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REPORT & ACCOUNTS

SIX MONTHS ENDED

31st DECEMBER 1989

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RIVA

RIVA GROUP Plc

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DIRECTORS AND ADMINISTRATION

DIRECTORS

T. A. MILNE
D. TURNER
N. B. ALEXANDER, FCA
A. S. A. PETRIE
A. D. CUMMINS (non-executive) appointed 2nd November 1989
S. J. KELSO (non-executive) appointed 2nd November 1989

COMPANY SECRETARY

N. B. ALEXANDER, FCA

REGISTERED OFFICE

Systems House, Great Bank Road, Wingates Industrial Park,
Westhoughton, Bolton BL5 3XN

FINANCIAL ADVISERS

LLOYDS MERCHANT BANK LIMITED
40/66 Queen Victoria Street, London EC4P 4EL

AUDITORS

KPMG PEAT MARWICK McLINTOCK
7 Tib Lane, Manchester M2 6DS

SOLICITORS

SLATER HEELIS
71 Princess Street, Manchester M2 4HL

BANKERS

CO-OPERATIVE BANK P.L.C.
LLOYDS BANK Plc
SCANDINAVIAN BANK GROUP plc
FENNOSCANDIA BANK LIMITED
PKBANKEN
TSB BANK Plc

STOCKBROKERS

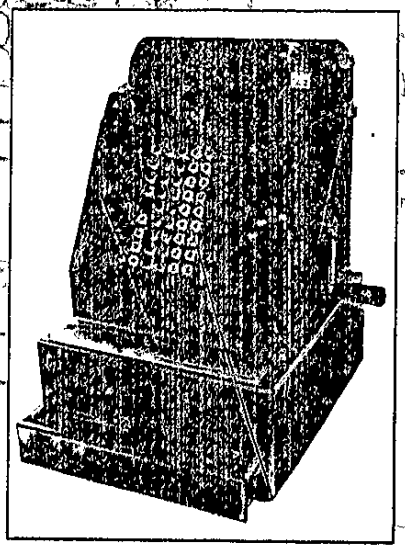
ALBERT E. SHARP & CO.
Edmund House, 12 Newhall Street, Birmingham B3 3ER

REGISTRARS

LLOYDS BANK Plc
Registrars Department,
Goring By Sea, Worthing, West Sussex BN12 6DA

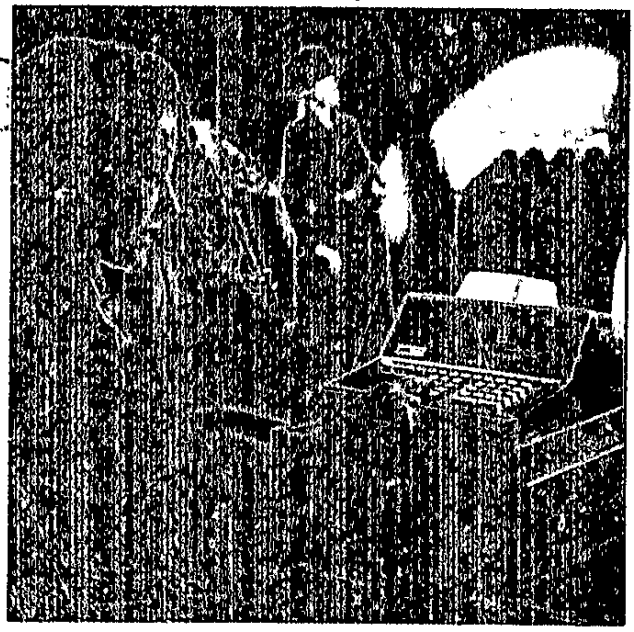
Riva Group continues to be a market leader in the supply of retail management and Electronic Point of Sale Systems to the U.K.'s high street retailers, in addition to selling systems to the wholesale and industrial markets.

With the recent acquisition of Hugin Sweda came a great name and tradition.



It was over 60 years ago that the first Hugin cash register was developed making Hugin Sweda one of the oldest specialist suppliers of cash register systems in the world.

Today, the aim of Riva Group is to develop its existing business, which includes subsidiaries in 7 European countries and distributors in over 40 other countries, by dedicating itself to both existing and new customers in providing them with the products and service which they require, well into the 1990's, and beyond.



CHAIRMAN'S STATEMENT

RESULTS

As previously announced, following the acquisition of Hugin Sweda Group Plc in October 1989, the year end has been changed to 31st December The financial results for this transitional period comprise six months performance by the Riva Companies and two months by the Hugin Sweda Group (excluding those businesses in Canada, Venezuela, Mexico and Ireland which were sold in December 1989).

Turnover for the six month period amounted to £20.99m, of which £14.53m was in respect of two months trading by the Hugin Sweda Companies. The loss before tax on ordinary activities amounted to £697,000. This result is in accordance with our expectations as released to the Stock Exchange on 9th March.

ACQUISITIONS

The whole of the issued share capital of Hugin Sweda was acquired for a consideration of £4.06m. Riva Group's offer went unconditional on 24th October 1989.

The purchase consideration, together with the working capital required for the acquisition, were raised through a 1 for 2 rights issue and a subscription of 8 million shares by Pavon Investments. The issue and subscription, which raised £14.5 million net of expenses were approved at the Extraordinary General Meeting on 23rd October 1989.

ASSESSMENT OF VALUE OF ACQUISITION

Following the acquisition of Hugin Sweda in October 1989 a significant review of all its businesses was undertaken. The immediate objectives were to reduce the acquisition price and future operating costs, and to examine the markets in which Hugin Sweda's products were being offered.

The cost of the acquisition was successfully reduced by the sale of Hugin Sweda businesses in Canada, Mexico and Venezuela in December 1989 for a total consideration of £4.8m.

Overhead costs were significantly reduced by the closure of the Swedish and UK Head Offices and a substantial reduction in staff numbers.

Riva Group's detailed investigations, which were only possible following the successful completion of the acquisition, identified the requirement to reduce asset values, particularly stock, and to increase the level of provisions in other areas. As indicated in our statement on 9th March the reduction in asset values and the provisions for closure costs were larger than anticipated. The Company considered it prudent to provide £7.6m for the reduced values in considering the fair value of Hugin Sweda at the date of acquisition. This is referred to further in the Report of the Directors and note 22 to the accounts. We are taking legal advice as to the courses of action available to us.

An additional £6.2m was provided for in respect of the restructure costs in rationalising the Hugin Sweda businesses. These write offs and provisions have been set against reserves in the Group balance sheet at 31st December 1989.

GOODWILL ON ACQUISITION

Goodwill of £20.1m arose on the acquisition of Hugin Sweda. While this could have been treated as an intangible asset, the Directors decided that it is in the best interests of shareholders to set the goodwill immediately against reserves.

This does not affect the Company's ability to pay dividends out of future profits but requires a resolution in relation to the exercise by the Directors of the borrowing powers of the Group. This is referred to further in the Report of the Directors.

POST BALANCE SHEET EVENTS

The Directors have reviewed the financial position of all the subsidiaries of Hugin Sweda, and their future trading prospects.
Following this review, in June 1990, the Directors decided that it would not be in the best interests of shareholders to provide further financial support to the Swedish subsidiaries as the amount of support required was too large a commitment for the Group in relation to the trading prospects of the subsidiaries concerned. The Swedish subsidiaries went into receivership on 12th June 1990.
Our review also showed that the Hugin Sweda subsidiary in West Germany would be unprofitable and a drain on our cash resources for the forseeable future. Our market share in West Germany is very small and has no significant penetration in any market sector. Our major competitors are German companies whose financial difficulties are well publicised. In these circumstances we have decided in June 1990 not to provide the further financial support required, and the German subsidiary is now in receivership.
In order to reflect the consequences of these events the assets and liabilities of the Swedish and German subsidiaries have been excluded from the Group balance sheet at 31st December 1989; at that date these subsidiaries had combined net liabilities amounting to £9.1m. As a result a reduction of £3.0m. in the goodwill on the acquisition of Hugin Sweda arises, thereby reducing the goodwill from £20.1m. to £17.1m., and increasing shareholders' funds by a similar amount.
The Directors are presently considering alternative methods by which the Group could continue to market its products and services to its Swedish and German customers on a profitable basis.
This matter is also referred to in note 23 to the accounts.

DIVIDEND

Due to the significant size of the costs and writedowns associated with Hugin Sweda, the Board do not consider it to be in the best interests of shareholders to recommend the payment of a dividend in respect of the period ending 31st December 1989. It is the intention to resume the payment of dividends as soon as the Group returns to acceptable levels of profitability.

MAJOR SHAREHOLDERS

Pavon Investments holds 33.3% of the ordinary shares after their major subscription for shares in October 1989. Pavon's parent company, Elders IXL, has announced its intention to restructure its businesses and to sell its non-brewing interests.
Andrew Cummins, Group Director Strategy for Elders IXL and a non-executive director of Riva Group, has given us assurances that Elders intend to give full support to Riva Group through this year of reorganisation in order to maximise the full potential value of their investment.

OUTLOOK

We feel confident that the actions we have taken since acquiring Hugin Sweda will ensure the future profitability of the businesses.

T. A. Milne
Chairman
24th June 1990.

REVIEW OF OPERATIONS

SYSTEMS BUSINESSES

RETAIL

The demand for the Group's retail products in the period has remained strong, despite the competitive retail environment worldwide.

Following the acquisition of Hugin Sweda the expanded Group now covers seven European countries, and has a significant market share and installed customer base in all three sectors of the market - General Merchandise, Food and Hospitality.

GENERAL MERCHANDISE

The General Merchandise ('GM') marketplace has different characteristics in the UK than the rest of Europe.

Riva's traditional philosophy of targeting the national high-street chains has been changed to address the differing needs of European GM customers who tend to be organised in smaller, regional groups. The Custom Till, which has been so successful in the GM market in the UK, will be introduced into Europe during the last quarter of 1990 and should achieve substantial sales in 1991.

The Group has won its largest ever order in the UK from the Peter Dominic chain of off-licences, worth in excess of £5.0m over 3 years.

FOOD

Hugin Sweda has a large share of the Food Sector market in Europe which has remained stable in the period. The Group has continued to provide solutions for all sizes of food stores - from simple installations of less than five lanes, to complex scanning systems for the very largest retail groups. The Group's long-standing relationship with the many retail co-operatives in Europe continues to result in increased orders, and reviews are underway to update their current systems with the latest generation of products.

HOSPITALITY

The Hospitality market in Europe is highly fragmented and as a result the strategy has been to source local products which satisfy the very specific requirements of each marketplace.

Successes with locally sourced products in the Hospitality market during the period include the roll-out phase of the Burger King contract in France.

The Riva Cluster Till and Datawell products are the preferred solution in the UK where the system has been successfully installed in retail outlets of major brewers.

WHOLESALE

The sector continues to be a very successful area for Riva, and more and more of both the independent Cash and Carry companies and the larger groups are turning to Riva to supply an effective solution. This is currently a UK only service, although there is future potential to offer the same products in Europe. During the period Riva Group's 100th system was installed, confirming our position as the UK number one supplier of wholesale systems.

INDUSTRIAL

This division has continued steady growth in the UK and has been awarded substantial new contracts in retail distribution warehousing and manufacturing environments. Our relationship with Hewlett-Packard continues to enhance our contractual ability with customers.

MAINTENANCE BUSINESS

After the acquisition of Hugin Sweda the revenue from maintenance services to our customers represents just under half our total anticipated sales. Over 70% of this business is on annual recurring maintenance contracts, which provides a sound business base and cash flow benefits and we have already obtained greater efficiency and profitability by restructuring.

DEALER DISTRIBUTION

The acquisition provided us with a worldwide distribution network, with dealers in over 40 countries where we do not have operating companies.

The network should provide for substantial growth of dealer sales as the new product range is introduced.

PRODUCT DEVELOPMENT

A new product strategy for the Group is now being implemented which will consist of an integrated range of EPoS products for all sectors of the retail market.

Riva has always been heavily committed to development spending on new products and software development. The Group now has over 120 people employed on these activities. The new development policy is to create standard products from the UK development team and to encourage development in the subsidiaries to meet local requirements.

In line with our present policy all new developments will build upon the knowledge gained from products in the field. In this way our present customers have a straightforward upgrade path to future technology.

PROSPECTS

The outlook for the enlarged Group looks encouraging, the businesses have been successfully integrated, a new range of products will be launched during 1990, and a comprehensive marketing initiative is already underway.

The market for EPoS continues to expand, and Riva is now well placed to capitalise on the opportunities that this will offer. The competition will remain strong, and Riva Group's success will be maintained by continuing to provide practical solutions to customer requirements.

REPORT OF THE DIRECTORS

The Directors submit their Report and the Audited Accounts for the six months period ended 31st December 1989.

Activities and Review of Operations

The Company is a holding company providing financial and management services to its trading subsidiaries.

The principal activity of the Group is the design, manufacture, supply and after sales service of Electronic Point of Sale systems (EPOS) to the retail, hospitality and wholesale markets in Europe.

In October 1989 the Company acquired the whole of the issued share capital of Hugin Sweda Group Plc ("Hugin Sweda") for a cash consideration of £4,061,000 including acquisition expenses. The subsidiaries of Hugin Sweda Group in Canada, Mexico, Venezuela and Ireland were sold by 31st December 1989.

More details of these activities, the development of the company and its subsidiaries, and likely future developments are given in the Chairman's Statement on pages 4 and 5.

Effect of Acquisition of Hugin Sweda

At 31st October 1989, the effective date of acquisition for accounting purposes, Hugin Sweda had a deficiency of net assets of £9,867,000 (after making the adjustments indicated in note 22 to the accounts). As a consequence, the consideration for the acquisiton of £4,061,000 has been attributed to:

	£'000	£'000
Goodwill		20,076
Deficiency of net assets	9,867	
Provision for post-acquisition restructuring costs	6,148	
		16,015
		4,061

In the circular to shareholders dated 29th September 1989 the net assets of Hugin Sweda at 31st December 1988 were indicated as being £19.5 million but, as stated in the circular, Hugin Sweda was trading at a significant loss during 1989. In addition Hugin Sweda incurred a loss, disclosed in their management accounts, of £7 million on the sale of Hugin Sweda Inc. on 4th August 1989. The Directors of Riva, in establishing the book values of the assets and liabilities of Hugin Sweda at 31st October 1989, have substantially written down the net assets shown in the management accounts of Hugin Sweda during 1989. This includes some £3.2 million which they estimated related to the position at 31st December 1988 and was principally in relation to the Swedish subsidiaries of Hugin Sweda; this amount has been adjusted for in arriving at the Hugin Sweda balance sheet at 31st October 1989 which is given in note 22 to the accounts.

The balance sheets at 31st December 1989 set out on pages 15 and 17 indicate that the Company's reserves exceed those of the Group. This has arisen due to the application of the Group's accounting policy relating to goodwill on the acquisition of Hugin Sweda and has been explained further in the Chairman's Statement. However, no provision for any permanent diminution in the value of Hugin Sweda is considered necessary in the Company's accounts as Hugin Sweda is expected to trade satisfactorily in the future.

Post balance sheet events

As explained in the Chairman's Statement the Swedish and German subsidiaries went into receivership in June 1990. In order to reflect the consequences of these events the assets and liabilities of these subsidiaries have been excluded from the Group balance sheet at 31st December 1989. As a result, a reduction of £3.0m. in the goodwill on the acquisition of Hugin Sweda arises, thereby reducing the goodwill from £20.1m. to £17.1m. and increasing shareholders' funds by a similar amount. This matter is referred to in note 23 to the accounts.

Disposal of Hugin Sweda Ireland Limited

On 21st December 1989 the entire issued share capital of Hugin Sweda Ireland Limited was sold to companies controlled by W.P.R. Bannon and J. Barry, who were employees of Hugin Sweda Limited and former directors of Hugin Sweda Ireland Limited. Hugin Sweda Ireland Limited traded as the Hugin Sweda Dublin Development Centre and, according to unaudited management accounts at 30th November 1989, had net assets of IR£52,000, excluding intra group indebtedness, and accumulated losses of IR£428,000. The consideration for the sale was £1 and, in addition, net intra-group indebtedness of IR£487,000 due to other Hugin Sweda companies by Hugin Sweda Ireland Limited was written off.

As part of the arrangements for the sale of Hugin Sweda Ireland Limited a Distribution Agreement between Hugin Sweda companies and Feltscope Limited, another company controlled by former directors of Hugin Sweda Ireland Limited, was terminated and a new agreement entered into. Prior to the termination of the former agreement, under which substantial minimum royalties were payable over the succeeding three years, royalties of £155,000 were paid to Feltscope Limited.

Results and Dividends

Consequent upon the acquisition of Hugin Sweda the accounting reference date has been changed to 31st December from 30th June. Accordingly the results for this transitional period comprise six months' results from Riva Group Plc and subsidiaries owned at 30th June 1989 together with two months' results from 31st October 1989 from Hugin Sweda Group Plc and its subsidiaries, excluding those subsidiaries in Canada, Venezuela, Mexico and Ireland which were subsequently sold.

Turnover for the six months period amounted to £20.99m of which £14.53m was in respect of two months trading by Hugin Sweda. As a result of the acquisition the Group has incurred a loss in the period.

The Group's loss before taxation for the six months period to 31st December 1989 amounted to £697,000 (year ended 30th June 1989, profit before taxation £1,476,000). Detailed results for the period are shown in the Group profit and loss account on page 14.

The Directors do not recommend the payment of a dividend.

The net loss after taxation for the six months to 31st December 1989 amounted to £576,000 (year ended 30th June 1989, retained profit £609,000) and has been deducted from reserves.

Fixed Assets

Movements in fixed assets are shown in note 9 to the accounts.

The Directors are of the opinion that the current market value of land and buildings is not less than £498,000 compared with the net book value of £348,000 shown in the accounts.

Share Capital

Pursuant to a special resolution passed at an Extraordinary General Meeting of the Company held on 23rd October 1989: -

(i) the authorised share capital was increased from £1,600,000 to £3,400,000 by the creation of 18,000,000 new ordinary shares of 10p each;

(ii) on 24th October 1989 8,000,000 new ordinary shares were allotted to Pavon Investments Inc upon receipt of the subscription price of 105p per share;

(iii) the Directors were empowered to issue 5,999,987 new ordinary shares by way of rights issue to shareholders on the register at the close of business on 13th September 1989 on the basis of 1 new share for every 2 shares held at a price of 105p per share.

The premium on the issue of the new ordinary shares referred to above amounted to £13,300,000 and this, after deduction of expenses amounting to £162,000, has been added to share premium account.

Contracts

Save in their capacity as shareholders of the Company, none of the Directors have, nor during the financial period had, a material interest in any contract of significance, other than contracts of service, to which the Company or any of its subsidiaries is or was a party.

Directors

The composition of the Board of Directors is shown on page 2.

At the Annual General Meeting to be held on 30th July 1990, Mr T. A. Milne and Mr N. B. Alexander retire by rotation and being eligible offer themselves for re-election.

Mr T. A. Milne and Mr D. Turner have service contracts with the Company which are terminable by not less than twelve months notice expiring on or after 11th October 1993. Mr N. B. Alexander and Mr A. S. A. Petrie have service contracts with the Company which are terminable by not less than twelve months notice expiring on or after 11th October 1991.

Mr A. D. Cummins and Mr S. J. Kelso, non executive Directors, hold senior executive positions within the Elders IXL Group.

Directors' Interests

The interests of the Directors serving at 31st December 1989 and their families in the Company's share capital were:

	Ordinary shares of 10p each 31st December 1989		Ordinary shares of 10p each 30th June 1989	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
T. A. Milne	6,544,840	223,160	6,544,840	223,160
D. Turner	1,714,500	157,500	1,714,500	157,500
N. B. Alexander	10,000	-	10,000	-
A. S. A. Petrie	10,000	-	10,000	-
A. D. Cummins	-	-	-	-
S. J. Kelso	-	-	-	-

On 1st May 1990 Mr T. A. Milne purchased 129,616 ordinary shares. There has been no other change in the interests of the Directors and their families between 31st December 1989 and the date of this report.

In addition to the above shareholdings the following Directors have options from the Company under the executive share option scheme to subscribe for ordinary shares of 10p each.

	Option price per share	Number of shares	Date of grant
N. B. Alexander	74.3p	259,665	15th August 1988
A. S. A. Petrie	17.1p	333,445	14th May 1987

The options are exercisable after the expiry of three years and before the expiry of ten years from the date of grant.

Substantial Shareholdings

As at 11th June 1990 the Company had been notified of the following interests representing 3 per cent or more of its present issued ordinary share capital.

	No. of Shares
Pavon Investments Inc	8,676,000
Clerical Medical & General Life Assurance Society	2,121,571
Scottish Amicable Nominees Ltd.	1,117,289

Loan from Elders IXL Holdings (UK) Limited

On 24th April 1990 Hugin Sweda Group Limited drew down a working capital facility of £3 million from Elders IXL Holdings (UK) Limited, a company associated with Pavon Investments Inc., a substantial shareholder of Riva. The terms of the facility are substantially the same as those of a facility obtained from Elders Finance Limited, another company associated with Pavon Investments Inc., prior to the acquisition of any interest in Riva by any member of the Elders IXL Group. The facility is secured by a composite guarantee and third ranking mortgage debenture granted by Riva and certain of its UK subsidiaries. Unless repaid earlier, the facility is repayable on 30th September 1990.

Employees

The Group supports the employment of disabled people wherever possible and assists all personnel, both able and disabled, in structuring their careers, giving them training where appropriate.

Promotions for all personnel are made on the basis of an individual's suitability and aptitude. Wherever possible the Group will continue to employ anyone who becomes disabled whilst in its employment. The Group encourages communication between employees and keeps all employees informed of matters affecting them.

Donations

There were no donations during the year to charities nor any contributions made to any political organisation.

Close Company Status

At 31st December 1989 the Company was not a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors

On 1st January 1990 our auditors changed the name under which they practice to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name.

A resolution proposing the re-appointment of KPMG Peat Marwick McLintock as auditors of the Company will be put to the members at the Annual General Meeting.

Directors' borrowing powers

The current limit on the borrowing powers of the Directors stated in the Articles of Association of the Company is four times the share capital of the Company and the consolidated reserves of the Group. Group borrowings have actually fallen from approximately £14 million (immediately following the acquisition of Hugin Sweda and after taking account of the Company's rights issue and share subscription referred to above) to approximately £11.7m. at 31st May 1990. However the setting off of goodwill against reserves in the Group balance sheet has caused borrowings to exceed the calculated limit from the date the accounts were approved by the Directors. The sanction of shareholders to the maintenance by the Directors of borrowings in excess of this calculated limit is, therefore, required.

The Directors consider that, in order to maintain flexibility, it is appropriate to seek sanction for borrowings up to £30 million, which is substantially less than the borrowing limit immediately prior to the issue of the consolidated balance sheet as at 31st December 1989.

Accordingly, an Ordinary Resolution (set out as Resolution 4 in the Notice of Meeting) will be proposed at the Annual General Meeting to sanction Group borrowings up to £30 million and to ratify the increase or maintenance of borrowings up to that limit prior to the passing of the Resolution.

Authority to Issue Shares

In order to maintain flexibility a special resolution will be proposed at the Annual General Meeting to extend until the conclusion of the next Annual General Meeting the authority of the Directors to allot unissued shares for cash, otherwise than pro-rata to all shareholders. The new authority covers certain circumstances arising on a rights issue and in other cases is limited to the allotment of shares up to a maximum nominal amount of 1,299,950 shares, under 5% of the current issued share capital of the Company.

By order of the Board

N. B. Alexander

Secretary

29th June 1990

RIVA

RIVA GROUP Plc

THE ACCOUNTS

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SIX MONTHS ENDED

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31st DECEMBER 1989

GROUP PROFIT AND LOSS ACCOUNT

Six months ended 31st December 1989

Notes		Six months ended 31st December 1989 £'000	[illegible]
1	Turnover	20,990	[illegible]
2	Operating (loss)/profit	(290)	[illegible]
3	Net cost of borrowings	(407)	[illegible]
	(Loss)/profit on ordinary activities before taxation	(697)	[illegible]
6	Tax on loss/(profit) on ordinary activities	121	[illegible]
	(Loss)/profit on ordinary activities after taxation	(576)	[illegible]
7	Dividends	-	[illegible]
19	(Deducted from)/transferred to reserves	(576)	[illegible]
8	(Loss)/earnings per ordinary share - net basis	(3.3)p	[illegible]

GROUP BALANCE SHEET

At 31st December 1989

Notes		31st December 1989 £'000
	Fixed assets	
9	Tangible assets	4,161
	Current assets	
12	Stocks	6,390
13	Debtors	19,993
	Cash at bank and in hand	5,994
		32,377
	Creditors: due within one year	
14	Loans and other borrowings	13,055
15	Other creditors	19,054
		32,109
	Net current assets	268
	Total assets less current liabilities	4,429
	Creditors: due after more than one year	
14	Loans and other borrowings	342
15	Other creditors	479
16	Provisions for liabilities and charges	3,053
		555
	Capital and reserves	
17	Called up share capital	2,600
19	Share premium account	14,380
19	Profit and loss account	641
		17,621
19	Goodwill reserve	(17,066)
		555

Approved by the Board on 29th June 1990

T. A. Milne, Director

N. B. Alexander, Director

GROUP SOURCE AND APPLICATION OF FUNDS

Six months ended 31st December 1989

	Six months ended 31st December 1989 £'000
Source of funds	
Funds from operations:	
(Loss)/profit on ordinary activities before taxation	(697)
Depreciation	506
Loss on sale of fixed assets	11
	(180)
Funds from other sources:	
Sale of tangible fixed assets	879
Net proceeds of share issues	14,538
Increase in provisions for liabilities and charges	2,847
Increase in creditors due after more than one year	332
Tax creditor acquired in Hugin Sweda	290
Total inflow of funds	18,706
Application of funds	
Increase/(decrease) in working capital:	
Stocks	4,544
Debtors	15,161
Creditors	(14,812)
	4,893
Other applications:	
Purchase of fixed assets	5,205
Reduction in fixed assets in respect of Swedish and German subsidiaries (note 23)	(1,478)
Goodwill in Hugin Sweda (note 19)	17,066
Taxation	45
Dividends	240
Exchange differences	51
Total outflow of funds	26,022
Increase/(decrease) in net borrowings:	
Cash at bank	(5,742)
Short term borrowings	12,888
Borrowings repayable after one year	170
Total	7,316

PARENT COMPANY BALANCE SHEET

At 31st December 1989

Notes		31st December 1989 £'000	[illegible] £'000
	Fixed assets		
9	Tangible assets	270	
11	Investments in subsidiaries	17,210	
		17,480	
	Current assets		
13	Debtors	84	
	Cash at bank	-	
		84	
	Creditors: due within one year		
14	Loans and other borrowings	120	
15	Other creditors	224	
		344	
	Net current liabilities	(260)	
	Total assets less current liabilities	17,220	
	Creditors: due after more than one year		
14	Loans and other borrowings	18	
16	Provisions for liabilities and charges	42	
		17,160	
	Capital and reserves		
17	Called up share capital	2,600	
19	Share premium account	14,380	
19	Profit and loss account	180	
		17,160	

Approved by the Board on 29th June 1990

T. A. Milne, Director

N. B. Alexander, Director

ACCOUNTING POLICIES

Six months ended 31st December 1989

The accounts have been prepared under the historical cost convention.

Consolidation

The Group accounts include the results and financial position of the Company and its subsidiaries. The results of subsidiaries acquired are included in the Group profit and loss account from the date of acquisition except for the results of subsidiaries where ownership is intended at the time of acquisition to be temporary, which are excluded; accordingly the results of subsidiaries in Canada, Mexico, Venezuela and Ireland have been excluded.

As explained in the Chairman's Statement the Directors have decided not to provide the further financial support which would be required for the Swedish and German subsidiaries to continue trading, and the subsidiaries have subsequently gone into receivership. The assets and liabilities of the Swedish and German subsidiaries have been excluded from the Group balance sheet at 31st December 1989 in order to reflect the consequences of these events.

Goodwill, being the excess of the cost of shares in subsidiaries over the fair value attributable to their net tangible assets on acquisition, is set against reserves in the year of acquisition.

A separate profit and loss account dealing with the results of the Company only has not been presented as permitted by Section 228 of the Companies Act 1985.

Foreign currencies

All assets, liabilities, income and expenses denominated in foreign currencies are translated to Sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences arising from the retranslation of the opening net assets of overseas companies, after taking into account related foreign currency borrowings, are taken direct to reserves. All other exchange adjustments due to fluctuations arising in the normal course of trade are taken into account in arriving at the operating results.

Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life.

Freehold buildings	2%
Short leaseholds	over term of lease
Plant and equipment	7% to 33%

Research and development

Expenditure on research and development is written off as incurred.

Deferred taxation

Deferred taxation is provided using the liability method for timing differences between tax allowances and related accounting treatments where these are regarded as likely to crystallise in the foreseeable future.

Stocks

Stocks are valued at the lower of cost, including appropriate overheads, and net realisable value.

ACCOUNTING POLICIES

Six months ended 31st December 1989
continued

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The capital element of future obligations under these agreements is included within loans and other borrowings in the balance sheet. The interest element is charged to the profit and loss account over the life of the agreements.
Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

Contributions to the Group's pension schemes and other payments in respect of pensions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989

		Six months ended 31st December 1989 £'000
1	*Turnover and operating profit*	
	Turnover comprises the net invoiced amount of goods sold and services provided during the period, stated net of sales taxes. Turnover and operating profit were attributable entirely to the principal activities of the Group as disclosed in the Report of the Directors. Turnover was derived as follows:	
	United Kingdom	8,145
	Rest of Europe	12,322
	Central and South America	523
	Total	20,990
2	*Operating (loss)/profit*	
	Turnover	20,990
	Increase in stocks of finished goods and work in progress	898
	Raw materials, consumables and finished goods	(10,065)
	Other external charges	(3,869)
	Staff costs	(7,738)
	Depreciation	(506)
		(290)
	Operating (loss)/profit is stated after charging the following items:	
	Directors' emoluments (note 4)	113
	Depreciation - owned assets	391
	- on assets under finance leases and hire purchase contracts	115
	Operating lease rentals - plant and vehicles	342
	- properties and other	489
	Auditors' remuneration	106
	Loss on disposal of fixed assets	11
3	*Net cost of borrowings*	
	Interest payable:	
	On bank loans and overdrafts	(456)
	On hire purchase and finance lease borrowings wholly repayable within five years	(29)
		(485)
	Interest receivable:	
	On bank deposits	78
	Total	(407)

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

		Six months ended 31st December 1989 £'000
4	**Directors' emoluments**	
	Emoluments including fees and pension contributions	113
	Emoluments excluding pension contributions:	
	Chairman	27
	Highest paid director	30
		Number of Directors
	Other Directors	
	£0 - 5,000	2
	£20,001 - 25,000	2
	£45,001 - 50,000	-
	£50,001 - 55,000	-

Mr N. B. Alexander was a partner in Ridgway-Alexander, Chartered Accountants. His firm was paid £4,000 during the year ended 30th June 1989 for his services as a director, prior to his joining the Company on a full time basis on 1st August 1988.

		Number
5	**Employees**	
	The average weekly number of employees during the period, including employees of Hugin Sweda on a pro rata basis since 31st October 1989, was:	
	Marketing and systems support	235
	Service technicians and installation	369
	Manufacturing	74
	Administration	64
	General management	9
	Total	751

At 31st December 1989 the number of persons employed was 1,640.

	£'000
Staff costs during the period amounted to:	
Wages and salaries	6,453
Social security costs	963
Other pension and health costs	322
Total	7,738

		£'000
6	**Tax on loss/(profit) on ordinary activities**	
	U.K. corporation tax at 35%	138
	Deferred taxation	19
	Overseas taxation	(36)
	Total	121

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

		Six months ended 31st December 1989 £'000
7	**Dividends**	
	Interim	-
	Final	-
	Total	-

8 **(Loss)/earnings per ordinary share**

The calculation of (loss)/earnings per ordinary share, net basis, is based on an attributable loss of £576,000 (year ended 30th June 1989, on available profit of £969,000) expressed on 17,289,115 (year ended 30th June 1989 11,716,750) shares being the weighted average number of ordinary shares in issue during the period. The calculation for the year ended 30th June 1989 has been restated to reflect the subscription and rights issues in October 1989.

9 **Tangible fixed assets**

Group	Freehold land and buildings £'000	Short leaseholds £'000	Plant and equipment £'000	Total £'000
Cost				
At 30th June 1989	382	-	2,246	2,628
Subsidiaries acquired	848	1,077	11,686	13,611
Exchange adjustment	-	27	309	336
Additions	1	11	735	747
Disposals	(848)	(40)	(7,854)	(8,742)
At 31st December 1989	383	1,075	7,122	8,580
Depreciation				
At 30th June 1989	32	-	873	905
Subsidiaries acquired	1	429	8,723	9,153
Exchange adjustment	-	6	223	229
Charge for the period	3	28	475	506
Disposals	(1)	(40)	(6,333)	(6,374)
At 31st December 1989	35	423	3,961	4,419
Net book value				
At 31st December 1989	348	652	3,161	4,161
At 30th June 1989	350		1,373	1,723
Net book value of assets under finance leases and hire purchase contracts				
At 31st December 1989	-	-	449	449
At 30th June 1989	-	-	345	345

Freehold land and residential property (note 10) with a cost of £35,000 and £78,000 respectively have not been depreciated.

Plant and equipment comprises computer equipment, fixtures and fittings, tools and equipment, and motor vehicles.

Company

Parent company tangible assets comprise freehold land and buildings at cost £305,000 (30th June 1989 £305,000), depreciation at £35,000 with £3,000 being charged in the period, and with a net book value of £270,000 (30th June 1989 £273,000).

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

10 Residential property

The Group has a share in a residential property, which is included within tangible fixed assets, and which is jointly owned with Mr and Mrs A. S. A. Petrie, and an endowment policy to repay the associated mortgage. The property is valued by the Directors at £78,000 at 31st December 1989. The endowment policy to repay the mortgage matures on 17th November 2012. The premium payable per annum is £1,256.

11 Investments in subsidiaries - Company

	Unlisted shares £'000	Loans £'000	Retained profits £'000	Total £'000
At 30th June 1989				
As previously reported	64	2,614	1,140	3,818
Prior year adjustment	-	-	(1,140)	(1,140)
As restated	64	2,614	-	2,678
Additions	4,061	10,471	-	14,532
At 31st December 1989	4,125	13,085	-	17,210

The prior year adjustment represents the effect of a change in the accounting policy for investments in subsidiaries. These investments were previously valued at underlying net asset value and are now stated at cost. Details of principal subsidiaries are given on page 30.

12 Stocks - Group

	31st December 1989 £'000	[illegible]
Raw materials and consumables	783	
Work in progress	512	
Finished goods and goods for resale	5,095	
Total	6,390	[illegible]

There is no material difference between the historical cost and the current replacement cost of stocks.

13 Debtors

	Group 31st December 1989 £'000	[illegible]	Company 31st December 1989 £'000	[illegible]
Due within one year:				
Trade debtors	16,216		-	
Other debtors	3,073		44	
Prepayments and accrued income	704		40	
Total	19,993		84	

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

		Group 31st December 1989 £'000	Company 31st December 1989 £'000
14	*Loans and other borrowings*		
	Borrowings are repayable as follows:		
	Within one year		
	Bank loans and overdrafts	12,840	120
	Finance leases and hire purchase contracts	187	-
	Other loans	28	-
	Total	13,055	120
	After one year		
	Bank loans and overdrafts	93	18
	Finance leases and hire purchase contracts	114	-
	Other loans	135	-
	Total	342	18
	Total borrowings	13,397	138
	Bank loans and overdrafts are repayable as follows:		
	By instalments		
	Within one year	19	19
	After one and within two years	18	18
	After two and within five years	-	-
	Not by instalments		
	Within one year	12,821	101
	After five years	75	-
	Total	12,933	138
	Obligations under finance leases and hire purchase contracts are repayable as follows:		
	Within one year	187	-
	After one and within two years	98	-
	After two and within five years	16	-
	Total	301	-

Group bank loans and overdrafts include £10,827,000 (30th June 1989, £48,000) which is secured by fixed and floating charges over certain Group assets.
Company bank loans and overdrafts of £138,000 (30th June 1989, £48,000) are also secured by fixed and floating charges over certain Group assets. The Company has guaranteed the borrowings of certain subsidiaries amounting to £4,564,000. A subsidiary has guaranteed the borrowings of a fellow subsidiary amounting to £3,993,000 at 31st December 1989.
Bank loans and overdrafts are subject to variable rates of interest.
A Group bank loan of £75,000 (30th June 1989, £75,000) is secured by a mortgage on a freehold residential property jointly owned by the Group (see note 10) and is repayable in full on 17th November 2012.
Other loans amounting to £163,000 (30th June 1989, £nil) comprise loans which are repayable by instalments until 1996.

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

		Group 31st December 1989 £'000	Company 31st December 1989 £'000
15	**Other creditors:**		
	Due within one year		
	Trade creditors	8,725	-
	Social security and other taxes	1,518	-
	Accruals	3,879	205
	Deferred service income	4,284	-
	Payments received on account	86	-
	Taxation	562	19
	Proposed dividends	-	
	Total	19,054	224
	Due after more than one year		
	Pensions	246	-
	Taxation	147	-
	Other creditors	86	-
	Total	479	-

16 **Provision for liabilities and charges**

Group	Restructure provisions £'000	Warranty provisions £'000	Deferred taxation £'000	Total £'000
At 30th June 1989	-	36	49	85
Subsidiaries acquired	6,148	304		6,452
Exchange adjustment	131	9	-	140
Charged/(released) to profit and loss account	-	126	(19)	107
Utilised during period	(645)	-		(645)
Reduction in respect of Swedish and German subsidiaries	(2,930)	(156)		(3,086)
At 31st December 1989	2,704	319	30	3,053

The Group's full potential liability for deferred taxation is not significant as a result of the availability of tax losses.

Company
The parent company provision for liabilities and charges comprises deferred taxation amounting to £42,000 (30th June 1989, £42,000).

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

17 **Share capital**

	Shares (million)	£'000
Authorised - ordinary shares of 10p each		
At 30th June 1989	16	1,600
Creation of new shares on 23rd October 1989	18	1,800
At 31st December 1989	34	3,400
Issued - ordinary shares of 10p each		
At 30th June 1989	12	1,200
Rights issue on 24th October 1989	6	600
Issued to Pavon Investments Inc. on 24th October 1989	8	800
At 31st December 1989	26	2,600

The rights issue on 24th October 1989, and the issue to Pavon Investments Inc. on the same date, were made in conjunction with the acquisition of Hugin Sweda Group Plc. The shares were issued at a price of 105p per share, giving rise to a share premium of £13,300,000 which, after deduction of related issue expenses of £162,000, has been taken to the Share Premium account.

18 **Share option scheme**

At 31st December 1989 options were outstanding under the Company's executive share option scheme as follows:

No. of Shares	Option price	Exercisable	Date granted
790,335	17.1p	Between 1990 and 1997	14th May 1987
259,665	74.3	Between 1991 and 1998	15th August 1988

19 **Reserves**

	Share premium account £'000	Profit and loss account £'000	Goodwill reserve £'000	Other £'000	Total £'000
Group					
At 30th June 1989	1,242	1,301	-	-	2,543
Premium on issue of shares	13,300	-	-	-	13,300
Issue expenses	(162)	-	-	-	(162)
Goodwill on acquisition (note 22)	-	-	(20,076)	-	(20,076)
Exchange differences	-	(84)	-	-	(84)
Loss for the period	-	(576)	-	-	(576)
Reduction in goodwill (note 23)	-	-	3,010	-	3,010
At 31st December 1989	14,380	641	(17,066)	-	(2,045)
Company					
At 30th June 1989:					
As previously reported	1,242	161	-	1,140	2,543
Prior year adjustment (note 11)	-	-	-	(1,140)	(1,140)
As restated	1,242	161	-	-	1,403
Premium on issue of shares	13,300	-	-	-	13,300
Issue expenses	(162)	-	-		(162)
Retained profit for the period	-	19	-	-	19
At 31st December 1989	14,380	180	-	-	14,560

The profit on ordinary activities after taxation dealt with in the accounts of the Parent Company is £19,000 (30th June 1989, £399,000)

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

		31st December 1989 £'000	30th June 1989 £'000
20	**Financial commitments - Group**		
	Capital expenditure		
	The aggregate amounts authorised but not included in the accounts are as follows:		
	Contracted	970	62
	Authorised but not contracted	99	85
	Total	1,069	147
	Operating leases		
	The commitments under lease agreements payable during the next financial year are as follows:		
	Leasehold property		
	Leases expiring within one year	171	10
	After one and within five years	229	105
	After five years	1,078	
	Total	1,478	115
	Other operating leases		
	Contracts expiring within one year	243	84
	After one and within five years	584	54
	After five years	2	
	Total	829	138

21 **Pensions**

The group operates a number of pension schemes in the UK and overseas, the assets of which are in most cases held in independently administered funds.

The total pension cost for the period was £322,000 (year to 30th June 1989: £188,000) of which £157,000 (year to 30th June 1989: £nil) related to overseas schemes.

The major UK scheme is of a defined benefit nature. The pension cost of the scheme, which amounted to £62,000, is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation was carried out at 31st December 1989, using the assumption that the investment return would be 9% per annum, that salary increases would average 7.5% per annum and that present and future pensions would increase at the rate of 3% per annum. At the date of the valuation the market value of the assets was £5,131,000 and the actuarial value of the assets was sufficient to cover 100% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The other main scheme in the UK is of a defined contribution nature. The pension cost charge represents contributions payable to the scheme and amounted to £103,000. All contributions due in the period had been paid by 31st December 1989.

The major overseas schemes were in Sweden and were not externally funded. Pension costs in respect of the Swedish schemes amounted to £113,000 during the period. There are Group guarantees in respect of these schemes amounting to £1,558,000 at 31st December 1989 which in the opinion of the Directors will not be utilised.

The pension cost of other overseas schemes within the Group is determined in accordance with local conditions and practice and amounted to £44,000 during the period.

NOTES TO THE ACCOUNTS

Six months ended 31st December 1989
continued

22 Acquisition of Hugin Sweda Group Plc

	Hugin Sweda balance sheet 31st October 1989 £'000	Revaluation & acquisition adjustments £'000	Other adjustments £'000	Fair value balance sheet 1st November 1989 £'000
	Note (a)	Note (b)	Note (c)	
Fixed assets				
Tangible assets	4,282	336	(160)	4,458
Current assets				
Stocks	11,370	(2,279)	-	9,091
Debtors	20,968	(664)	(1,244)	19,060
Investment in software	1,000	(1,000)	-	-
Investments for resale	4,139	660	-	4,799
Cash	586	-	-	586
Total assets	42,345	(2,947)	(1,404)	37,994
Liabilities				
Creditors and provisions	24,357	62	-	24,419
Loans and other borrowings	23,442	-	-	23,442
Restructure provisions	-	-	6,148	6,148
Total liabilities	47,799	62	6,148	54,009
Net liabilities	5,454	3,009	7,552	16,015
Purchase consideration				4,061
Goodwill on acquisition				20,076

(a) **Hugin Sweda balance sheet at 31st October 1989**
The balance sheet at 31st October 1989 is based on the consolidated management accounts of Hugin Sweda Group Plc adjusting the assets and liabilities for the subsequent sale of the Group's subsidiaries in Canada, Mexico, Venezuela and Ireland. The net worth of the subsidiaries for sale is shown as Investments for resale. The principal adjustments made in order to reflect fair values are given below.

(b) **Revaluation and acquisition adjustments**

(i) The value of fixed assets has been increased by £657,000 to reflect the value at which a leasehold property has now been sold and reduced by £321,000 to reflect the value it is considered the fixtures will realise at premises being closed.

(ii) Stocks have been reduced to reflect the valuation of inventories as counted and adjusted to provide for obsolescence.

(iii) Debtors further reflect adjustment required as a result of detailed scrutiny of the items concerned and in particular includes an amount of £280,000 paid under a guarantee given in respect of a loan to the former subsidiary company in Venezuela.

(iv) The cost of investment in purchased software products has been written off as the directors consider the further investment required to bring the product into a saleable condition is too large to enable future profitable sales.

(v) The adjustment to the value of investments for resale reflects the sale price and profit achieved.

22 Acquisition of Hugin Sweda Group Plc continued

(c) **Other adjustments**

Accounting policy realignment

The cost of internal and external software development previously capitalised within tangible fixed assets and debtors respectively is written off to reflect Riva Group accounting policies.

Restructure provisions

The restructure and rationalisation of the business necessitated planned reductions of staff and premises and the costs of notice and redundancy payments and overhead costs to the anticipated date of closure have been provided.

23 **Post balance sheet events - Swedish and German subsidiaries**

As explained in the Chairman's Statement and the Report of the Directors the assets and liabilities of the Swedish and German subsidiaries have been excluded from the Group balance sheet at 31st December 1989; this results in a reduction of £3.0m. in the goodwill on the acquisition of Hugin Sweda which is made up as follows:

	£'000
Net liabilities of Hugin Sweda International AB, Hugin Sweda AB and Hugin Sweda GmbH at 31st December 1989 (see below)	9,070
Less:	
Provision against amounts due to Group companies from Swedish and German subsidiaries and for amounts arising from the Group's withdrawal of support	(6,060)
Reduction in goodwill	3,010

The net liabilities of the Swedish and German subsidiaries at 31st December 1989 are made up as follows:

Fixed assets	
Tangible assets	1,478
Current assets	
Stock	5,435
Debtors	11,421
Cash	1,332
Total assets	19,666
Liabilities	
Creditors and provisions	23,813
Loans and other borrowings	4,923
Total liabilities	28,736
Net liabilities	9,070

PRINCIPAL SUBSIDIARIES

The subsidiaries at 31st December 1989 are listed below and were all wholly owned either directly or indirectly by the parent company.

	Country of incorporation and operation	Nature of business
Riva Systems Ltd*	England	Computers, EPOS equipment, software and maintenance.
Riva Tills Ltd*	England	Non trading.
Infocare Ltd*	England	Non trading.
Infocare (Rentals) Ltd*	England	Non trading.
Hugin Sweda Group Ltd* (formerly Hugin Sweda Group Plc)	England	Investment holding company.
Hugin Sweda International Ltd	England	Investment holding company.
Hugin Sweda Ltd	England	Sales and servicing of retail business systems.
SA Hugin Sweda NV	Belgium	Sales and servicing of retail business systems.
A/S Hugin Sweda	Denmark	Sales and servicing of retail business systems.
Hugin Sweda SA	France	Sales and servicing of retail business systems.
Hugin Sweda Holdings BV	Netherlands	Investment holding company.
Hugin Sweda BV	Netherlands	Sales and servicing of retail business systems.
Hugin Sweda Espana SA	Spain	Sales and servicing of retail business systems.
Hugin Sweda International AB (in receivership from June 1990)	Sweden	Design, sales and servicing of retail business systems.
Hugin Sweda AB (in receivership from June 1990)	Sweden	Sales and servicing of retail business systems.
Hugin Sweda - Systems AG	Switzerland	Sales and servicing of retail business systems.
Hugin Sweda Trading AG	Switzerland	Sales of retail business systems.
Hugin Sweda GmbH. (in receivership from June 1990)	West Germany	Sales and servicing of retail business systems.

* Direct subsidiaries of Riva Group Plc.

REPORT OF THE AUDITORS

To the Members of Riva Group Plc.

We have audited the accounts on pages 14 to 29 in accordance with Auditing Standards.

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

KPMG Peat Marwick McLintock

KPMG Peat Marwick McLintock
Chartered Accountants
Manchester
29th June 1990

RIVA GROUP Plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Riva Group Plc will be held at Lloyds Merchant Bank Limited, 40/66 Queen Victoria Street, London EC4P 4EL on Monday 30th July 1990 at 10.30 am for the transaction of the following business:

1. To receive and adopt the report of the Directors and the accounts for the six months ended 31st December 1989 and the report of the auditors thereon.

2. To re-elect Mr T. A. Milne and Mr N. B. Alexander as directors.

3. To re-appoint KPMG Peat Marwick McLintock as auditors and to authorise the Directors to fix their remuneration.

4. As special business, to consider and if thought fit pass the following resolution as an Ordinary Resolution of the Company: -

   (a) The Directors be and they are hereby sanctioned to exceed the limitation upon amounts borrowed by the Company and its subsidiaries contained in Article 93 of the Company's Articles of Association save to the extent that such limitation would be breached if the amount of four times the share capital and consolidated reserves were equal to £30 million; and

   (b) Any increase or maintenance of the amounts borrowed by the Company and its subsidiaries in excess of the limitation referred to in sub-paragraph (a) above, but within the limit of £30 million, made prior to the passing of this Resolution be and is hereby sanctioned, approved and ratified.

5. As special business, to consider and if thought fit pass the following resolution as a Special Resolution of the Company:
   That the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot equity securities of the Company (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by paragraph 2(b) of the Special Resolution passed at the Extraordinary General Meeting of the Company held on 23rd October 1989 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to: -

   (i) the allotment of equity securities in connection with an issue by way of rights in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all the holders of ordinary shares are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject to such exclusions or arrangements as the Directors may deem necessary or desirable to deal with fractional entitlements otherwise arising or legal or practical problems under the laws of any territory or the regulations of any regulatory authority in any territory; and

   (ii) the allotment of equity securities for cash (otherwise than as mentioned in sub-paragraph (i) above) up to an aggregate nominal amount not exceeding 1,299,950 ordinary shares;

   and shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require the allotment of equity securities after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board.
N. B. Alexander
Secretary
29th June 1990

Systems House, Great Bank Road
Wingates Industrial Park
Westhoughton
Bolton BL5 3XN

Notes

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Forms of Proxy, which are enclosed, must be received at the office of the Company's Registrars 48 hours before the time of the meeting.

Copies of all Directors contracts of service with the Company or any of its subsidiaries together with the register of Directors' share interests will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until Monday 30th July 1990 and at the place of the Annual General Meeting from at least 15 minutes prior to the meeting until its conclusion.

DETACHABLE FORM OF PROXY

Riva Group Plc

Form of Proxy for use by holders of ordinary shares having the right to attend and vote at the Annual General Meeting on 30th July 1990.

I/We.....
being (a) registered holder(s) of ordinary shares in Riva Group Plc hereby appoint the Chairman of the Meeting (note 2)

.....
as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30th July 1990 and at any adjournment thereof.

Signature ..... Date .....

Ordinary Business	For	Against
1. To receive and adopt the report of the Directors and the audited accounts for the period ended 31st December 1989		
2. To re-elect the following persons as Directors: Mr T. A. Milne		
Mr N. B. Alexander		
3. To re-appoint Messrs KPMG Peat Marwick McLintock as auditors and to authorise the Directors to fix their remuneration		
Special Business: (Resolutions as set out on notice of meeting).		
4. Sanctioning borrowings in excess of the calculated limit and ratifying the prior increase or maintenance of such borrowings.		
5. Authorising the Directors to disapply pre-emption rights.		

Please indicate your voting instruction by inserting a cross in the appropriate space. Return of a signed Proxy without specific directions will enable your Proxy to vote, in the event of a poll, as he thinks fit.

Notes

1. To be valid this form of proxy must be lodged with the registrars of the Company not less than 48 hours before the time of meeting.
2. If desired "The Chairman of the Meeting" may be deleted and another name inserted as proxy. A proxy need not be a member of the Company.
3. If you do not indicate how you wish your proxy to vote on any resolution the proxy will vote as he thinks fit, or abstain from voting.
4. A proxy may demand or join in demanding a poll, and may vote only on a poll.
5. In the case of a Corporation the proxy must be executed under its common seal or under the hand of its attorney or an officer duly authorised.