancellation of any options or related rights under the Scheme.

10. Taxation

The following summary is only intended as a brief and general guide to the main aspects of current UK tax law and Inland Revenue practice applicable to the Demerger (which may change in the future). It is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. It is addressed to ordinary investors who are the absolute beneficial owners of Ordinary Shares held as investments and not, therefore, to special classes of shareholders such as financial institutions. Accordingly, its applicability will depend upon the particular circumstances of individual shareholders. The summary is not exhaustive and does not generally consider tax reliefs or exemptions. Any Dean Shareholder who is in any doubt as to his UK tax position in relation to the Demerger should consult his UK professional adviser and Dean Shareholders who are not resident in the UK should in addition obtain professional advice about their tax position in relation to the Demerger in their countries of citizenship, residence or domicile.

(a) Taxation of income

Under current law, the Company is not required to withhold tax at source when it pays a dividend but save to the extent that it is in receipt of franked investment income, it is generally required to account to the Inland Revenue for advance corporation tax ("ACT"), currently at a rate of one quarter of the net cash dividend paid. Accordingly, the ACT related to a dividend is currently 20 per cent of the aggregate of the cash dividend and the amount of ACT. As from 6 April 1999, the Company will cease to be liable to account for ACT in respect of dividends paid on or after that date.

Individual shareholders who are resident in the United Kingdom are entitled to a tax credit of one quarter of the cash dividend paid and will be liable to income tax on the aggregate of the dividend received and the tax credit ("the gross dividend"). Dividend income will be treated as the top slice of an individual's income and will be liable to income tax (if at all) at either the lower rate (currently 20 per cent) or the higher rate (currently 40 per cent) depending on the individual's circumstances. The tax credit will be available to set against this liability. For shareholders who are liable to income tax only at the lower rate, or the basic rate (currently 23 per cent), the tax credit will fully discharge the income tax liability in respect of the

dividend. Shareholders who are liable to tax at the higher rate will have to account for tax on the difference between the higher rate and the lower rate, giving rise to a further liability to income tax of 20 per cent on the gross dividend (i.e. 25 per cent. of the net cash dividend). If the tax credit exceeds the UK resident individual shareholder's liability to United Kingdom income tax, the shareholder can claim repayment of the excess from the Inland Revenue.

However, as from 6 April 1999 the tax credit regime will change for individuals whose tax credits in respect of dividends exceed their overall liability to income tax will not be able to claim repayments of the tax credit from the Inland Revenue in respect of dividends paid on or after that date by the Company. For charities transitional provisions will apply in respect of dividends paid on or after 6 April 1999 and before 6 April 2004 by the Company such that a proportion of the relevant tax credit may be repaid to the charity on a claim being made to the Inland Revenue. The rate of tax credits will be halved to 10 per cent. of the gross dividend. From 6 April 1999 individuals whose income is within the lower or basic rate bands will be liable to income tax at 10 per cent. on dividends so will consequently continue to have no additional tax to pay. For higher rate payers there will be a new maximum rate of income tax of 32.5 per cent of the gross dividend, which after taking into account the 10 per cent tax credit will ensure that a higher rate taxpayer will continue to have an additional liability to income tax of 25 per cent of net dividends paid by the Company on or after 6 April 1999.

A United Kingdom resident corporate shareholder will normally (subject to certain exceptions) not be liable to United Kingdom corporation tax on any dividend received. Any dividend received and the related tax credit will normally constitute franked investment income.

The ability of non-United Kingdom resident shareholders to claim the whole or any part of the tax credit related to a dividend paid by the Company, will generally depend on the existence and terms of any double taxation agreement (if any) between the United Kingdom and their country of residence. Special provisions apply to individuals who are not resident in the United Kingdom but who are Commonwealth citizens, nationals of the European Economic Area, citizens of the Republic of Ireland, individuals resident in the Isle of Man, or the Channel Islands and certain other classes of person within section 278 Income and Corporation Taxes Act 1988 are currently entitled to a tax credit. However, for dividends paid by the Company on or after 6 April 1999 it will not be possible for a non UK resident person to claim repayment either at all or other than by a reference to a nominal amount of the UK tax credit attaching to such dividends. Such shareholders may be subject to foreign taxation in respect of the dividend received from the Company under the law of their own country of residence. Such shareholders should consult their own tax advisers concerning their tax liabilities both in the United Kingdom and their country of residence on whether they can benefit from all or any part of any tax credit, the procedure for claiming repayment and whether a relief or credit (if any) may be claimed in the jurisdiction in which they are resident.

The above statements assume that the Company does not elect to pay dividends as foreign income dividends and that dividends are not required to be treated as foreign income dividends under provisions contained in Schedule 7 of the Finance Act 1997, which alters the taxation treatment of certain dividends referable to transactions and securities. The legislation relating to foreign income dividends should cease to apply for dividends paid on or after 6 April 1999.

(b) Exempt distribution

The UK Inland Revenue has given a clearance under section 215(1) ICTA 1988 confirming that the issue of Artisan Shares to Dean Shareholders pursuant to the Demerger will qualify as an exempt distribution within the meaning of section 213 ICTA 1988.

Accordingly, Dean Shareholders will not be regarded as having received a distribution for UK income tax purposes. In consequence, they will not incur a UK income tax liability in respect of the receipt of Artisan Shares and will not be entitled to any tax credit.

(c) Capital gains tax

(i) *The Demerger*

UK resident Dean Shareholders will not be treated, by virtue of receiving Artisan Shares in respect of their Ordinary Shares, as making a disposal or part disposal of their Ordinary Shares for the purposes of UK capital gains tax (or corporation tax on chargeable gains). The capital gains tax base cost (including indexation allowance) of a UK resident Dean Shareholder's Ordinary Shares immediately before the Demerger will be apportioned between his Ordinary Shares and his Artisan Shares by reference to their respective market values on the day of dealings in the shares after the Demerger on a recognised stock exchange (but subject to the attribution of base cost and indexation allowance to fractional entitlements as explained below in relation to the subdivision and consolidation of the shares). Indexation allowance in respect of changes shown by the retail prices indices for months after April 1998 shall be allowed only for the purposes of corporation tax. For chargeable gains arising after 6 April 1998 individual shareholders may reduce their chargeable gain by way of taper relief. Although whether and to what extent taper relief applies or will be available will depend on the circumstances of the individual shareholders. Clearance has been obtained from the UK Inland Revenue that section 137(1) of the Taxation of Chargeable Gains Act 1992 should not have effect in respect of the Demerger.

(d) Stamp duty and stamp duty reserve tax

No liability to stamp duty or stamp duty reserve tax will be incurred by Dean Shareholders as a result of the issue to them of Artisan Shares pursuant to the Demerger.

ANY PERSON WHO IS IN DOUBT AS TO HIS TAXATION POSITION OR REQUIRES INFORMATION WHICH IS MORE DETAILED THAN THE GENERAL OUTLINE ABOVE SHOULD CONSULT HIS OR HER PROFESSIONAL ADVISERS.

11. Material contracts

(a) During the two years immediately preceding the publication of this document, the following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and other members of the Group (save for the Artisan Group):

- (i) an agreement dated 8th January 1997, made between (1) Sagittas AG and (2) the Company, by which the Company purchased 1,640,362 ordinary shares of 2p each in Superframe Group plc (equivalent to 20.5 per cent. of the ordinary share capital of Superframe Group plc) for £328,072;
- (ii) an agreement dated 2nd May 1997 by which the Company appointed John East & Partners to act as its nominated adviser and financial adviser for an initial period of two years for an annual fee of £12,000 (plus VAT) payable from 23rd April 1998. The agreement also provided for the payment by the Company to John East & Partners of an initial fee of £10,000;
- (iii) an agreement dated 17th October 1997, made between (1) the Company and (2) Mr. David Anderson and the other original investors in Page. This agreement fixed the price payable by the Company for shares in Page over which it had exercised its option on 14th November 1996 at a maximum of £697,000. The initial consideration of £366,649 was satisfied as to £161,666.22 in cash and the balance by the issue of 1,518,390 Ordinary Shares credited as fully paid at 13.5p per Ordinary Share. A further £240,186 was payable in cash on 30th June 1998. Whether the final balance, which is payable in cash, of £90,000 is payable in full or in part is dependent upon certain profit targets being met during the financial years ending 31st December 1997 and 1998;

- (iv) a placing agreement dated 20th October 1997 made between (1) the Company (2) the Directors (3) Future Match Limited (4) John East & Partners and (5) Fiske & Co. Limited pursuant to which Fiske agreed to procure subscribers for a placing of 13,889,436 Ordinary Shares, failing which to subscribe itself, subject to the rights of Dean Shareholders under the open offer and Future Match agreed to subscribe for a total of 14,000,000 Ordinary Shares at 13.5p per Ordinary Share.

Certain fees were payable to John East & Partners Limited, Fiske & Co. Limited and Future Match Limited in connection with the obligations under the agreement.

- (v) an agreement dated 10th November 1997, made between (1) the Company and (2) Commercial Trade Services (Holdings) Limited, by which the Company sold the entire issued share capital in Speymill Services Limited for £50,070 payable in monthly instalments over two years. By an agreement made on the same date, between (1) Speymill and (2) Speymill Services Limited, Speymill agreed to offer orders for the manufacture of joinery products to Speymill Services, to an order value of £35,000 per month until 31st December 1999;
- (vi) on 12 November 1997, the Company purchased 200,000 ordinary shares of 2p each in Superframe Group plc at a total cost of £40,391.75;
- (vii) on 20 February 1998, the Company subscribed for 256,818 ordinary shares of 5p each in the share capital of The Old Monk Company plc ("Old Monk") at a price of 88p per share. At the time of the investment, this equated to approximately 3.3% of the issued share capital of Old Monk. As a result of a subsequent bonus issue of shares in Old Monk, the Company owns at the date of this document 565,000 shares in Old Monk which equates to approximately 3.1% of the issued share capital of Old Monk;
- (viii) an agreement dated 16 June 1998 made between (1) Tripp and (2) Robert Harvey Holden, by which Tripp acquired the entire issued share capital of Castellain Limited for an initial consideration of £130,000 (satisfied by the issue of 169,492 Ordinary Shares, the issue of £20,000 unsecured loan stock 1999-2001 by Tripp (repayable in 3 equal instalments on 15 June in each of 1999, 2000 and 2001 and a cash payment of £85,000) and a deferred payment based on the annualised pre-tax profits of Castellain Limited for the financial year ending on 31 December 1998, the maximum amount of such deferred consideration to be £120,000;
- (ix) an agreement dated 28 April 1998 made between (1) H. Page Building Management Services Limited ("BMS") and Headel plc whereby Headel plc sold its electrical maintenance contracting business (together with the right to use the business name 'Headel') to BMS with effect from 24 April 1998 for a cash consideration of £15,000;
- (x) an agreement dated 28 April 1998 made between (1) BMS and (2) Beechmore Electrical company Limited whereby Beechmore Electrical Company Limited sold its electrical maintenance contracting business (together with the right to use the business names 'Beechmore Electrical' and 'Headel Beechmore' to BMS with effect from 24 April 1998 for a cash consideration of £30,000;
- (xi) an agreement dated 28 April 1998 made between (1) BMS and (2) Britairco (Air Conditioning) Limited whereby Britairco (Air Conditioning) Limited sold its air conditioning installation and maintenance contracting businesses (together with the right to use the business names 'Britairco' and 'Headel Britairco' to BMS with effect from 24 April 1998 for a cash consideration of £10,000;
- (xii) on 22 June 1998, the Company purchased 500,000 ordinary shares of 2p each in Superframe Group plc at a total cost of £111,209.25. The Company's total investment in Superframe Group plc as at that date equated to 29.45 per cent. of the ordinary share capital of that company;

- (xiii) the IPM acquisition agreement, further details of which are set out in paragraph 8 above;
- (xiv) an agreement dated 6 November 1998 between the Company and Future Match Limited ("Future Match") whereby Future Match has agreed to subscribe for the Subscription Shares, such subscription being conditional on completion of the IPM Acquisition and the admission of the Subscription Shares to listing on the Official List.
- (xv) an agreement (the "Demerger Agreement") dated 9 November 1998 made between the Company (2) Artisan (3) Dean Homes and (4) Speymill. The Demerger Agreement is conditional upon:
 - (a) the passing of Resolution 2 at the EGM;
 - (b) Dean not having exercised its rights to terminate the Demerger Agreement;
 - (c) permission having been granted by the London Stock Exchange for the admission to trading on the Alternative Investment Market of the Artisan Shares; and
 - (d) such Admission referred to in (c) above having taken place.

The Demerger Agreement is conditional upon the matters described above being satisfied by 31 December 1998.

Under the Demerger Agreement, Dean agrees to transfer to Artisan the whole of the issued share capital of both Dean Homes and Speymill in consideration of which Artisan shall allot and issue to Dean Shareholders, credited as fully paid, one Artisan Share for each fully paid Ordinary Share held at the Record Date in satisfaction of the dividend payable to Dean Shareholders pursuant to Resolution 6 set out in the notice of EGM.

Under the Demerger Agreement, Dean and Artisan undertake to each other to use all reasonable endeavours to obtain a release of each member of the other's group from any guarantees and indemnities given to any third party or any member of the other's group in respect of the liability of any member of its group. In respect of certain guarantees and performance bonds from which it is not possible to release that relevant member, each of Dean and Artisan agrees to indemnify the other in respect of any liability. Artisan and Dean have also agreed to make available certain shared services and information to the other following the Demerger;

- (b) IPM has not during the two years immediately preceding the publication of this document, entered into any material contracts (not being contracts entered into in the ordinary course of business).
- (c) Save as referred to in paragraphs (a)(xv) above and (d) and (e) below, Dean Homes and Speymill have not during the two years immediately preceding the publication of this document, entered into any material contracts (not being contracts entered into in the ordinary course of business).
- (d) An agreement dated 5 October 1998 made between (1) Geoffrey Larrington and Keith Leslie White and (2) Dean Homes, by which Dean Homes agreed to acquire (subject to conditions which were fulfilled on 16 October 1998, when the agreement was completed) the entire issued share capital of Bernard Ward for a cash consideration of £200,002. Under the terms of the agreement, prior to its completion, Bernard Ward sold a freehold investment property at Crown Yard, St Ives, Cambridgeshire to Mr Larrington and Mr White for £230,000 payable in cash, and purchased from them 63,636 of their shares in Bernard Ward for a cash consideration of £349,998.
- (e) On 12 October 1998, Speymill subscribed for 166,666 ordinary shares of 5p each in the share capital of Old Monk at a price of 60p per share. This equates to approximately 0.9 per cent. of the issued share capital of Old Monk.

12. Indebtedness

- (a) The following information is stated as at the close of business on 23 October 1998. The information has been compiled by reference to the loans and all other borrowings or indebtedness in the nature of borrowings of those companies which will comprise the EPS Group following implementation of the proposed Demerger.

At the close of business on 23 October 1998, EPS Group had outstanding secured short term bank borrowings of £130,000, other outstanding secured long term loans of £1,779,000, outstanding finance lease commitments of £177,000, all of which were secured and performance bonds of £2,037,000. The EPS Group had loan stock amounting to £20,000 and amounts payable in respect of two previous acquisitions amounting to a maximum of £210,000 as at 23 October 1998.

Save as aforesaid and apart from any intra-group indebtedness, at the close of business on 23 October 1998, EPS Group had no loan capital (including term loans) whether outstanding or created but unissued, or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

At the close of business on 23 October 1998 EPS Group had cash and deposits of £1,467,000.

- (b) The following information is stated as at the close of business on 23 October 1998. The information has been compiled by reference to the loans and all other borrowings or indebtedness in the nature of borrowings in respect of those companies which will comprise the Artisan Group following the implementation of the proposed Demerger.

At the close of business on 23 October 1998, Dean Homes and Speymill had outstanding secured bank borrowings of £373,000, and performance bonds of £186,000. Dean Homes and Speymill had guarantees amounting to £25,000 at the close of business on 23 October 1998.

Save as aforesaid and apart from any intra-group indebtedness, at the close of business on 23 October 1998, Dean Homes and Speymill had no loan capital (including term loans) whether outstanding or created but unissued, or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

13. General

- (a) Save as described in the paragraphs headed "Current Trading" in Part I of this document and the interim results set out in Part IV of this document, there has been no significant change in the financial or trading position of the Group (excluding the Artisan Group) since 31 December 1997, being the date to which the latest audited accounts of the Group were made up.
- (b) Save as described in the paragraph headed "Current Trading" in Part I of this document and the interim results set out in Part IV of this document, there has been no significant change in the financial or trading position of the Artisan Group since 31 December 1997, being the date to which the latest audited accounts of the Group were made up.
- (c) There has been no significant change in the financial or trading position of IPM since 30 April 1998, being the date to which the latest audited accounts of IPM were made up.
- (d) The Company is of the opinion that, having regard to the bank and other facilities available to it, the EPS Group has sufficient working capital for its present requirements.
- (e) There are no legal or arbitration proceedings including any such proceedings which are pending or threatened by or against any member of the Group (excluding Dean Homes and Speymill) of which the Directors are aware which may have or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group (excluding Dean Homes and Speymill).

- (f) Save as disclosed in paragraph (g) below there are no legal or arbitration proceedings including any such proceedings which are pending or threatened by or against IPM of which the directors are aware or which may have or have had during the twelve months preceding the date of this document a significant effect on the financial position of IPM.
- (g) The Directors have been made aware of potential proceedings against IPM arising from an accident which resulted in the death of two employees of IPM. The matter has been referred to IPM's insurers.
- (h) There are no legal or arbitration proceedings including any such proceedings which are pending or threatened by or against any member of the Artisan Group of which the Directors are aware which may have or have had during the 12 months preceding the date of this document a significant effect on the financial position of the Artisan Group.
- (i) Teather & Greenwood Limited whose registered office is at 12-20 Camomile Street, London EC3A 7NN is a member of the London Stock Exchange and is regulated by The Securities and Futures Authority Limited. Teather & Greenwood Limited has given and has consented for the purposes of section 152(1)(e) of the Financial Services Act 1986 to the paragraph headed "Recommendation" in the letter from the Chairman in Part I of this document.
- (j) Ernst & Young have consented for the purposes of section 152(1)(e) of the Financial Services Act 1986 to the inclusion of their report in the form and context in which it is included.
- (k) Barker Storey Matthews have given and have not withdrawn their written consent for the purposes of Section 152(i)(e) of the Financial Services Act 1986 to the inclusion in this document of their report set out in Part VI and the references thereto and to the references to its name in the form and context in which it appears.
- (l) Philip Speer, the Company Secretary, is a partner in Eversheds who act for the Company on various matters.
- (m) Note 12 to the consolidated balance sheet for Dean as at 31 December 1997, as set out in the Company's 1997 audited report and accounts, shows "Stocks and Work in Progress" of £2,262,627. This figure includes £902,692 of "Finished Properties", which had been sold by the date of the valuation report set out in Part VI of this document and are not therefore included in that valuation report. The balance of £1,359,935 includes £428,834 of properties which are included in the valuation report. The balance relates to other stock and materials throughout the Group. The difference between the £2,378,900 valuation as at the date of Barker Storey Matthews' valuation report (30 October 1998) and £428,834 as at 31 December 1997 represents the enhancement in values of those properties and acquisitions made since that date.
- (n) The transactions set out in note 35 of Part II of this document were related party transactions for the purposes of the listing rules of the London Stock Exchange. As required by those rules such transactions were disclosed in the published accounts of the Company for the financial year ended 31 December 1997.
- (o) None of the Ordinary Shares subject to Admission have been marketed or are available in whole or in part to the public in conjunction with the application for Admission. The subscription price of 10p per EPS Share represents a premium of 9½p over the nominal value of each EPS Share. The EPS Shares (including the Subscription Shares and the new EPS Shares to be issued pursuant to the IPM Acquisition) are in registered form and in uncertificated form in CREST. Temporary documents of title will not be issued in respect of the Subscription Shares.
- (p) Stephen Dean was a director of Dean & Bowes Group plc (the name of which was changed to Chequers Group plc). He resigned on 10 February 1992 but the company went into administrative receivership in August 1992. On the basis of the Statement of Affairs there was an estimated deficit with which to meet creditors' claims amounting to £3,670,008.

As mentioned on page 29 of this document Protec Industrial Coatings Limited went into liquidation in January 1997. At this time Peter Holmes was a director of that company as the nominee of the Company. On the basis of a directors' estimated Statement of Affairs there was a deficit with which to meet creditors' claims amounting to £192,330.

- (q) The total expenses of or incidental to the IPM Acquisition, the Demerger and the amendment of the Share Option Scheme, which are payable by the Company are estimated at approximately £390,000 (excluding, if any, VAT).
- (r) The proceeds of the Subscription Shares will be £120,000, which will be applied against the costs of the IPM Acquisition and the Demerger.
- (s) As a result of resolutions passed at board meetings on 4 November 1998 of Dean Homes, Speymill, Tripp and Page the Company has received management charges and dividends amounting in aggregate to £475,000 and £700,000 respectively. In addition the Company subscribed for additional share capital in Dean Homes and Speymill by way of capitalisation of intercompany loans.

14. Documents available for inspection

Copies of this document and of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London EC4Y 0DX until the close of business on 25 November 1998 and also for at least 15 minutes prior to and until the close of business of the Extraordinary General Meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the consolidated audited accounts of the Company for each of the two years ended 31 December 1997;
- (c) the audited accounts of IPM for each of the two years ended 30 April 1998;
- (d) the interim results of the Group for the six months to 30 June 1998;
- (e) the Accountant's report on the pro-forma statement of net assets set out in Part VII of this document;
- (f) the valuation report set out in Part VI of this document;
- (g) the Admission Document;
- (h) the letters of consent referred to in paragraph 13(i),(j) and (k) above;
- (i) the material contracts referred to in paragraph 11 above;
- (j) the service agreements and letters of engagement referred to in paragraph 5(e) above; and
- (k) the rules of the Share Option Scheme.

Dated 11 November 1998

NOTICE OF EXTRAORDINARY GENERAL MEETING
DEAN CORPORATION PLC
(Registered in England and Wales No. 2806007)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the members of the Company will be held on 7 December 1998 at the offices of Teather & Greenwood Limited, 12-20 Camomile Street, London EC3A 7NN at 11 a.m. for the purpose of consideration and, if thought fit, passing, resolutions 1 to 4 below as Ordinary Resolutions and resolutions 5 and 6 as Special Resolutions, viz:

ORDINARY RESOLUTIONS

1. **THAT**, the proposed acquisition by the Company of IPM Engineering Limited, pursuant to an agreement dated 5 November 1998 made between (1) the Company and (2) B. G. Ginger, D. Ginger and N. A. Morley (as more fully described in the letter from the Chairman of the Company contained in the circular dated 11 November 1998 to the Company's shareholders of which this notice forms part) be and is hereby approved;
2. **THAT**, conditionally on the passing of resolutions 4, 5 and 6 set out in the notice convening this meeting:
 - (a) the Demerger (as defined and described in the circular of the Company dated 11 November 1998 (the "Circular")) be and is hereby approved;
 - (b) subject to the Demerger Conditions (as defined in the Circular) being satisfied or (where applicable) waived on or prior to 31 December 1998 upon the recommendation of the Directors and upon and subject to the terms set out and referred to in the Circular, a dividend on the ordinary shares of 0.5p each in the capital of the Company ("Ordinary Shares") is hereby declared payable to those holders of Ordinary Shares whose names appear in the register of members of the Company at 3 pm on 7 December 1998 (or such later time and/or date as may be designated by the Directors as the Record Date for the Demerger, not being later than 3 pm on 31 December 1998), such dividend to be satisfied by the allotment and issue by Artisan (UK) plc ("Artisan") of fully paid ordinary shares of 0.5p each in the capital of Artisan ("Artisan Shares") on the basis of one Artisan Share for each Ordinary Share held at that time.
3. **THAT**, the following changes be made to the rules of the Dean Corporation PLC Executive Share Option Scheme (the "Scheme"):
 - (a) the following rule 3.3 be removed

"3.3 Shares issued on the exercise of any Option and/or under Any Other Executive Share Scheme during the ten years from the Date of Adoption in excess of five per cent. of the issued ordinary share capital of the Company from time to time shall be subject to performance criteria which, in the opinion of the Directors, are challenging and reflect the performance of the Company in the preceding three years"

and that rules 3.4 to 3.7 be renumbered accordingly;

- (b) the words "the third anniversary of its Date of Grant" in rule 4.1(a) of the Scheme be replaced by the words "the date eighteen months after its Date of Grant";
- (c) the words "by reason of injury, disability, sickness, redundancy, retirement or any other reason at the direction of the Directors" be deleted from rule 4.1(c) of the Scheme;
- (d) the following rule 5.1(c) be removed: "an Option Holder giving notice to terminate or ceasing to be in employment, other than by reason of his death or any of those events specified in rule 4.1(c) for any reason;" or "and the following be inserted as a new rule 5.1(c):- "the date six months after an Option Holder ceases to be an Eligible Employee; or "; and
- (e) the following be inserted as a new rule 17 of the Scheme:

"17. Indemnity

All Option Holders by virtue of exercising their rights under the Scheme agree to indemnify and keep indemnified the Company against any charge to tax or other liability for which the Option Holder is chargeable but for which the Company may be liable to account to the Inland Revenue or other authority, arising either directly or indirectly from the grant, exercise or cancellation of any Option or related rights under the Scheme."

- 4. **THAT**, conditionally on the passing of resolution 5 set out in the notice convening this meeting the directors be and are hereby generally and unconditionally authorised for the purposes of the Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to a maximum nominal amount of £156,873 provided that this authority shall expire (unless previously reviewed varied or revoked by the Company in general meeting) at the date of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may prior to the expiry of such authority make an offer or agreement under which relevant securities would or might fall to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired, any previous authority given to the directors for the purposes of Section 80 of the Act now ceasing to have effect;

SPECIAL RESOLUTIONS

- 5. **THAT**, conditionally on the passing of resolution 4 set out in the notice convening this meeting, the directors be and are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by Resolution 5 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £24,880,

provided that this authority shall expire (unless previously reviewed, varied or revoked by the Company in general meeting) on the date of the next Annual General Meeting of the Company to be held in 1999 or fifteen months from the date of this resolution, whichever is earlier, but so that the directors will be enabled to allot equity securities after such date in pursuance of an offer or agreement entered into prior to such date.

6. THAT, conditionally on the passing of resolution 2 set out in the notice convening this meeting and to the allotment and issue by Artisan of the Artisan Shares (as defined in such Resolution Number 3), the name of the Company be changed to "Environmental Property Services plc".

By order of the Board

Philip Speer
Secretary

Registered Office:

Dean House
Sovereign Court
Ermine Business Park
Huntingdon
Cambridgeshire
PE18 6WA

Dated: 11 November 1998

Notes:

1. Any person entitled to attend and vote at the said meeting may appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the Company.
2. Forms of proxy are enclosed and to be valid and must be delivered by hand to or should be sent so as to be received by IRG plc, New Issues Department, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ no later than 11.00 am on 5 December 1998.