

In March 1979, Mrs S G Adams returned to the company to take over as Personnel Director in Owen Owen (Stores) Limited from Mrs C E Rees who left to become Training Director of the Distributive Industry Training Board. Mr J H Barkway retired on ill health grounds last September after thirty-one years' service with the company, the last ten years being spent as Personnel Director and subsequently as a Buying Director.

In Plumb Contracts Limited, Mr R A Ravenall was appointed to the Board as Sales Director in October 1978.

Staff matters

At the EGM held on 22nd March 1979, shareholders approved the introduction of the 1979 Staff Share Ownership Scheme. I am sure that this will be appreciated by U.K. staff who will benefit from the more favourable tax treatment recently approved by Parliament for such schemes.

Shareholders voted in the original scheme in 1974 and the shares allocated in that year will, after the prescribed five years in trust, be transferred into the names of the recipients in May 1979. A copy of the explanatory leaflet which has been circulated to the staff concerned is enclosed for the interest of shareholders.

The Board have allocated 10% of the past year's U.K. profit after charging the current required return of 11% on capital employed. This represents a profit share of some £87,000 for the purchase of ordinary shares. The precise number of shares for distribution to staff will depend on the mid-market price of the company's ordinary shares on 27th April 1979.

Through this scheme, staff have a direct share not only in the annual profits they help to create but in the ownership of the company itself. This interest should grow with the company and help to foster a community of interest in the success of the business between shareholders, management and staff.

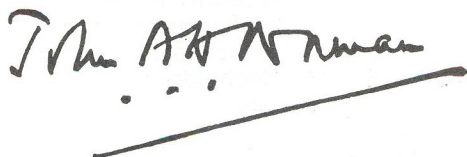
On behalf of the Board, I should like to thank all members of staff in all areas of the business for their personal effort and contribution to the results of last year.

Future outlook

Your Board's retailing strategy in both the U.K. and in Canada has been to create two self-supporting chains of department stores with strong market penetration in their trading areas.

In the U.K., this has largely been achieved by acquisition and regeneration of old-established businesses in prime high street sites. In Canada, in partnership with the Hudson's Bay Company, it has been done by opening large new stores in newly built shopping centres.

Last year's changes and the programme for further new stores referred to in this statement bring these objectives to reality. Management's prime task is now to achieve an equally realistic profit performance from the sound base established in both countries.



John A H Norman
Chairman