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Aukett Group Plc annual report and accounts 2001

Aukett Group Plc is an international group of architects, designers and engineers trading under the name Aukett Europe. The Group has its headquarters in London with offices in Amsterdam, Berlin, Frankfurt, Glasgow, Madrid, Manchester, Milan, Paris, Prague and Warsaw and associate offices in Brussels, Dublin and Munich.

We offer our clients creative design consultancy, combined with commercial awareness and an ability to deliver high quality service through our local offices. Our expertise includes offices, workplace design, business parks, retail, hotels, education, transport, IT, media, industrial, urban regeneration and technical support facilities.

Our vision is to become a first choice international provider of architecture, design and engineering services.

Aukett Europe offices are shown below.

AMSTERDAM

BERLIN

BRUSSELS

DUBLIN

FRANKFURT

GLASGOW

LONDON

MADRID

MANCHESTER

MILAN

MUNICH

PARIS

PRAGUE

WARSAW

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Financial highlights

Year ended 30 September	**2001**	**2000**
Work done including share of joint ventures and associate (£000)	**22,659**	20,872
Profit before tax (£000)	**917**	2,052
Earnings per share (p)	**0.64**	2.13
Dividends per share (p)	**0.15**	0.40
Net assets (£000)	**4,060**	3,666
Net gearing	**33%**	32%

- Work done increased by 9% including share of joint ventures and associate.
- Proportion of work done generated outside the UK increased to 31% from 29%.
- Profit before tax decreased by 55%.
- Share of profit generated outside the UK increased to 40% of total.
- Earnings per share decreased by 70%.
- Dividends per share decreased by 63%.

Five year summary of results

Years ended 30 September	1997	1998	1999	2000	**2001**
Group work done including share of joint ventures and associate (£000)	7,509	9,373	15,409	20,872	**22,659**
Profit before taxation (£000)	331	623	1,022	2,052	**917**
Earnings per share (p)	0.56	0.79	0.97	2.13	**0.64**
Net assets (£000)	1,468	1,720	2,502	3,666	**4,060**
Net borrowings (£000)	(1,247)	(557)	(751)	(1,184)	**(1,322)**

Chairman's statement

For the year ended 30 September 2001

Introduction

This has been a year of mixed fortune for Aukett Group Plc. Whilst results for the year are broadly in line with revised expectation, overall the year has been disappointing. The Company issued a trading statement in March 2001, when it became clear that the downturn in the IT sector, and the recessionary trend that subsequently affected the US economy, would adversely impact the Group's growth projections and profit for the year. The slowdown and deferral of major projects, particularly in the UK, which was reported in our interim results, has continued throughout the second half of the year. European operations however have continued to progress overall this year, both in terms of increased turnover and contribution to Group profit.

Investment was made during 1999/2000 in new offices, both overseas and in the UK, in anticipation of continued growth. This preceded the general decline in business confidence we have experienced this year in the UK and the costs associated with this expansion have contributed to a reduction in profit levels compared with previous years. The Board believes however that the investment undertaken will provide a valuable platform for future growth.

The tough business climate, as evidenced throughout the year, was not improved by the events of 11th September 2001. Confidence has remained low and predictions for the global economy, particularly in the USA, have remained uncertain. During this period we have continued to experience delays in the commissioning of new projects and the generally adverse business climate has led to slower debtor collection and increased pressure on cash flow, which has continued since the financial year end. As a result the Company has been required to seek an increased level of support in its banking facilities. I am pleased to report that additional facilities have now been agreed with our bankers which will allow the Company to respond to the current climate, without compromising the strategy that has been put in place for the future.

Results

Work done, including share of joint ventures and associate increased by 9% to £22.66 million (2000: £20.87 million). Profit before tax decreased to £0.92 million (2000: £2.05 million). Earnings per share fell to 0.64p (2000: 2.13p) and gearing has risen slightly to 33% (2000:32%).

A more detailed commentary on the results is contained in the Financial Review.

An interim dividend of 0.15p per share was paid during the year. The Board is not recommending the payment of a final dividend.

Strategic review

The Group has sought during the year 2001 to consolidate its existing activities. European offices, which have been the focus of recent investment, are still relatively "new" and are inevitably at the beginning of their development process. However, there are encouraging signs that future levels of business can be both significant and profitable and we already have an indication of the potential of these economic regions of Europe. Whilst progress has been made in our European operations, strategically the UK remains important for the Group as a whole. Approximately half the resources of the business are based in the London office and the critical mass and range of skills available underpin the Group's operations. In this context, performance in the UK this year has been unsatisfactory with minimal growth in turnover and lower margins compared with the previous year. However, during the year the cost base in the UK was reduced and is now commensurate with the level of business that can be anticipated for the coming year.

This inevitably has meant a reduction in staff numbers, which regrettably has been necessary. A more detailed review of the business is set out in the Operations Review section of this report.

Employees

Consultancy is a people business and the skill, drive and enthusiasm of individuals and teams is critical to the ongoing success of the Group. We will continue to encourage more ownership of the Company by individuals and to this effect a new all employee share scheme is being implemented in addition to our existing executive share option scheme for senior staff.

The Group continues to deliver work of an extremely high quality, which is much valued by our clients and in turn helps to strengthen our reputation for creative design, proactive dialogue and effective delivery. The achievement of such high standards should be acknowledged, and on behalf of the Board I would like to thank our professional colleagues for their hard work and dedication throughout the year.

New Board appointments

I am delighted to welcome Mr Ian McQuattie to the Board. Mr McQuattie was appointed a non-executive director of the Company on 1st July 2001. Mr McQuattie, a chartered accountant, is chairman of Stanco Exhibitions, a major UK exhibition contractor, and a non-executive director of Paradigm Technology Limited, which provides computer based solutions for the logistics market. Until recently he was chairman of Noble Denton Holdings Limited, an offshore gas and engineering consultancy. Mr McQuattie brings to the Board a broad range of experience in corporate finance and management, working with both large and small companies in the UK and abroad.

Mr Alan Brooker will be retiring as a director at the forthcoming AGM. His place as senior non-executive director will be taken by Mr Ian Mavor. Mr Brooker was appointed to the Board at the flotation of the Company in February 1988. He has been of invaluable assistance to the Board during his time with us and on a personal note I would like to express my thanks for his help, support and good counsel.

The Future

The year 2001/02 will be one of consolidation of existing operations and close control of the debtor and cash position, with the tough trading conditions experienced during the first quarter of this financial year likely to continue for some time.

The projected order book looks more solid towards the second half of the year, by which time there may be a more confident general economic climate on which to build. However, whilst the immediate future will be much influenced by the timing of any general economic upturn, the Company will continue with its strategy to develop as a major international provider of design consultancy services. The Board will be seeking to expand the sector expertise of the Group in order to generate future growth, and opportunities will be actively sought with a view to increasing the scale and market value of the Company, which the Board believes will lead to a more resilient business in the longer term.

Andrew Lett
Chairman

28 January 2002

Operations review

For the year ended 30 September 2001

Introduction

The Company has continued its strategy to position itself as a major international design practice offering architecture, design and engineering services in Europe.

As anticipated, we have experienced an increase in work in Continental Europe compared with the UK, albeit partly due to the slowdown in IT and corporate activity in the US and its early impact on the UK. This effect has been reinforced by the events of the 11th September in New York and the resulting market sentiment and loss of confidence in the wider economy.

Single European Business

Our strategy of pan European business expansion has increased our ability to withstand the economic fall out from the events in the USA and provide a platform for growth even in circumstances of global slowdown and uncertainty. During the year we have seen a slowdown in the UK and Germany, both in corporate activity and investment, but with an increased demand in other regions notably France, Italy and Central Europe. Our operations in Spain have been adversely effected by our exposure to the telecoms sector but there are many opportunities in logistics buildings, retail and leisure to counteract this effect in the coming year.

Scale of operation

Aukett Europe has offices in fourteen cities, in ten countries, and the trend of growth in scale and size of projects has continued during this year, in both the UK and Continental Europe, as a result of our increasing international reputation. These major projects are important as they provide the critical mass for involvement and development of our integrated design business.

A number of large scale projects have been successfully completed during the year, these include:

Akeler / Worldcom - Reading International UK office headquarters

BT Centre Auditorium - facility for corporate use

BT Sevenoaks - Workstyle office facilities

Costain Skanska / Arrowcroft - regeneration of City centre site, Coventry

Costain Skanska / CSC - major shopping centre redevelopment, Uxbridge

Unisys - corporate headquarters offices, Amsterdam

New projects instructed include:

Doughty Hanson, Viale Bodio Milan - City regeneration to provide urban office park

HB Reavis, Bratislava, Slovakia - 65,000m² urban office development

Immorent / Strabag, Budapark, Budapest - 30,000m² office park

Prologis, Blythe Valley Park, UK - 15,000m² office park

Royal & Sun Alliance Property, Aztec West, Bristol - 30,000m² office park

Skanska / Radisson SAS, Stansted Airport Hotel - 350 bed

TK Developments, Košice Slovakia - regional shopping centre

Universal Studios - office relocation from Hamburg to Berlin

Our ability to carry out diverse projects throughout Europe has resulted in commissions for:

Fortis Bank in Amsterdam, Vivendi Universal in Berlin, Benetton in Brussels, Level 3 in Dublin, Armani in Frankfurt, Scottish Daily Record in Glasgow, BT in London, Riofisa in Madrid, Maple Grove in Manchester, Pirelli in Milan, Sapient in Munich, Procter & Gamble in Paris, Rohde & Schwarz in Prague and Inter-Continental in Warsaw.

New sectors

Our strategy of enhancing skills and sector spread to expanding geographical areas continues. The new large growth areas of media, leisure and transport have continued to demand our services throughout Europe. Although the serious decline in requirements in the IT and telecoms sector has affected our results this year, we anticipate that this sector will see renewed vigour and demand in the medium term when corporate recovery takes place.

Relevant projects completed or commissioned during this year include the following:

Telecoms - Colt internet gateways - Dublin, London and Madrid

Media - HOT Networks TV studios (shopping channel) - Brussels, London and Rome

Transport - Railtrack/Taylor Woodrow - Farringdon Station redevelopment, London

Leisure & Retail - Riofisa /station redevelopment - Zamora and Miranda, Spain

Operations review

For the year ended
30 September 2001

Marketing and public relations

We maintain a cohesive marketing campaign of public relations, exhibitions, corporate events, direct mail, research and website development.

Our European, sector and service spread make a strong and positive marketing statement, differentiating us from our competitors. Our marketing and public relations efforts this year have continued to be focused on reinforcing these messages.

Attention is being given to new forms of electronic communication of our services, which is seen as being more cost effective.

Aukett exhibited at the international real estate exhibition MIPIM for the fourth consecutive year where we gained a number of significant opportunities. Aukett also exhibited at the major retail property exhibition MAPIC for the second consecutive year.

Our strategy for the current year will be to address the changing circumstances of our market by reducing expenditure on general profile marketing and increasing direct personal contact marketing.

Review of offices

The UK has had a disappointing year but London remains the largest office in the Group with the core skill and experience, which benefit the Group as a whole. Despite the UK downturn in some sectors, which have affected the year's results, and the consolidation and regrettable but necessary reduction in staff, the outlook for the UK is still positive and we have many new opportunities and prospects for the coming year.

As part of this consolidation in the UK, the London City office and the Manchester office have been reduced in size to minimise overheads and reduce our cost base in the short term, pending a review of our strategy to deal with an increasing workload in those locations over the longer term. Glasgow has had a mixed year with reasonable performance overall.

The Northern European offices of Amsterdam, Paris and Milan have all continued with an increasing workload and demand from new projects. Berlin has experienced an increasingly difficult market but despite this has maintained a reasonable workload. The new Frankfurt office is establishing itself in a competitive but strategically important and growing market.

Madrid had a good start to the year but the later downturn in the telecoms sector had a negative effect on the year as whole.

The Central Europe offices of Prague and Warsaw have continued their progress with an expanding workload especially in Slovakia in the cities of Košice and Bratislava. Both offices have also been involved in projects in Budapest, Hungary.

Overall the level of activity, scale and diversity of projects continues to justify our previous expansion in mainland Europe and current consolidation of these activities.

Staff and resource

The downturn in the UK has caused a serious impact on staff numbers with the resulting reductions of temporary staff and additional redundancies in recent months. We have carried this out with great regret but mindful that the success of the Company as a whole was of overriding importance for both employees and shareholders.

Our staff have generally shown understanding, professionalism and commitment in these difficult times. We number around 200 in the UK and 150 in our overseas subsidiaries and joint ventures. With the additional resources of our partnership offices, we remain one of the largest practices in Europe operating in our sector.

Summary

Despite the global and regional economic difficulties, we see increasing opportunity for the skill, experience and commitment that we provide across borders throughout Europe. Our strategy of investing for the medium and long term and policy of providing international experience with local ability to deliver service and projects means that we will continue to grow and develop without the requirement for significant new investment in these regions.

John Thake
Managing director

Financial review

For the year ended
30 September 2001

Overview

The Group's net assets, shareholders' funds and spread of investments have continued to grow, although the disappointing trading experienced in the United Kingdom during the year has resulted in increased borrowings. Set out below is an explanation of the key financial elements of the Group's performance and strategy.

Turnover and work done

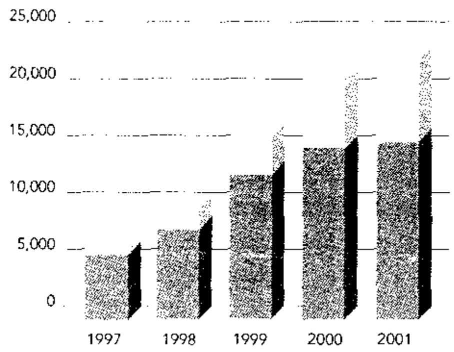
The primary measures of growth, being turnover and work done, have both increased during the year. Turnover is a measure of amounts invoiced to clients, excluding value added tax, and is one of the key drivers of the Group's cash flow. Work done is turnover after adjusting for the movement in work in progress and is therefore a better measure of the Group's income, against which the profit margin is more fairly calculated. The charts below show performance over the last five years and include one of work done, split between that generated within and outside the United Kingdom. The chart is based on figures for Group work done which include the relevant shares from all companies where the Group has an equity interest, being subsidiaries, joint ventures and the associate. Work done on this basis increased by 9% compared to last year, with the proportion generated outside the United Kingdom rising to 31% against 29% last year, as detailed in note 2 to the financial statements. An analysis of Group turnover by project type and client type is shown in the pie-charts and demonstrates the spread of sectors across which the Group operates. These charts do not include the share of joint ventures' or the associate's turnover.

Margins

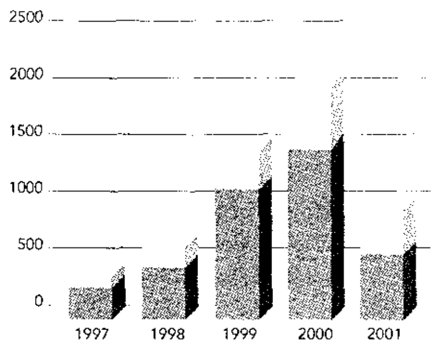
The net profit margin against the above measure of work done, being £22.66 million, has declined to 4.0% against 9.8% in 2000. In the United Kingdom, margins have suffered from a sharp slowdown in growth against a cost base which, at least during the early part of the year, had increased as a result of expansion in the previous year. Cost reductions have been made at various stages as workload has fallen, but margins are unlikely to recover fully until business levels improve.

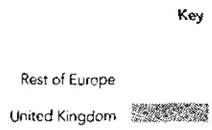
Higher margins are generally achieved outside the UK by the established offices and this continued to be the case in Amsterdam and Prague. Satisfactory performances were recorded in Milan and Paris, the former in its first year of operation and the latter recovering well from its start-up losses in 2000. The two German joint ventures, in Berlin and Frankfurt, the latter being launched during the year, suffered from the slowdown in that country's economy and both recorded losses accordingly. In Warsaw the start up losses generated by our Polish subsidiary in 2000 were reduced but, following an encouraging start to the year, certain prospects did not materialise as expected and prevented progress being maintained into profitability. The Spanish joint venture was badly affected by the severe slow down in the IT and telecoms sector, which had contributed to the good profits recorded in 2000, particularly in its own joint venture established in Morocco. However, partly as a result of having to close the latter operation, a modest loss was recorded this year.

Group work done including share of joint ventures and associate (£000)

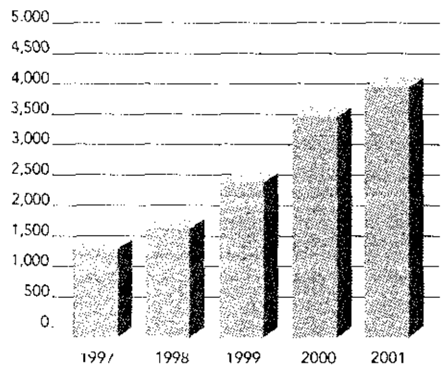


Profit before tax and exceptional item (£000)

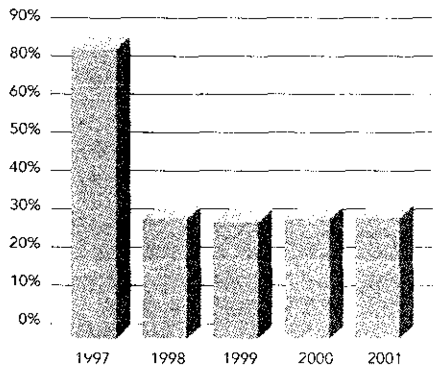




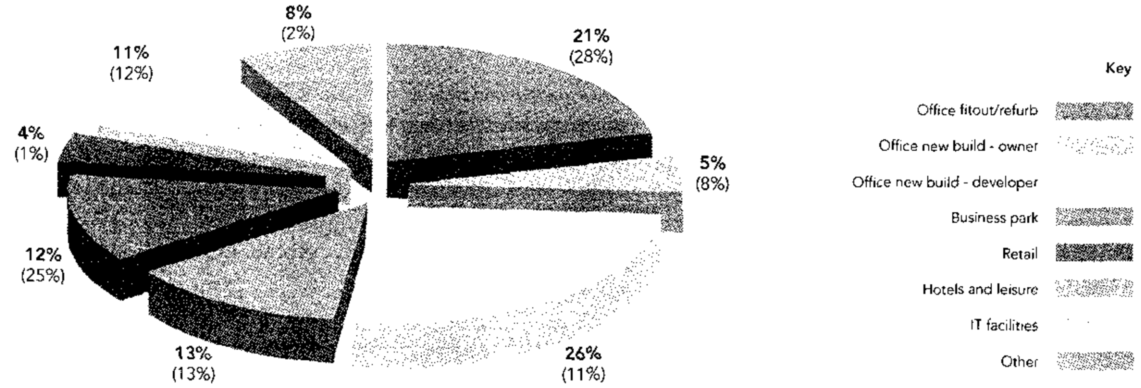
Net assets (£000)



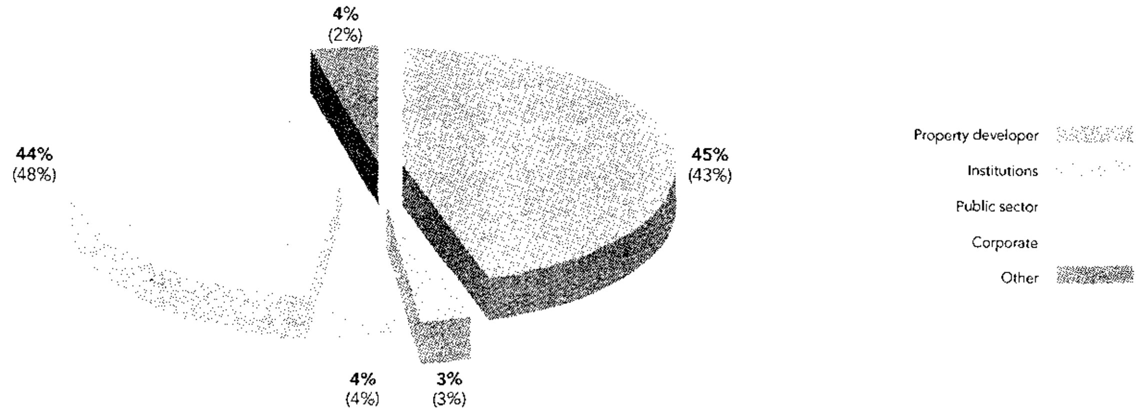
Gearing



Analysis of 2001 Group turnover by project type (2000 figures in brackets)



Analysis of 2001 Group turnover by client type (2000 figures in brackets)



Financial review

For the year ended
30 September 2001

Financial review

For the year ended 30 September 2001

Taxation

The taxation charge for the year of £454,000 represents 50% of net profit before tax (2000: 26%). This is significantly higher proportionately than last year for three main reasons. Firstly there were adjustments in respect of prior years, arising from underestimates in two overseas operations, compared with a sizeable credit adjustment in 2000 as explained last year. Secondly, the tax rates outside the United Kingdom are generally higher and therefore the substantial change in the proportion of profit generated overseas has resulted in a greater overall tax charge. Thirdly, the losses made in some of the overseas, mainly start-up, operations can only be offset against future profits made in those companies.

Dividends

No final dividend (2000: 0.25p per share) is proposed. In setting the level of dividends, the Board takes account of the earnings cover, the cash flow requirements of the Group and future prospects. The dividend paid at the interim stage was 0.15p (2000: 0.15p) and this represents the total dividend payment for the year (2000: 0.40p), which is covered 4.3 times by earnings (2000: 5.3 times).

Staff

The average number of staff employed by the Company and its subsidiaries during the year was 291 (2000: 278) and the cost per employee was £33,732 (2000: £36,327), a decrease of 7.1%, which was mainly a result of the lower level of performance related bonuses generated. These figures exclude those employed by the Group's joint ventures and the associate and temporary staff.

As part of the Board's commitment to wider share ownership among all staff, the Board is introducing an all employee share ownership plan, under the new government scheme enacted during 2000.

Under the executive share option schemes, 216,091 options were exercised during the year and 403,532 new grants were made to senior staff. Under the first plan cycle of the new long term incentive scheme, 1,135,035 nil priced options were granted to senior staff during the year, including 657,221 to directors, as detailed in the report on directors' remuneration.

Acquisitions and investments

No acquisitions were completed during the year, but capital investment totalled £608,000. This was mostly funded by way of finance leases over three to five years and consisted mainly of the Group's ongoing investment in information technology, which is necessary to maintain the Group's competitive position.

Goodwill arising from acquisitions is written off over the expected useful life of the investment, currently 20 years in all cases. Amortisation charged in the year was £54,000 (2000: £53,000) and in the above chart is allocated to the United Kingdom. Depreciation has risen significantly with the continuing investment programme and the year's charge was £670,000 (2000: £371,000).

Cash flow and gearing

Operational cash flow during the year was less strong than in 2000. Reasons for this include a significant increase in net work in progress, being amounts recoverable on contracts less payments received in advance, which has necessitated additional working capital. This, together with the Group's continuing investment programme, has resulted in borrowings increasing to £1.322 million (2000: £1.184 million) and gearing to 33% (2000: 32%).

The tough trading conditions and cash flow pressure referred to in the chairman's statement have resulted in borrowings and gearing increasing since the balance sheet date. The Company has recently negotiated additional overdraft facilities with its bankers in order to accommodate the current and anticipated future working capital requirements. However, the nature of the Group's business is such that there are inherent uncertainties in these matters, the projected working capital requirement being largely dependent on the timing of major new projects and the cash flows arising therefrom. This is explained more fully in note 1.

Risk management

The internal systems and controls of the Group have been developed over many years with a view to minimising risk. Such systems include ISO 9001 certification across much of the Group and internally specified project cost and management software. High level controls are operated by the Board itself and, where appropriate, delegated to subsidiary or joint venture company boards or management boards.

Interest rate risk is covered to the extent that the Group utilises three to five year finance lease arrangements for its regular capital expenditure. However, the need to maintain a high degree of flexibility for working capital requirements means that other banking facilities are currently at floating rates, although this remains under review by the Board.

The foreign currency risk associated with the profits or losses from overseas operations is not hedged. However, hedging is arranged against most known future receipts of foreign currency, either by way of overdraft or foreign exchange contract.

Shareholders' funds

Shareholders' funds increased by 10.7% to £4.060 million (2000: £3.666 million).

Robert Warner

Finance director

Directors

Andrew A Lett *(Executive chairman)#*

RIBA, DipArch (Oxford) Aged 55

Joined the practice in 1976 and is a chartered architect. He was made a partner in 1981 and a main board director on the Company's flotation in 1988. He was appointed managing director in December 1994 and executive chairman in January 2000.

John W Thake (Managing director)

RIBA, DipArch, MCSD, BNA Aged 57

Joined the practice in 1974 and is a chartered architect. He was made a partner in 1981 and a main board director on the Company's flotation in 1988. From 1995 until 1999 he was responsible for managing and expanding the Group's interests outside the United Kingdom and was appointed managing director in January 2000.

Geoffrey C Harwood (Operations director)

BA, MSc (Arch), CEng, FCIBSE, MinstE, MAPM Aged 59

Joined the practice as a partner in 1979 and is a chartered engineer. He became a main board director on the Company's flotation in 1988 and was appointed group operations director in January 2000. He is responsible for coordinating marketing and new business development, computing development and quality assurance. In addition he has overall responsibility for the technical integrity of all engineering design.

Robert H Warner (Finance director and company secretary)

ACA Aged 44

Joined the practice in 1986 and is a chartered accountant. Appointed company secretary on the Company's flotation in 1988 and finance director in January 1992. In addition to financial matters he is responsible for corporate development. He is a non-executive director of Warner Estate Holdings PLC.

Alan B Brooker (Non-executive director and senior independent director) * + #

JP, DL, FCA Aged 70

Joined the Company on flotation in 1988. From 1980 until 1987 he was chairman and chief executive of Extel Group plc. He is a non-executive director of Acal plc. Mr Brooker will be retiring as a director at the forthcoming Annual General Meeting.

Ian G F Mavor (Non-executive director) * + #

MA LLB Aged 60

Joined the Company in May 1999. From 1994 until 1999 he was executive director of RAC and the group's legal director. He was formerly a non-executive director of The Securities and Futures Authority. On Mr Brooker's retirement, Mr Mavor will become the senior independent director.

Ian F McQuattie (Non-executive director) * + #

BSc FCA MIMC Aged 56

Joined the Company in July 2001. From 1990 to 1997 he was chairman and chief executive of Westport Group PLC. Until recently he was chairman of Noble Denton Holdings Ltd and is currently chairman of Stanco Exhibitions Ltd and a non-executive director of Paradigm Technology Ltd.

* Members of the Audit Committee – chairman, Alan Brooker.

+ Members of the Remuneration Committee – chairman, Ian Mavor

Members of the Nomination Committee – chairman, Alan Brooker.

Corporate information

Company Secretary
Robert Henry Warner ACA

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London SW11 4TT

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6 Broadgate
London EC2M 2RP

Auditors
KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

Solicitors
Rowe & Maw
11 Pilgrim Street
London EC4V 6RW

Bankers
Coutts & Co
440 Strand
London WC2R 0QS

Registrars and Transfer Office
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Company registered in England and Wales, No 2155571

Directors' report

For the year ended 30 September 2001

The directors submit their report and the audited financial statements for the year ended 30 September 2001.

Principal activities

The Group provides professional design services to the property and construction sectors, comprising principally architecture, planning and urban design, environmental engineering, structural engineering, interior design and graphic design.

A review of the Group's business and activities during the year and future developments are contained in the chairman's statement, the operations review and the financial review on pages 4 to 13.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 28. During the year an interim dividend of 0.15p (2000: 0.15p) per ordinary share was paid and the directors are not recommending the payment of a final dividend (2000: 0.25p). These dividends will absorb £109,000, leaving a profit to be transferred to reserves of £354,000 (2000: £1,205,000).

Statement on payment of suppliers

The Group does not follow any specified code or standard on payment practice. However, it does endeavour to ensure all payments are made within mutually agreed credit terms. In cases where disputes arise every effort is made to resolve these promptly and amicably to minimise delays in payment. As at 30 September 2001 the average number of billing days outstanding to suppliers of the Group was 61 (2000 : 73). The Company had no creditors outstanding at 30 September 2001 (2000: nil).

Employees

The Group constantly seeks to keep its employees informed on all aspects of the business affecting them through the operation of structured management meetings and in-house publications.

It is the Group's policy to give fair consideration to application for employment by disabled persons wherever practicable and, where existing employees become disabled, every effort is made to find or create suitable positions for them.

Directors

The directors who served during the year, together with brief biographical details, are set out on pages 14 and 15. Mr A B Brooker will be retiring at the forthcoming Annual General Meeting and will not be offering himself for re-election. In accordance with the articles of association, Mr I F McQuattie, who was appointed to the Board during the year, and Mr J W Thake, by rotation, will be retiring at the meeting and, being eligible, offer themselves for re-election. Mr McQuattie does not have a service agreement with the Company but his appointment is recorded in writing. Mr Thake has a service agreement with the Company which is capable of termination by either party giving a minimum of 24 months' notice. The interests of the directors and their families in the share capital of the Company are set out in the report on directors' remuneration on pages 19 to 22.

Political and charitable contributions

No political contributions were made during the year. Charitable contributions made during the year amounted to £1,234 (2000: £2,053).

Share capital

During the year 216,091 new ordinary 1p shares were issued to employees of the Group, under the terms of its executive share option schemes as follows:

Date	Number of shares
12 January 2001	208,253
6 July 2001	7,838

The Board is seeking from shareholders at the Annual General Meeting renewal of its authority to allot equity securities up to a maximum aggregate nominal value of £241,404 (representing approximately 33 per cent of the issued ordinary share capital of the Company). The directors have no present intention of allotting any ordinary shares under this authority.

A resolution will also be put to the Annual General Meeting in respect of the issue of equity securities for cash up to an aggregate nominal amount of £36,211, representing five per cent of the issued ordinary share capital, without first offering such shares to shareholders. The directors consider this authority desirable as it will give them the flexibility to make small issues of ordinary shares for cash as suitable opportunities arise without the necessity of first seeking shareholders' approval.

The renewed authorities will expire at the conclusion of the next Annual General Meeting of the Company when it is intended that the directors will again seek their renewal.

Substantial shareholdings

As at 28 January 2002, the Company had been informed of the following notifiable interests of three per cent or more in its share capital:

	Ordinary 1p shares	Percentage of ordinary share capital
Imagina Management SL	9,865,192	13.62
Aimshot Limited	4,000,000	5.52
R H Warner (a director of the Company)	2,689,012	3.71

Apart from these substantial shareholdings, the directors are not aware of any interest of three per cent or more in the share capital of the Company.

Directors' report

For the year ended
30 September 2001

Impact of the Euro

Europe's single currency, the Euro, was adopted for all purposes in those countries participating on 1 January 2002. Sterling will continue unaffected for use in the UK. The systems and processes in the Group's European offices have been refined to deal with the Euro on its introduction and no material problems are foreseen.

The UK Government has no timetable for the use of the Euro in the UK. Some modifications to the Group's existing systems in the UK will be needed to allow full Euro functionality. This will be done as part of the periodic upgrading of systems.

Costs to date have been fully expressed and any future costs will be treated likewise. The directors do not believe that the introduction of the Euro will be material to the Group's financial condition, operations or liquidity.

Auditors

A resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

By order of the Board

R H Warner
Secretary

28 January 2002

The Remuneration Committee ("the Committee") comprises the three non-executive directors, Mr McQuattie having joined during the year, and is chaired by Mr I G F Mavor. Further details are set out on pages 14 and 15. The remuneration policies of the Group embody the principles of good governance set out in section 1 of the Combined Code.

The Committee meets as and when appropriate during the year and is responsible for determining all aspects of the executive directors' remuneration, including share options and the terms and conditions of their service contracts. Full details of the directors' remuneration are set out in the table below.

An annual bonus scheme exists for executive directors under which bonuses become payable upon the achievement of certain financial targets. No bonuses are payable in respect of the year ended 30 September 2001 under this scheme.

In line with the above policy objective, a new long term share incentive plan ("the Plan") for executive directors of the Company and key senior executives of the Group was introduced in March 2001 following approval by shareholders at the Extraordinary General Meeting on 24 January 2001. The Plan involves the award of options to acquire ordinary shares in the Company at nil cost. The ability to exercise these options will be dependent on the Group's performance over a plan cycle compared to objective performance targets set by the Committee and agreed with the Board at the commencement of each plan cycle (which will normally be three consecutive financial years). It is intended that the performance targets will be demanding.

Under the Plan rules, the maximum number of shares over which options may be granted to a participant in any financial year of the Company shall be such that the aggregate market value of such shares at the time of grant shall not exceed 75% of his or her annual salary at the commencement of the relevant financial year. The actual number of shares to be placed under option to individual participants will depend on a number of factors, including their level of seniority in the Group.

The maximum number of shares may be acquired upon exercise of the option after the end of the plan cycle only if the Group's actual performance over the plan cycle is outstanding as determined by the Committee at the date of grant. Conversely no options will become exercisable if the actual performance of the Group is such that the Committee considers the performance to be below average over the plan cycle. For performance between average and outstanding a proportion of option awards will become exercisable according to a sliding scale. Options will normally be granted within 42 days of the announcement by the Company of its interim or final results each year, although options may be granted outside these periods if the Committee considers that there are sufficiently exceptional circumstances to justify the grant of options at that time. Initially options may also be granted within the period of 42 days after the adoption of the Plan by the Company in general meeting and details of such options granted to executive directors during the year are set out below.

Report on directors' remuneration

For the year ended 30 September 2001

The Committee have determined that outstanding performance for the purposes of the first plan cycle, for the three financial years ending 30 September 2003, will be equivalent to 20% compound growth per annum in the consolidated fully diluted earnings per share of the Company, adjusted to take out the effect of exceptional items, over the plan cycle, calculated on an aggregate basis. Similarly the Committee have determined that, for the purposes of the first plan cycle, below average performance will be compound growth in fully diluted adjusted earnings per share of less than 7.5% per annum.

All executive directors are members of the Company's Executive pension scheme, which is a defined contribution scheme for directors and other senior employees of the Group. The contribution rate into the scheme was 27.5% of basic salary for the year ended 30 September 2001 for Messrs Lett, Thake and Harwood (2000: 27.5%) and 20% for Mr Warner (2000: 20%). In addition, directors may elect that the Group pays an amount deducted from their salary into a separate executive pension scheme of their choice.

The Committee is responsible for the issue of share options to executive directors under the terms of the Company's executive share option schemes. No options were granted to executive directors during the year but details of options exercised during the year and granted in prior years are set out below.

The fees of the non-executive directors are determined by the executive directors.

Details of emoluments of all directors who served during the year are as follows:

	Base salary £000	**Performance related bonus £000**	**Benefits £000**	**Long-term incentive plan £000**	**2001 Total emoluments excl. pension £000**	**Pension contribution £000**	2000 Total emoluments excl. pension £000
Executive							
A A Lett	**110**	-	**14**	-	**124**	**30**	436
J W Thake	**104**	-	**13**	-	**117**	**28**	427
G C Harwood	**94**	-	**14**	-	**108**	**26**	418
R H Warner	**84**	-	**14**	-	**98**	**18**	405
Non-executive							
A B Brooker	**18**	-	-	-	**18**	-	16
I G F Mavor	**15**	-	-	-	**15**	-	14
I F McQuattie (appointed 1 July 2001)	**4**	-	-	-	**4**	-	-
G K T Deighton (resigned 26 January 2000)	-	-	-	-	-	-	26
Total 2001	**429**	-	**55**	-	**484**	**102**	1,742
Total 2000	418	108	68	1,148	1,742	88	

The beneficial interests, including family interests, of the directors in the share capital of the Company, as shown by the register maintained pursuant to the Companies Act 1985, are as follows:

	30 September 2001 Ordinary 1p shares	30 September 2000 Ordinary 1p shares
A A Lett	**2,119,898**	2,019,898
J W Thake	**1,608,018**	1,508,018
G C Harwood	**2,039,898**	2,019,898
R H Warner	**2,689,012**	2,589,012
A B Brooker	**5,000**	5,000
I G F Mavor	-	-
I F McQuattie	-	-

There have been no changes in the above directors' interests since 30 September 2001.

Directors' interests in share options granted over the shares of the Company are as follows:

Director	**Number of options over ordinary 1p shares at 30 September 2001**	Number of options over ordinary 1p shares at 30 September 2000	Exercise price	Earliest exercisable date
A A Lett	**31,354**	31,354	5.103p	15 December 1996
	31,354	31,354	5.103p	15 December 1998
J W Thake (see below)	-	31,354	5.103p	15 December 1996
	-	31,354	5.103p	15 December 1998
G C Harwood	**31,354**	31,354	5.103p	15 December 1996
	31,354	31,354	5.103p	15 December 1998
R H Warner	**31,354**	31,354	5.103p	15 December 1996
	31,354	31,354	5.103p	15 December 1998

On 12 January 2001 Mr J W Thake exercised 62,708 options and sold the shares in the market. The exercise price was 5.103p, the mid-market price 18.5p and the consequent gain on exercise £8,401. The mid-market price of the shares at 30 September 2001 was 6.0p (30 September 2000: 19.25p) and the range during the year was 5.5p to 20.5p (2000:13.25p to 25p).

Report on directors' remuneration

For the year ended 30 September 2001

On 6 March 2001 the following awards of nil cost options were made to executive directors under the terms of the new long term share incentive plan. As explained above, the ability of participants to exercise their options is dependent upon earnings per share growth targets. The value of entitlements under the Plan, calculated by reference to the mid-market share price at 30 September 2001, are as follows:

	Options granted during 2001	Value of entitlement
		£000
A A Lett	222,222	13
J W Thake	156,666	9
G C Harwood	142,500	9
R H Warner	135,833	8
	657,221	39

The executive directors have service contracts with the Company, which are subject to a minimum of 24 months' notice of termination by either party. The Combined Code states that Boards should set an objective to reduce notice or contract periods to one year or less. The Committee feels that it is not appropriate to set such an objective, as it believes that the current notice and contract periods are required in order to retain directors of the necessary calibre. This policy remains under review.

The non-executive directors do not have service contracts with the Company, but the appointment of each is recorded in writing.

There were no contracts of significance with the Company or its subsidiaries in which any of the directors had an interest during the financial year.

I G F Mavor

Chairman of the Remuneration Committee, on behalf of the Board.

28 January 2002

Statement by the directors

The Company is required by the London Stock Exchange to publish a statement of compliance with the Principles of Good Governance and Code of Best Practice ("the Combined Code") annexed to the Listing Rules of the Financial Services Authority.

The directors have fully considered the Combined Code and, save in respect of the length of the service contracts of the executive directors, as explained on page 22, and as disclosed and explained below, the Board believes that the Company has complied fully with the Combined Code during and since the year ended 30 September 2001.

Board of directors

The Company is headed by an effective Board, which leads and controls the Group.

The current Board comprises four executive directors and three non-executive directors. They all bring a wide range of experience and skills to the Company as summarised on pages 14 and 15.

There is a clear division of responsibilities between the four executives led by Mr A A Lett, the executive chairman, who is both the chairman and the chief executive. The Board considers, given the size of the Company, together with the strength and independence of the non-executive directors, it is acceptable to combine these roles. Mr A B Brooker is the senior independent non-executive director, although he will be retiring at the Annual General Meeting and will be replaced in this role by Mr I G F Mavor. Mr I F McQuattie is the other independent non-executive. All non-executive directors are considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The full Board of directors meets at least six times a year and retains full and effective control over the Group's activities. The regular meetings review the performance of the Group against budget and strategy, consider specific proposals and matters arising and formulate the Group's policy. Board papers containing appropriate and timely information are circulated in advance of Board meetings to all directors. In addition, all directors are circulated monthly with a comprehensive financial management report, which gives details of the activities and performance of the Group.

Whilst the Board retains final authority over all significant capital investments and borrowing transactions, day to day management is delegated to the executive directors, who meet weekly, operating within an annual budget set by the full Board.

The Company has a procedure in place for directors to take independent professional advice, at the Company's expense, if they feel it is required. The directors also have access to the advice and services of the Company Secretarial department.

A Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 25.

Audit Committee

The Audit Committee comprises the three non-executive directors and is chaired by Mr Brooker. It meets at least twice a year with the external auditors, with the executive chairman and the finance director attending by invitation. If appropriate, the external auditors attend part of each Committee meeting without the presence of the executive chairman and the finance director for independent discussions. The chairman of the Audit Committee reports to the Board on matters discussed at Committee meetings. The composition of the Committee has only complied with the Combined Code, which requires at least three non-executive directors, since July 2001 when Mr McQuattie joined the Board and therefore the Company has not complied with provision D.2.1 of the Combined Code.

Nomination Committee

The Nomination Committee comprises the executive chairman, Mr Brooker, Mr Mavor and, since his appointment, Mr McQuattie. It is chaired by Mr Brooker and is responsible for nominating new candidates for appointment to the Board. Formal selection criteria and procedures are agreed in advance of any new appointment.

Remuneration Committee

The Remuneration Committee comprises the non-executive directors and is chaired by Mr Mavor. It advises the Board on executive remuneration policy and in particular, makes recommendations regarding terms of employment of executive directors, their remuneration and the awarding of options and other incentives. The Board has approved terms of reference for the Remuneration Committee. No director is involved in deciding his own remuneration.

The Board's report is given on pages 19 to 22.

Relations with shareholders

The Company values dialogue with institutional and private shareholders. The executive chairman and the finance director attended a number of meetings with analysts and institutional investors during the year ended 30 September 2001 and intend to continue this practice. The Board uses the Company's Annual General Meeting and the meetings with private client stockbrokers to communicate with private investors. In addition, the Company has a website through which shareholders can access information on the Group.

Internal control

The directors acknowledge that they are responsible for the Company's system of internal control and for reviewing its effectiveness. The provisions of the Combined Code in respect of internal controls, require that directors review all controls including operational, compliance and risk management, as well as financial controls. The Company was not in compliance with the Turnbull Committee Report on Internal Control ("Turnbull") and therefore provision D.2.1 of the Combined Code throughout the year ended 30 September 2001 in that the risk management process was not fully documented at the start of the year. However, a full risk assessment review was carried out during this period to identify and evaluate the risks faced by the Company. This involved consideration of the Company's structure and objectives followed by a workshop to consider the key risks to the achievement of these objectives. As a result, a database of risks and their associated internal controls was drawn up and areas requiring additional controls were identifed. Procedures have been established and documented to review existing risks and consider new risks, whilst at the same time evaluating and managing them. Risk management and internal controls are considered by Directors at regular Board meetings. This review was done to ensure, as far as is practical, that the Group is able to comply with all obligations placed upon it now and in the future. Any such system of control is designed to manage rather than eliminate risk and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Company does not have an internal audit function. This is presently not considered necessary, given the size of the Company and the close involvement of the executive directors and senior management.

Corporate governance report

For the year ended 30 September 2001

The main features of the Group's framework for internal control which operate within the established organisation structure with formally defined areas of responsibility are:

- a comprehensive budgeting system with an annual budget approved by the Board;
- the monthly comparison of actual results and cash flow as compared with budget and against forecasts prepared on a regular basis;
- the review of contract risk areas on a weekly basis by the executive directors and the regular consideration of key risks and risk management programmes by the full Board;
- a comprehensive set of policies and procedures in place which cover authorisation, segregation of duties, recording of data and ownership;
- a project quality management system, certified under ISO 9001 across much of the Group, which brings consistency and auditability to the design process; and
- a health and safety policy, designed to provide and maintain safe, healthy working conditions, equipment and systems for all the Group's employees and to provide relevant information, training and supervision for this purpose.

Going concern basis

After making enquiries, and as more fully described in note 1, the directors consider that the Group has adequate resources and committed borrowing facilities to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the accounts.

Statement of directors' responsibilities

In respect of the preparation of financial statements

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the following page, is made for the purpose of clarifying for shareholders the respective responsibilities of the directors and the auditors in the preparation of the accounts.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report

To the members of Aukett Group Plc

We have audited the financial statements on pages 28 to 49.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 25 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 23 to 25 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report

To the members of Aukett Group Plc

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the financing position of the Group. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
28 January 2002

Consolidated profit and loss account

For the year ended 30 September 2001

	Notes	2001 £000	2000 £000
Turnover: Group and share of joint ventures	2	**21,518**	19,965
Less: share of joint ventures' turnover	2	**(2,739)**	(1,592)
Group turnover	2	**18,779**	18,373
Movement in amounts recoverable on contracts	2	**647**	494
Group work done	2	**19,426**	18,867
Group operating profit	3	**1,200**	1,931
Share of operating (loss)/profit in joint ventures and associate		**(103)**	188
Net interest payable by Group	4	**(180)**	(67)
Profit on ordinary activities before tax	5	**917**	2,052
Tax on profit on ordinary activities	7	**(454)**	(541)
Profit on ordinary activities after tax		**463**	1,511
Dividends	8	**(109)**	(306)
Retained profit for the year	20	**354**	1,205
Earnings per share:	9		
Basic		**0.64p**	2.13p
Diluted		**0.63p**	2.07p

There is no difference between the profit on ordinary activities before taxation and the retained profit for the Group stated above and their historical cost equivalents.

All operations are continuing.

Consolidated balance sheet

At 30 September 2001

	Notes	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Intangible assets	10		**957**		1,011
Tangible assets	11		**1,438**		1,530
Investments in joint ventures:	12				
share of gross assets		**2,910**		854	
share of gross liabilities		**(2,872)**		(703)	
			38		151
Investment in associate	12		**74**		102
			2,507		2,794
Current assets					
Debtors	13	**7,632**		7,351	
Cash at bank and in hand		**488**		553	
		8,120		7,904	
Creditors falling due within one year	15	**(6,136)**		(6,393)	
Net current assets			**1,984**		1,511
Total assets less current liabilities			**4,491**		4,305
Creditors falling due after one year	16		**(431)**		(639)
Provisions for liabilities and charges	18		**-**		-
Net assets			**4,060**		3,666
Capital and reserves					
Share capital	19		**724**		722
Share premium account	20		**1,794**		1,758
Profit and loss account	20		**1,542**		1,186
Equity shareholders' funds			**4,060**		3,666

The notes on pages 33 to 49 form part of the these financial statements.

Approved by the Board of Directors on 28 January 2002 and signed on its behalf by:

A A Lett
R H Warner
Directors

B ance sheet

At 0 September 2001

	Notes	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Investments	12		**3,606**		3,585
Current assets					
Debtors	13	**666**		315	
Cash at bank and in hand		**-**		2	
		666		317	
Creditors: amounts falling due within one year	15	**(1,576)**		(1,254)	
Net current liabilities			**(910)**		(937)
Total assets less current liabilities			**2,696**		2,648
Net assets			**2,696**		2,648
Capital and reserves					
Called up share capital	19		**724**		722
Share premium account	20		**1,794**		1,758
Profit and loss account	20		**178**		168
Shareholders' funds			**2,696**		2,648

The notes on pages 33 to 49 form part of these financial statements.

Approved by the Board of Directors on 28 January 2002 and signed on its behalf by:

A A Lett

R H Warner

Directors

Statement of total recognised gains and losses

For the year ended 30 September 2001

	2001	2000
	£000	£000
Profit for the financial year	**463**	1,511
Foreign exchange differences	**31**	(66)
Total gains and losses recognised in the year	**494**	1,445

Reconciliation of movements in shareholders' funds

For the year ended 30 September 2001

	2001		2000	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Shareholders' funds at 1 October 2000	**3,666**	**2,648**	2,502	2,205
Exercise of share options	**38**	**38**	25	25
Capitalisation of ESOT contributions (see note 20)	**(29)**	**-**	-	-
Exchange movement	**31**	**-**	(66)	-
Issue of share capital	**-**	**-**	-	336
Profit attributable to shareholders	**463**	**119**	1,511	388
Dividends paid and proposed	**(109)**	**(109)**	(306)	(306)
Shareholders' funds at 30 September 2001	**4,060**	**2,696**	3,666	2,648

Consolidated cash flow statement

For the year ended
30 September 2001

	Notes	2001 £000	2001 £000	2000 £000	2000 £000
Net cash inflow from operating activities	23		**1,379**		1,689
Returns on investments and servicing of finance			**(180)**		(63)
Tax paid			**(427)**		(444)
Capital expenditure					
Purchase of tangible fixed assets			**(216)**		(385)
Acquisitions					
Investment in subsidiary undertakings		**-**		(394)	
Investment in joint ventures		**(21)**		(34)	
			(21)		(428)
Equity dividends paid			**(290)**		(324)
Net cash inflow before financing			**245**		45
Financing					
Issue of ordinary shares		**9**		25	
Repayment of loans		**(160)**		(120)	
Principal repayments under hire purchase contracts and finance leases		**(444)**		(226)	
Net cash outflow from financing			**(595)**		(321)
Decrease in cash			**(350)**		(276)

Reconciliation of net cash flow to movement in net debt

	Notes	2001 £000	2000 £000
Decrease in cash for the year		**(350)**	(276)
Cash outflow from decrease in debt		**604**	346
New finance leases		**(392)**	(503)
Movement in net debt during the year		**(138)**	(433)
Net debt at 1 October 2000		**(1,184)**	(751)
Net debt at 30 September 2001	24	**(1,322)**	(1,184)

1 Accounting policies

The principal accounting policies which have been applied consistently in the preparation of these financial statements are:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. The adoption of FRS 17 Retirement Benefits and FRS 18 Accounting Policies has had no material impact on the results or financial position of the Group.

The Group meets its day to day working capital requirements through an overdraft facility which is repayable on demand.

The nature of the Group's business is such that there can be considerable uncertainty over the timing of major projects and the commencement of cash flows arising therefrom. The directors have prepared projected cash flow information for the next twelve months and they consider that the Group will continue to operate within the overdraft facility recently agreed, which expires in January 2003. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. However, the margin of facilities over requirements is not large and inherently there can be no certainty as to these matters and, in the event that projects are delayed or expectations included in the directors' projections are otherwise not met, the Group may need to renegotiate its banking facilities. The financial statements do not include any adjustments that would result from a failure by the Group to obtain adequate future funding.

(b) Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries. The consolidated profit and loss account also includes the Group's share of the results of all associated undertakings as defined by the Companies Act 1985. In accordance with FRS 9 Associates and Joint Ventures, those associated undertakings which the Group jointly controls with another party are classified as joint ventures, whereas those in which the Group exercises significant influence without joint control are classified as associates.

(c) Goodwill

On the acquisition of subsidiaries, businesses and associated undertakings, fair values are attributed to the Group's share of the net tangible assets acquired. Where the cost of acquiring such net tangible assets exceeds the values attributed to them, the resultant difference is treated as goodwill, which is capitalised and amortised over its useful life up to a maximum of twenty years.

(d) Foreign currency

Profit and loss accounts of overseas associated undertakings are translated into sterling at average rates for the year or relevant period since acquisition. Exchange gains and losses arising in the ordinary course of business are dealt with through the profit and loss account.

Assets and liabilities denominated in foreign currencies and the balance sheets of overseas associated undertakings are translated into sterling at the rates of exchange prevailing at the balance sheet date.

Notes to the financial statements

For the year ended 30 September 2001

Exchange differences arising in the consolidated accounts on the retranslation at closing rates of the Group's net investments in overseas associated undertakings are recorded as a movement on reserves and are reported in the statement of total recognised gains and losses.

(e) Turnover and work done

Work done represents turnover (being fees invoiced in the ordinary course of business, excluding value added tax), adjusted for movements in the level of amounts recoverable on contracts. Amounts recoverable on contracts are stated at cost plus attributable profits on long term contracts less provision for estimated losses and on short term contracts at the lower of cost and net realisable value. Cost includes direct staff costs and outlays together with a proportion of attributable overheads. Attributable profits on long term fixed price contracts are recognised on the percentage of completion method based on the proportion of costs incurred to the total estimated costs. Fees rendered on account are deducted from amounts recoverable on contracts and, to the extent that they exceed the value of work done, are included in creditors as payments on account.

(f) Pensions

The Group operates defined contribution schemes funded by the Group and employees. The schemes' funds are administrated by trustees independently of the Group's finances and contributions are charged against the profits of the period in which they become payable.

(g) Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives using the following methods and rates:

	Rate	Method
Leasehold land and buildings	Over unexpired term of lease	Straight line
Furniture and equipment:		
furniture and fittings	10% p.a.	Straight line
computer equipment	20% p.a.	Straight line
telephone equipment	15% p.a.	Straight line
assets held under finance leases	Over unexpired term of lease	Straight line
Motor vehicles	25% p.a.	Reducing balance

(h) Leased assets

Fixed assets acquired under hire purchase agreements and finance leases are capitalised and depreciated in accordance with the depreciation policy. Obligations under such agreements are included in creditors, net of finance charges allocated to future years. Finance charges are charged to the profit and loss account based on the actuarial method. The costs of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(i) Deferred taxation

Provision is made for deferred taxation using the liability method to account for timing differences between the incidence of expenditure for taxation and accounting purposes to the extent that it is probable that a liability to taxation will crystallise in the foreseeable future.

2 Turnover and work done

An analysis of turnover and work done by geographical area of destination is as follows:

	2001			2000		
	United Kingdom	**Rest of Europe**	**Total**	United Kingdom	Rest of Europe	Total
Turnover	**£000**	**£000**	**£000**	£000	£000	£000
Group	**14,476**	**4,303**	**18,779**	13,941	4,432	18,373
Share of joint ventures	**-**	**2,739**	**2,739**	376	1,216	1,592
	14,476	**7,042**	**21,518**	14,317	5,648	19,965
Share of associate	**-**	**230**	**230**	-	370	370
Total	**14,476**	**7,272**	**21,748**	14,317	6,018	20,335
Movement in amounts recoverable on contracts						
Group	**1,063**	**(416)**	**647**	436	58	494
Share of joint ventures	**-**	**262**	**262**	-	80	80
Share of associate	**-**	**2**	**2**	-	(37)	(37)
Total	**1,063**	**(152)**	**911**	436	101	537
Work done						
Group	**15,539**	**3,887**	**19,426**	14,377	4,490	18,867
Share of joint ventures	**-**	**3,001**	**3,001**	376	1,296	1,672
Share of associate	**-**	**232**	**232**	-	333	333
Total	**15,539**	**7,120**	**22,659**	14,753	6,119	20,872

Graphical representations of analyses of work done by geographical location and of United Kingdom turnover by business sector and client type are shown on page 11.

A further analysis of amounts recoverable on contracts is given in note 14.

All the Group's activities fall within a single segment as detailed in the directors' report on page 16.

Notes to the financial statements

For the year ended 30 September 2001

3 Group operating profit	2001	2000
	£000	£000
Group work done	19,426	18,867
Staff costs (see note 6)	(9,816)	(10,099)
Amortisation of goodwill (see note 10)	(54)	(53)
Depreciation (see note 11)	(670)	(371)
Other operating charges	(7,686)	(6,413)
Group operating profit	**1,200**	1,931

All operating profit in 2001 and 2000 derives from continuing operations.

4 Net interest payable	2001	2000
	£000	£000
Interest on bank loan and overdrafts wholly repayable within five years	101	67
Finance lease and hire purchase interest	91	53
Other interest payable and similar charges	6	8
Interest receivable	(18)	(61)
	180	67

5 Profit on ordinary activities before taxation

An analysis of profit on ordinary activities before taxation by geographical area is as follows:

	2001			2000		
	United Kingdom	**Rest of Europe**	**Total**	United Kingdom	Rest of Europe	Total
	£000	**£000**	**£000**	£000	£000	£000
Company and subsidiaries	**546**	**474**	**1,020**	1,378	490	1,868
Share of joint ventures	**-**	**(80)**	**(80)**	67	66	133
Share of associate	**-**	**(23)**	**(23)**	-	51	51
Group total	**546**	**371**	**917**	1,445	607	2,052

	2001	2000
	£000	£000
Profit on ordinary activities before taxation, excluding the share of results from joint ventures and the associate, is stated after charging:		
Amortisation of goodwill	**54**	53
Depreciation:		
owned assets	**246**	148
leased assets	**424**	223
Operating lease rentals:		
hire of plant and equipment	**364**	606
other	**660**	263
Auditors' remuneration for audit services	**76**	65

Remuneration of the Company's auditors for the provision of non-audit services to the Group amounted to £22,000 (2000: £60,000) and was in respect of taxation compliance and other advisory matters. No audit fees were incurred by the Company (2000: nil).

6 Employees

The average number of persons employed by the Group during the year, including directors, was as follows:

	2001	2000
Professional	**225**	221
Administrative	**66**	57
	291	278

The costs of employing the above staff were as follows:

	2001	2000
	£000	£000
Wages and salaries:		
basic	**8,399**	8,157
performance related bonuses	**154**	614
Social security costs	**857**	772
Other pension costs	**406**	556
	9,816	10,099

The total of emoluments paid to, or receivable by, directors in respect of qualifying service was £484,000 (2000:£1,742,000). Further details are included in the report on directors' remuneration on pages 19 to 22. *All pension costs were incurred in relation to defined contribution schemes.*

7 Tax on profit on ordinary activities

	2001	2000
	£000	£000
UK corporation tax at 30% based on the profit for the year (2000: 30%)	**205**	527
Overseas tax	**163**	186
Adjustments in respect of previous years	**59**	(243)
Deferred tax	**-**	(4)
Share of tax of joint ventures	**27**	57
Share of tax of associate	**-**	18
	454	541

The high effective rate of UK tax of 37.5% is a result of approximately £100,000 of expenditure not being allowable for tax purposes. The adjustments in respect of previous years consist of under-estimates in an overseas subsidiary of £32,000 and an overseas joint venture of £27,000.

8 Dividends

	2001 £000	2000 £000
Interim dividend paid of 0.15p per share (2000: 0.15p)	**109**	108
Proposed final dividend of £nil per share (2000: 0.25p)	-	181
Adjustment in respect of 1999 payment	-	17
	109	306

9 Earnings per share

The earnings per share are calculated on the profit attributable to shareholders of £463,000 for the year ended 30 September 2001 (2000: £1,511,000) and on 72,356,065 (2000: 70,905,936) ordinary shares, being the weighted average number in issue during the year. Diluted earnings per share are calculated on 73,826,844 (2000: 72,939,195) ordinary shares as shown in the table below:

	2001	2000
Weighted average number of shares	**72,356,065**	70,905,936
Weighted average number of shares under option	**4,097,045**	3,410,612
Number of shares that would have been issued at fair value	**(2,626,266)**	(1,377,353)
Diluted weighted average number of shares	**73,826,844**	72,939,195

10 Intangible fixed assets

Goodwill	£000
Cost	
At 1 October 2000	1,093
Arising during the year	-
At 30 September 2001	**1,093**
Amortisation	
At 1 October 2000	82
Charge for the year	54
At 30 September 2001	**136**
Net book value	
At 30 September 2001	**957**
At 30 September 2000	1,011

Currently all goodwill is amortised over a period of 20 years.

11 Tangible fixed assets

Details of the tangible fixed assets of the Group are as follows:

	Short leasehold land & buildings £000	Furniture & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 October 2000	202	2,633	15	2,850
Foreign exchange translation differences	-	63	4	67
Additions	32	575	1	608
At 30 September 2001	**234**	**3,271**	**20**	**3,525**
Depreciation				
At 1 October 2000	38	1,279	3	1,320
Foreign exchange translation differences	-	94	3	97
Charge for the year	11	654	5	670
At 30 September 2001	**49**	**2,027**	**11**	**2,087**
Net book value				
At 30 September 2001	**185**	**1,244**	**9**	**1,438**
At 30 September 2000	164	1,354	12	1,530

The total net book value of furniture and equipment for the Group includes £738,000 (2000:£817,000) in respect of assets held under finance leases and hire purchase agreements.

12 Fixed asset investments

Group

	Joint ventures	Associate	Total
	£000	£000	£000
At 1 October 2000	151	102	253
Additions	21	-	21
Share of retained loss	(134)	(28)	(162)
At 30 September 2001	**38**	**74**	**112**

Company	Subsidiary undertakings	Joint ventures	Associate	Total
	£000	£000	£000	£000
At 1 October 2000	2,629	944	12	3,585
Additions	-	21	-	21
At 30 September 2001	**2,629**	**965**	**12**	**3,606**

Investments comprise the following companies:

Name	Nature of business	Class and proportion of shares held
Subsidiaries		
Aukett Limited (registered in England and Wales)	Design consultancy in the United Kingdom	100% ordinary*
Aukett sro (incorporated in the Czech Republic with issued share capital of CZK 100,000)	Design consultancy in the Czech Republic	100% ordinary*
Aukett bv (incorporated in The Netherlands with issued share capital of 120 Dfl 1,000 shares)	Design consultancy in The Netherlands	100% ordinary*
Aukett Polska sp. z o.o. (incorporated in Poland with issued share capital of 1,500 PLN 100 shares	Design consultancy in Poland	100% ordinary*

All subsidiaries have been included in the consolidated Group figures.

Name	Nature of business	Class and proportion of shares held
Joint ventures		
Albert Bridge Limited (registered in England and Wales with issued share capital of 2 £50 ordinary shares)	Property development in the United Kingdom (see below)	50% ordinary**
Aukett + Art&Build Paris SELARL (incorporated in France with issued share capital of FFr 50,000)	Design consultancy in France	50%*
Aukett + Garretti srl (incorporated in Italy with issued share capital of €20,000)	Design consultancy in Italy	50%*
Aukett + Heese Frankfurt GmbH (incorporated in Germany with issued share capital €60,000)	Design consultancy in Germany	50%*
Aukett Imagina SL (incorporated in Spain with issued share capital of 18,364 Pta 1,000 shares)	Design consultancy in Spain	50%*
Quotefine Limited (registered in England and Wales with issued share capital of 1,500 £1 ordinary shares)	Project management in Europe	$33^1/3$% ordinary**
Associate		
Aukett + Heese GmbH (incorporated in Germany with issued share capital of DM 12,000)	Design consultancy in Germany	25% ordinary*

* Investment held by Company   ** Investment held by subsidiary

The Group's investment in Albert Bridge Limited ("Albert Bridge") was written off as at 30 September 1992. The Group is not exposed to any further commitment or liability to Albert Bridge, which is effectively dormant.

13 Debtors

	2001		2000	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Amounts recoverable on contracts (see note 14)	**1,964**	**-**	1,633	-
Trade debtors	**4,180**	**-**	4,699	-
Amounts owed by subsidiary undertakings	**-**	**328**	-	315
Amounts owed by associated undertakings (including joint ventures and the associate)	**917**	**338**	544	-
Other debtors	**69**	**-**	57	-
Prepayments and accrued income	**502**	**-**	418	-
	7,632	**666**	7,351	315

14 Amounts recoverable on contracts

Amounts recoverable on contracts, as included in debtors, exceeded payments on account, as included in creditors, by £873,000 at 30 September 2001 (2000: £226,000). These amounts comprise:

	2001		2000	
	Amounts recoverable on contracts	**Payments on account**	Amounts recoverable on contracts	Payments on account
	£000	**£000**	£000	£000
Value of work done	**20,618**	**14,326**	20,160	7,276
Fees rendered on account	**(18,654)**	**(15,417)**	(18,527)	(8,683)
	1,964	**(1,091)**	1,633	(1,407)

15 Creditors: amounts due within one year

	2001		2000	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Bank loans and overdrafts (see below)	**958**	-	753	-
Hire purchase and finance lease creditor	**421**	-	344	-
Trade creditors (see below)	**1,260**	-	1,374	-
Payments on account (see note 14)	**1,091**	-	1,407	-
Amounts owed to subsidiary undertakings	-	**1,576**	-	1,073
Amounts owed to associated undertakings (including joint ventures)	-	-	26	-
Corporation tax	**500**	-	528	-
Other taxes and social security	**471**	-	732	-
Proposed dividend	-	-	181	181
Other creditors and accruals	**1,435**	-	1,048	-
	6,136	**1,576**	6,393	1,254

Trade creditors for the Group include outstanding contributions payable to the Company's pension schemes totalling £20,000 (2000: £62,000).

Included within bank loans and overdrafts is an amount of £120,000 representing instalments payable on the loan from Coutts & Co (2000: £200,000). Coutts & Co holds a debenture over all the present and future assets of Aukett Limited in order to secure borrowings under bank overdraft and loan facilities granted.

16 Creditors: amounts due after one year

	2001	*2000*
	Group	Group
	£000	£000
Secured loan (see below):		
wholly repayable within one and two years	**120**	160
repayable by instalments within two and five years	-	40
Hire purchase and finance lease creditor:		
wholly repayable between one and two years	**286**	295
repayable by instalments between two and five years	**25**	144
	431	639

The above secured loan represents the balance on a loan with Coutts & Co, which is covered by the debenture referred to in note 15 above. Repayments under the terms of this loan total £40,000 per quarter, commencing in June 2002. Interest is payable at 2½% over the Coutts & Co base rate, subject to a minimum of 6½%.

The current element of the hire purchase and finance lease creditor is included within creditors due within one year.

17 Derivatives and other financial instruments

The Group has taken advantage of the exemption under FRS 13 that short term debtors and creditors, apart from borrowings, be excluded from the following disclosures.

The Group's exposure to market price risk arises from currency and interest rate fluctuations. The Board's policy towards currency risk, which usually relates to the Group's foreign currency earnings, is to minimise all exposures that are likely to impact on reported profit by utilising matching foreign currency contracts or cash or overdraft balances. At 30 September 2001 the Group's assets included net foreign currency debtor balances amounting to £2,214,000, which were predominantly in Euro. Partly in order to provide a hedge against these balances, to the extent that they are not matched by expenditure commitments in the relevant foreign subsidiary, the Group maintains an overdraft denominated in Euro, the balance on which was £124,000 at 30 September 2001. The underlying value of the Group's foreign currency investments, being predominately the subsidiaries in Amsterdam and Prague, are not protected against exchange rate fluctuations. This matter remains under review.

The Group's borrowings are arranged such that, in the opinion of the directors, interest rate exposure is minimised as far as possible. Net interest payable for the year ended 30 September 2001 was covered six times by profit before tax and interest.

The Group's long term borrowings consist of fixed rate hire purchase agreements and finance leases and a bank loan under a variable rate. Details of these financial liabilities are disclosed in notes 15 and 16 above. Short term flexibility in liquid resources is achieved by overdraft facilities. At 28 January 2002 these facilities, where all conditions precedent have been met, were as follows:

Expiring on 21 January 2003:	£000
Overdraft facilities in Sterling or Euro, up to:	2,300

18 Provisions for liabilities and charges

	2001 Group £000	2000 Group £000
Deferred tax		
Balance at 1 October 2000	-	4
Released to profit and loss account	-	(4)
Balance at 30 September 2001	**-**	-

19 Called up share capital

Ordinary shares of 1p each	No. of shares	£000
Authorised at 30 September 2000 and 2001	145,416,216	1,454
Allotted, called up and fully paid		
At 1 October 2000	*72,205,303*	*722*
Issued in respect of share options exercised	216,091	2
At 30 September 2001	**72,421,394**	**724**

Under the Company's executive share option schemes options over ordinary 1p shares have been granted, and have not lapsed or been surrendered, to certain employees under the following terms:

Number of shares	Exercise price	Earliest exercisable date	Date of expiry
270,423	5.103p	15 December 1996	14 December 2003
301,776	5.103p	15 December 1998	14 December 2003
43,113	7.00p	24 December 1999	23 December 2006
97,982	7.00p	24 December 2001	23 December 2006
525,000	3.25p	8 August 2000	7 August 2007
600,000	3.25p	8 August 2002	7 August 2007
212,706	7.25p	24 July 2001	23 July 2008
259,736	7.25p	7 January 2002	6 January 2009
244,058	14.00p	6 July 2002	5 July 2009
588,764	18.25p	7 January 2003	6 January 2010
47,030	16.25p	28 June 2003	27 June 2010
327,854	18.25p	12 January 2004	11 January 2011
75,678	8.75p	13 July 2004	12 July 2011

20 Reserves

	Group		Company	
	Share premium account	Profit and loss account	Share premium account	Profit and loss account
	£000	£000	£000	£000
At 1 October 2000	1,758	1,186	1,758	168
Share options exercised	36	(29)	36	-
Retained profit for the year	-	354	-	10
Exchange gain	-	31	-	-
At 30 September 2001	**1,794**	**1,542**	**1,794**	**178**

During the year the Group set up an Employee Share Ownership Trust ("ESOT") in order to satisfy options granted under the executive share option schemes. The Group funded the ESOT £29,000 during the year, being the difference between the option price and market value on exercise in respect of options exercised during the year. The contributions to the ESOT have been charged against reserves in the consolidated financial statements.

In accordance with the provisions of section 230 of the Companies Act 1985 a separate profit and loss account for the Company is not presented. The profit for the year dealt with in the profit and loss account of the Company amounted to £119,000 (2000: £388,000).

Notes to the financial statements

For the year ended
30 September 2001

21 Commitments

At 30 September 2001 the Group had annual commitments under operating leases as follows:

	2001		2000	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Expiring within one year	**25**	**231**	18	352
Expiring within two and five years	**700**	**161**	176	182
Expiring after five years	**-**	**-**	486	-
	725	**392**	680	534

Save as outlined above the Group had no other capital commitments at 30 September 2001 (2000:£Nil).

22 Related party transactions

The Group has provided professional design services to its associate Aukett + Heese GmbH and to its joint ventures Aukett + Garretti srl, Aukett + Heese Frankfurt GmbH, Aukett Imagina SL and Aukett + Art & Build Paris SELARL (all associated undertakings), on an arm's length basis. Aggregate turnover recorded by the Group during the year in respect of these services amounted to £38,000 and £518,255 with regard to the associate and the joint ventures respectively and amounts due to the Group at 30 September 2001 from these companies were £94,000 and £816,000 respectively.

23 Reconciliation of operating profit to net cash inflow from operating activities

	2001 £000	2000 £000
Operating profit	**1,200**	1,931
Depreciation of tangible fixed assets	**670**	371
Amortisation of goodwill	**54**	53
Increase in debtors	**(281)**	(1,588)
(Decrease)/increase in creditors	**(264)**	922
Net cash inflow from operating activities	**1,379**	1,689

24 Analysis of net debt

	At 1 October 2000 £000	Cash flow £000	Non-cash movements £000	**At 30 September 2001 £000**
Cash at bank and in hand	553	(21)	(44)	**488**
Overdrafts repayable on demand	(553)	(250)	(35)	**(838)**
	-	(271)	(79)	**(350)**
Bank and other loans repayable in:				
less than one year	(200)	160	(80)	**(120)**
more than one year	(200)	-	80	**(120)**
Finance leases and hire purchase contracts	(784)	444	(392)	**(732)**
	(1,184)	604	(392)	**(972)**
Net debt	(1,184)	333	(471)	**(1,322)**

During the year the only non-cash transactions that the Group entered into related to new finance leases which had a total value at inception of £392,000. At 30 September 2001 the outstanding balance on these leases amounted to £293,000.

Non-cash movements in respect of cash at bank and in hand and overdrafts repayable on demand relate to exchange movements on bank accounts denominated in foreign currencies.

Notice of meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 2 Great Eastern Wharf, Parkgate Road, London, SW11 4TT on Tuesday 19 March 2002 at 12 noon for the following purposes:

1 To receive and adopt the report and accounts for year ended 30 September 2001.

2 To re-elect as directors:

(i) Mr I F McQuattie; and

(ii) Mr J W Thake.

Mr McQuattie was appointed to the Board since the last Annual General Meeting and Mr Thake retires by rotation.

3 To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, at a remuneration to be fixed by the directors.

4 To propose as special business the following ordinary resolution:

That the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £241,404 to such persons and upon such conditions as the directors may determine, such authority to 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 relevant securities 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 hereby had not expired.

5 To propose as special business the following special resolution:

That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 4 above as if Section 89 (1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue and so that for this purpose "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or requirements of any recognised regulatory authority or stock exchange in any country, and

(b) the allotment (other than within the authority conferred in sub paragraph (a) above) of equity securities for cash up to an aggregate nominal amount of £36,211,

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 equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

By order of the Board
R H Warner
Secretary
2 Great Eastern Wharf
Parkgate Road
London
SW11 4TT
15 February 2002

Notes

1 Any member entitled to attend and vote at the meeting may appoint another person, whether a member or not, as his proxy to attend and, on a poll, to vote instead of him. A form of proxy is enclosed for this purpose and to be valid must be lodged with the Company's registrars together with any power of attorney or other authority under which it is signed, not less than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not preclude a member from attending and voting at the meeting.

2 Copies of the directors' service contracts with the Company are available for inspection during normal business hours at the registered office of the Company and will be available for inspection at the place of the meeting from 15 minutes prior to the meeting until its conclusion.

3 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the relevant register of members (the "Register") for certificated or uncertificated shares of the Company (as the case may be) at 12 noon on Monday 18 March 2002 (the "Specified Time") will be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at that meeting. Should the meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. Should the meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.

Shareholder information

Annual General Meeting

19 March 2002

Share price

The Company's mid-market share price is published in the following daily newspapers:

The Financial Times

The Daily Telegraph

(London) Evening Standard

In addition, the latest dealing prices can be obtained by telephoning FT Cityline on 0906 0034795. At the time of publication such calls are being charged at the premium rate of 60p per minute.

Further information

Further information about the Group, including additional copies of this annual report and recent press releases sent to the London Stock Exchange, may be obtained from the Company's registered office at 2 Great Eastern Wharf, Parkgate Road, London, SW11 4TT. Such information is also held on the Company's website at www.aukett.com. In addition, the Company Secretary may be contacted by email at cosec@aukett.com.

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