AUKETT GROUP PLC

REGISTRATION NUMBER 2155571

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 SEPTEMBER 2004

Aukett Group Plc is an international group of architects, designers and engineers. The Group has its headquarters in London with offices in the United Kingdom and continental Europe. We offer our clients creative facility design consultancy combined with commercial awareness. Our sectors include offices, workplace design, business parks, retail, hotels, education, transport, IT, media, industrial, residential, urban regeneration, healthcare and technical support facilities.

Cover: South Cambridgeshire Hall, Cambourne Business Park, UK.

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Five year summary of results

Years ended 30 September	2000	2001	2002	2003	**2004**
Group work done (£000)	18,867	18,999	13,102	13,555	**12,075**
Operating (loss)/profit (£000)	1,931	773	(1,337)	530	**(1,052)**
(Loss)/profit before taxation (£000)	2,052	480	(2,447)	(157)	**(1,156)**
(Loss)/earnings per share (p)	2.13	0.22	(3.27)	(0.13)	**(1.40)**
Net assets (£000)	3,666	3,472	1,102	1,493	**521**
Net debt (£000)	(1,184)	(1,322)	(2,390)	(1,911)	**(1,464)**

Note: The results for 2000 do not reflect the impact of UITF 34 as it is not practical to restate them.

Corporate information

For the year ended
30 September 2004

Registered Office
2 Great Eastern Wharf
Parkgate Road
London SW11 4TT

Solicitors
Speechly Bircham
6 St Andrew Street
London EC4A 3LX

Financial Advisers and Stockbrokers
Williams de Broë Plc
6 Broadgate
London EC2M 2RP

Bankers
Coutts & Co
440 Strand
London WC2R 0QS

Auditors
Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

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

Company Secretary
Patrick Carter LLB ACA

Company registered in England and Wales,
No. 2155571

Introduction

We have experienced a difficult year, but one in which I believe that strong foundations have been laid down for the future financial prosperity of the Group. This includes the proposed merger with Fitzroy Robinson Limited, a London based architectural practice, which I believe will both strengthen our balance sheet and enhance our service to clients. The Group's net assets and shareholders' funds over the period have been adversely affected by unsatisfactory trading results, the Extraordinary General Meeting ('EGM') in March 2004 and the subsequent management reorganisation, and the write-off of part of the goodwill held on the balance sheet.

The UK trading operation has generated a profit of £0.57m (2003: £1.27m profit) despite significantly reduced levels of work done. The European subsidiary operations have recorded a net loss of £0.39m (2003: £0.34m loss) on which management attention is being focused to reverse the disappointing performance. Corporate overheads excluding exceptional items have increased to £0.72m (2003: £0.62m) reflecting increased costs of advisers following changes to the Board and strategy of the Company.

Loss before taxation for the Group was £1.16m (2003: £0.16m loss) on work done of £12.07m (2003: £13.56m). Net assets have reduced accordingly to £0.52m (2003: £1.49m).

The Business has generated a positive cash inflow of £0.45m (2003: £0.54m) before financing. This has been applied to reduce bank debt and lease creditors resulting in net debt reducing to £1.464m (2003: £1.911) although gearing has risen to 281% (2003: 128%) on the back of a reduced net asset base.

Review of Operations

When I took up the position of chairman eleven months ago, it was with a clear mandate: to look at the available opportunities to grow the company and to re-focus Aukett's strategy to take full advantage of its European network and experience.

The Board has concentrated significant effort on re-structuring the management of the Group and taking action to address the immediate and long-term future, both in the United Kingdom and in continental Europe, including through the proposed acquisition of Fitzroy Robinson referred to in the notice of an Extraordinary General Meeting and Circular to be dated 8 March 2005 which shareholders should now have received (the 'Acquisition' or 'Merger').

Throughout this year, we have maintained our high reputation for creativity and professionalism and the Group has been responsible for some high profile projects. In the UK, these include the design and fit-out of the Radisson SAS hotel adjacent to Stansted airport and refurbishing a number of Hilton and Rezidor SAS hotels; the creation of a regeneration framework for Gateshead as part of the city's redevelopment programme and ongoing redesign of the Millbay Docks area of Plymouth; we are undertaking a major refurbishment of the headquarters of Norwich Union and have delivered an award-winning HQ complex for South Cambridge District Council and 227,000 sq. ft of offices at the Royals Business Park in London's Docklands. The UK company has also designed Daimler Chrysler's state-of-the art Mercedes-Benz Heritage and Technology Centre, located at the historic Brooklands race track; and its electrical engineering department is building a reputation in the data centre sector having completed a number of projects for key technology clients. The Group won four UK industry awards during the year including the Design Week Award for best workplace environment.

European projects have included a major hotel, retail and commercial complex in Novorossiysk, Russia, including a Novotel; the design of a new European Head Office for Petrochemical giant, SABIC EPC in Sittard in the Netherlands; an office development at Wisniowy, one of Warsaw's major business parks; the design of the Rocco Forte Grand Hotel de Rome for Hochtief Developments in central Berlin; refurbishment projects for Credit Suisse First Boston Bank and Sheraton Hotels in Frankfurt as well as Cisco Systems in Athens; and a hotel, residential and commercial complex known as Churchill Square in Prague.

Chairman's statement

For the year ended
30 September 2004

Corporate strategy

My prime task has been to develop and achieve a strategy for growth. We recently announced details of the Acquisition to the London Stock Exchange and shareholders have been sent documents relating to the approval of the same at the forthcoming EGM. Fitzroy Robinson is a well-respected, London-based architectural practice that has strong similarities to our organisation in terms of culture, disciplines and sectors of operation. In addition, Fitzroy Robinson offers a number of different areas of expertise, including heritage architecture and experience of working in the City and West End of London to complement our own focus. It also has offices in Bristol, UK and in Moscow, currently an active construction market in Eastern Europe. If the Acquisition is approved at the EGM and completes, I anticipate that the combined Group will be in the top ten UK architectural practices by fee income (based on the 2004 annual review conducted by the Architect's Journal) and the Board is encouraged at the prospect of being able to offer our clients a strengthened portfolio of services and talent.

A considerable amount of time has been spent in discussions with our European offices, with a view to improving our overseas operations. Our partner in Milan decided to leave the group in December 2004, although we have an agreement for future co-operation between our two companies on a project-by-project basis. We have also changed the way we manage our Netherlands operation and are working in association with a talented team of Dutch designers. The office has been relocated to Rotterdam as part of this change.

As a result, we now have a network of offices situated in Berlin, Frankfurt, Glasgow, London, Prague, Rotterdam, Bratislava and Warsaw. It is our intention to work towards realising the commercial potential of each location in the coming year.

We have kept our bankers informed of our plans to strengthen the Group, including the Acquisition and re-focusing of our strategy, to which they have given their support.

Summary

Aukett remains a highly respected creative architectural, design and engineering group and I am confident that the Board has addressed critical management issues that previously existed. The Board believes that it has a strategy to achieve growth by means of capitalising on synergies and market opportunities arising from the Acquisition, especially in its core UK markets. The European operations remain fragile and close management attention is required to stem losses and regain the focus on sustainable growth overseas. The Board believe that there is now a clear way forward and, whilst we remain cautious about the pace of development in the coming year, the Company is looking ahead to the opportunity to develop a more stable and prosperous business as part of an enlarged group.

Prior to the EGM in March 2004, which resulted in my taking office, I had contact with many of our shareholders. If any investor requires further information or details of our activities then I would invite them to contact me directly.

Finally, I would like to thank our clients and shareholders for their continuing support and my colleagues for their dedication and hard work during the past year.

J L Ripoll

Chairman

7 March 2005

Overleaf The Winter Garden, Building 1000, Royals Business Park, Royal Albert Dock, London, UK.

Overview

The Group's net assets and shareholders' funds have been adversely affected by unsatisfactory trading results, the impact of the events following the Extraordinary General Meeting in March 2004, and a write off of part of the goodwill held on the balance sheet. The Group has continued to operate within its bank facilities and these have been conditionally renewed for the coming year subject to the completion of the Acquisition. Set out below is an explanation of the key financial elements of the Group's performance.

Trading results

Turnover comprises amounts invoiced to clients, excluding value added tax, and represents the key measure for cash flow, planning and control. Work done is the key to profitability and is calculated by adjusting for movement in work-in-progress.

Gross work done, which includes the relevant shares from all companies where the Group has an equity interest, being subsidiaries, joint ventures and the associate, fell by 15.7% compared to last year. The proportion generated outside the United Kingdom fell to 19.7% against 23.2% last year (see note 2 to the financial statements).

Operating costs have been controlled resulting in overall reductions however other costs have increased. This is principally due to additional costs arising as a result of the 2004 EGM for professional advisers, payment to departing directors and costs associated with the proposed Acquisition. It also reflects the costs of changes made within Aukett BV.

The operating loss before exceptional operating charges was £406,000 compared to a profit of £530,000 in 2003. Exceptional operating charges comprised £210,000 of costs relating to the 2004 EGM, £200,000 of costs incurred to the balance sheet date relating to the Acquisition and £236,000 write-off of goodwill against the Netherlands trading entity, Aukett BV. The results from joint ventures show a profit of £31,000 after management charges (2003: loss £3,000). The net interest charge amounted to £135,000 (2003: £219,000) reflecting a reduction in finance lease creditors due to deferral of IT investment and a lower average level of bank borrowing than in the prior year.

The loss before tax was £1,156,000 compared to £157,000 in 2003. The geographical split of the loss breaks down between a profit on UK trading operations of £573,000 (2003: £1,271,000) offset by an operating loss of £363,000 (2003: £340,000) from mainland Europe and corporate costs of £1,366,000 including exceptional items (2003: £1,088,000). Net assets have decreased accordingly to £521,000 from £1,493,000 in 2003.

Our European offices were affected by the local economic climate and resulting low level of activity by local and international corporate clients during the year. With the exception of The Netherlands and Poland (which the Board is currently addressing), the European operations have remained profitable before taxation.

Cash flow and gearing

Tight cash management has resulted in net debt falling to £1.464m (2003: £1.911m) although gearing has risen to 281% (2003: 128%) as a result of the fall in net assets of the Group. Having deferred infrastructure investment for as long as possible, there is now a requirement to renew the IT base. This will need to be done over the forthcoming twelve months.

Financial review

For the year ended
30 September 2004

The Company has negotiated conditional overdraft and loan facilities with its bankers which the Board believe are adequate to accommodate the current and anticipated future working capital requirements of the Group subject to approval by shareholders of the Acquisition at the forthcoming EGM. This is explained more fully in note 1. If the transaction is not approved then there is no guarantee that the existing banking facility will be extended and the Directors would have to consider the Company's financial position with its bankers.

Taxation

The taxation credit for the year of £143,000 (2003: £62,000) represents our share of net tax credits in our UK and overseas operations. The losses made in the UK and overseas companies in previous years can only be offset against future profits made in those same entities.

Staff

The average number of staff employed by the Company and its subsidiaries during the year was 189 (2003: 200) and the cost per employee was £36,648 (2003: £36,710). These figures exclude temporary staff and those employed by the Group's joint ventures and the associate.

There have been no new grants under the executive share option schemes during the year and similarly no employee has exercised any of their options during the year.

Acquisitions, Disposals and Investments

Goodwill arising from acquisitions relates to Aukett SRO and is written off over the expected useful life of the investment, currently 10 years. An exceptional charge of £236,000 was taken at the half year to write off the goodwill relating to Aukett BV, our wholly owned subsidiary based in the Netherlands. Consequently, amortisation charged in the year has fallen to £63,000 (2003: £92,000).

Capital investment totalled £23,000 (2003: £113,000) as the Group's investment plans were deferred following deterioration in trading. The depreciation charge for the year has fallen to £336,000 (2003: £509,000) which reflects the postponement of capital expenditure.

Risk management

The internal systems and controls of the Group have been developed 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 planned capital expenditure. However, the need to maintain a high degree of flexibility for working capital requirements means that 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 significant future receipts of foreign currency, either by way of overdraft or foreign exchange contract.

Patrick Carter

Group Finance Director

7 March 2005

Opposite: Radisson SAS Hotel atrium, Stansted Airport UK

DIRECTORS

José Luis Ripoll (Chairman and Chief Executive Officer) #

Arquitecto Aged 39

Joined the Company as Executive Chairman in 2004. He qualified as a Spanish registered architect in 1990, training at the Madrid School of Architecture.

Paul R G Newman (Managing Director – UK Operations)

RIBA BA(Arch) Aged 49

Joined the practice in 1981 and is a chartered architect. He was made a director of Aukett Limited in 1990, a Group board director in June 2003 and Managing Director of UK operations in May 2004. Before being made Managing Director, Paul headed up the retail, transportation and mixed-use development business unit and has worked with many of our major clients.

Patrick J Carter (Group Finance Director and Company Secretary)

LLB ACA Aged 35

Joined the Group in 2001 and is a chartered accountant and barrister. He was appointed Company Secretary in July 2002 and Group Finance Director in October 2002.

Stephen A Embley (Director)

RIBA DipArch Aged 47

Joined the practice in 1986 and is a chartered architect. He was made a director of Aukett Limited in 1990 and has headed up the hotels and leisure business unit since May 2002. He was appointed to the Group board in June 2003.

Gerald K T Deighton (Non-Executive Director) * + #

RIBA FCSD FRSA Aged 73

Joined Aukett as a partner in 1976 and is a chartered architect. He was appointed Executive Chairman on the company's flotation in 1988, became Non-Executive Chairman in 1998 and retired in 2000. He re-joined the company as a Non-Executive Director in March 2004.

Lutz Heese (Non-Executive Director) * + #

Dipl. Ing. Aged 56

Chief Executive and owner of ABH-Architecturburo Heese GmbH with whom Aukett Plc have joint venture offices in Berlin and Frankfurt. He became a Non-Executive Director in May 2004. He currently holds the presidency of the Bavarian Chamber of Architects in Germany.

* Members of the Audit Committee – chairman, Gerry Deighton

\+ Members of the Remuneration Committee – chairman, Gerry Deighton

\# Members of the Nomination Committee – chairman, Gerry Deighton

The directors submit their report and the audited financial statements for the year ended 30 September 2004.

Principal activities

The Group provides integrated professional design services specialising in architecture, master planning, landscape and urban design, mechanical & electrical engineering, space planning, interior design and graphics. There has been no change in these activities during the year. A review of the Group's business and activities during the year and future developments are contained in the Chairman's statement and the financial review on pages 3 to 8.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 25. During the year no interim dividend (2003: £nil) was paid and the directors are not recommending the payment of a final dividend (2003: £nil).

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, efforts are made to resolve these promptly and amicably to minimise delays in payment. As at 30 September 2004 the average number of billing days outstanding to suppliers of the Group was 59 (2003: 64). The Company had creditors of £83,000 outstanding at 30 September 2004 (2003: £38,000).

Employees

The Group seeks to keep its employees informed on all material aspects of the business affecting them through the operation of structured management meetings, the intranet 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, efforts are made to find or create suitable positions for them.

Directors

Brief biographical details of current directors are set out on page 10. A summary of changes to directors during the year and to date is set out below.

	Appointed	***Resigned***
I G F Mavor		26 Mar 2004
I F McQuattie		26 Mar 2004
G C Harwood		26 Mar 2004
S McLarty		26 Mar 2004
J L Ripoll	26 Mar 2004	
G K Deighton	26 Mar 2004	
S Beckers	26 Mar 2004	22 Sep 2004
L Heese	25 May 2004	
J A Navarro	16 Jun 2004	30 Nov 2004

Directors' report

For the year ended 30 September 2004

The majority of changes to the Board arose from the EGM held on 26 March 2004. In accordance with shareholder votes at that EGM, the existing non-executive chairman, non-executive director, Group Managing Director and Group Marketing Director were removed and Messrs Ripoll, Beckers and Deighton were appointed.

In accordance with the articles of association, Mr L Heese who was appointed to the Board since the last Annual General Meeting, and Mr P J Carter, by rotation, will be retiring at the meeting and, being eligible, offer themselves for re-election. With the exception of Mr Ripoll who does not have a service contract, all executive directors have service contracts with the Company which are capable of termination by either party giving a minimum of 12 months notice. The interests of the directors serving during the year and their families in the share capital of the Company are set out in the Report on Directors' Remuneration on pages 15 to 18.

Political and charitable contributions

No political contributions were made during the year. Charitable contributions made during the year amounted to £nil (2003: £268).

Share capital

Assuming the EGM resolutions are passed, 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 £482,808 (representing approximately 33 per cent of the post Acquisition 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 £72,422, representing five per cent of the post Acquisition 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 7 March 2005, 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 (Controlled by Mr Ripoll, a director of the Company)	10,765,192	14.86
R H Warner	2,689,012	3.71

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

Opposite: Sun Microsystems, City Business Centre, King William Street, London, UK

Directors' report

For the year ended 30 September 2004

Impact of the Euro

Europe's single currency, the Euro, was adopted for all purposes in those countries participating on 1 January 2002. Sterling continues unaffected for use in the UK. The systems and processes in the Group's European offices have been refined to deal with the Euro and no material problems have been encountered. Costs to date have been fully expensed and any future costs will be treated likewise. The directors do not believe that any future introduction of the Euro in the UK would 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 Baker Tilly as auditors of the Company.

Directors' remuneration report

In accordance with the Directors' Remuneration Report Regulations 2002, shareholders are being asked in Resolution 2 to approve the Report on Directors' Remuneration for the year ended 30 September 2004. A copy of this report can be found on pages 15 to 18 of this Annual Report.

Post Balance Sheet Events

On 2 December 2004 the Group disposed of 49% of its 50% holding in Aukett & Garretti Srl to the JV partner DIGIT & Associati Architettura Ingegneria ('DIGIT') in consideration for €220,000 cash and the assumption by DIGIT of all liabilities. At the date of disposal, the share of cumulative profits of the undertaking recorded in the Group's books amounted to £37,000.

On 17 December 2004, the Group gave twelve months notice to vacate its London premises at Great Eastern Wharf in accordance with its lease contracts. This gave rise to an obligation to pay a penalty of six months rent amounting to £230,000 on exit from the property.

On 8 March 2005, the Company will enter into a conditional agreement to acquire the entire issued share capital of Fitzroy Robinson Limited ('FRL') for a aggregate consideration of £2,277,663 payable on completion to be satisfied by the allotment to the vendors of FRL of 72,392,431 fully paid ordinary shares in the Company and the issue of £200,000 of Loan Stock by the Company. Completion of the agreement is conditional amongst other things on finalising the new bank facilities and the approval of the Company's shareholders being obtained at the forthcoming EGM of the Company. Further details of the Acquisition are contained in the Circular to shareholders to be dated 8 March 2005.

By order of the Board

P. T. Carter.

Patrick Carter
Secretary

7 March 2005

Composition and role of the Remuneration Committee

The Remuneration Committee ('the Committee') comprises the two non-executive directors and is chaired by Mr Deighton. Other than previously disclosed, neither member of the committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day-to day involvement in running the business. The Committee makes recommendations to the Board. No director plays a part in any discussion about his or her own remuneration. In determining the directors' remuneration for the year, the Committee consulted Mr J L Ripoll (Chairman & CEO) about its proposals.

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.

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

Remuneration policy

The policy of the Board is to motivate and retain the best executive directors by rewarding them with competitive salary and benefit packages linked to achieving the Group's strategic goals. Performance targets set by the Committee for bonus and incentive schemes are intended to be stretching and reward superior performance.

There are four main elements of the remuneration package for executive directors and senior management:

- Basic annual salary that is reviewed annually having regard to individual performance, responsibility and skills. Executive directors also receive benefits-in-kind comprising private medical insurance and a car or equivalent allowance;
- Performance related annual bonuses, up to a maximum of 75% of the executive directors' salary, that are calculated by reference to a combination of Group profit targets and individual performance targets;
- Share option incentives under the Long Term Incentive Plan ('LTIP') and other share option schemes which are linked to the long-term performance of the Company and thus align the executives' interests with those of the shareholders. The extent to which an award under the LTIP will vest and thus become exercisable, is measured by reference to the growth in the Group's earnings per share over the performance period; and
- The executive directors are members of defined contribution pension schemes and annual contributions are calculated by reference to basic salaries with neither annual bonuses nor awards under the share incentive schemes taken into account in calculating the amounts due.

Share Options

A long term share incentive plan ('the Plan') exists for executive directors of the Company and key senior executives of the Group which 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. It is intended that the performance targets will be demanding.

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. No options are currently in issue under the Plan.

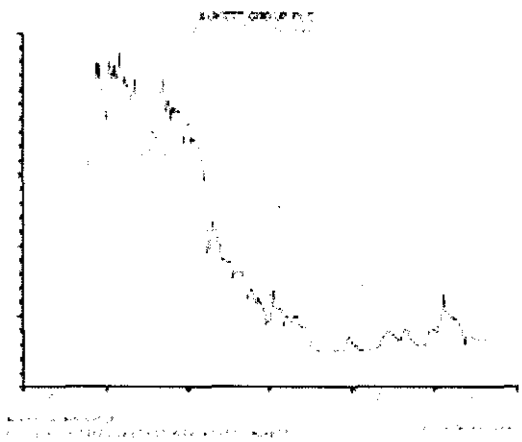
Certain executive directors also have options granted to them under the terms of the 1988 and 1998 Executive Share Option schemes which are open to all employees although, following the introduction of the LTIP scheme, the executive directors are not eligible to acquire new options. Under that scheme, options are allocated to qualifying employees by reference to profit for the year and basic salary. The exercise of options granted under the various schemes are not dependent upon performance criteria. The exercise price of the options granted under these schemes is equal to the market value of the Company's shares at the time when the options are granted. No options were granted to or exercised by executive directors during the year.

Pension arrangements

Certain 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. 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 contribution rate into the scheme was 27.5% of basic salary for the year ended 30 September 2004 for Mr Harwood (2003: 27.5%) and 13% for Messrs Carter, McLarty, Embley and Newman (2003: 13%). Mr Ripoll and Mr Beckers did not receive any contribution towards their pension during the year.

Performance

Set out below is a Performance Graph that compares the share price performance of the Group's shares with the those of the FTSE support services sector, which the directors view as the most appropriate measure of comparative performance.



The total shareholder return ('TSR') for the 5-year period of –79% compares to a total return provided by the FTSE support service sector index of -35%. Whilst the Company's share price performed ahead of the sector until early 2001, the impact of trading statements issued in 2001 and 2002 acted to depress the share price. The TSR for the 12 months period ended 30 September 2004 of -8% is marginally behind the equivalent sector return of –4%

Directors service contracts

The Board's policy is to offer service agreements to executive directors with notice periods of not more than 12 months. With the exception of Mr Ripoll who does not have a service contract, all executive directors have rolling service contracts with the Company which are subject to 12 months' notice of termination by either party.

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

AUDITED INFORMATION

Directors' remuneration

Details of emoluments received during the year by all directors are as follows:

	Base remuneration £000	Performance related bonus £000	Benefits £000	Long-term incentive plan £000	2004 Total emoluments excl. pension £000	Pension contribution £000	2003 Total emoluments excl. pension £000
Executive							
J L Ripoll (appointed 26 March 2004)	81	-	3	-	84	-	-
P J Carter	65	-	12	-	77	8	67
P R G Newman (appointed 30 June 2003)	71	3	10	-	84	9	18
S A Embley (appointed 30 June 2003)	67	4	10	-	81	9	18
S Beckers (appointed 26 March 2004) (resigned 20 September 2004)	30	-	2	-	32	-	-
G C Harwood (resigned 26 March 2004)	49	-	5	-	54	14	102
S W McLarty (see below) (appointed 30 June 2003) (resigned 30 June 2004)	49	4	7	-	60	6	18
A A Lett (resigned 4 August 2003)	-	-	-	-	-	-	77
J W Thake (resigned 31 December 2002)	-	-	-	-	-	-	21
Non-executive							
G K T Deighton (appointed 26 March 2004)	10	-	-	-	10	-	-
L Heese (appointed 25 May 2004)	4	-	-	-	4	-	-
J A Navarro (appointed 16 June 2004) (resigned 30 November 2004)	3	-	-	-	3	-	-
I G F Mavor (resigned 26 March 2004)	15	-	-	-	15	-	30
I F McQuattie (resigned 26 March 2004)	12	-	-	-	12	-	18
Total 2004	**456**	**11**	**49**	**-**	**516**	**46**	369
Total 2003	320	10	39	-	369	67	

The benefits include a car or equivalent allowance together with medical, life and permanent health insurance cover. Mr Ripoll only receives life and permanent health insurance cover

In addition to amounts shown above, in July 2004 it was agreed that cash payments of £41,266 would be made to Mr McLarty by way of compensation for loss of office as Director of the Company, of which £21,161 was paid during the year. He also received benefits in kind valued at £1,094.

Report on Directors' Remuneration

For the year ended 30 September 2004

Directors' interests

Directors' interests in the shares of the Company, including family interests, were as follows:

	30 September 2004 Ordinary 1p shares	30 September 2003 Ordinary 1p shares
J L Ripoll	10,765,192	9,865,192
P J Carter	41,500	-
S A Embley	21,500	-
P R G Newman	436,585	412,368
G K T Deighton	1,000,000	1,000,000
J A Navarro	1,700,000	-
L Heese	-	-

There have been no changes in the above directors' interests since 30 September 2004.

Share options held under Executive Share Option Plans

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 2004	Number of options over ordinary 1p shares at 30 September 2003	Exercise price	Earliest exercisable date	Expiry date
P J Carter	31,354	31,354	8.750p	13 Jul 2004	13 Jul 2011
S A Embley	-	23,515	5.103p	15 Dec 1996	15 Dec 2003
	-	23,515	5.103p	15 Dec 1998	15 Dec 2003
	75,000	75,000	3.250p	8 Aug 2000	8 Aug 2007
	75,000	75,000	3.250p	8 Aug 2002	8 Aug 2007
P R G Newman	-	23,515	5.103p	15 Dec 1996	15 Dec 2003
	-	23,515	5.103p	15 Dec 1998	15 Dec 2003
	75,000	75,000	3.250p	8 Aug 2000	8 Aug 2007
	75,000	75,000	3.250p	8 Aug 2002	8 Aug 2007

No options are currently in issue under the Long Term Incentive Plan.

The mid market closing price of the shares as at 30 September 2004 was 2.75 pence (2003: 3.00 pence) and the range of mid market closing prices for the shares during the year was 2.75 pence to 6.625 pence.

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.

Gerald K T Deighton

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

7 March 2005

Statement by the directors

The Company is required by the London Stock Exchange to publish a statement of compliance with the Combined Code on Corporate Governance ("the Combined Code") as annexed to the Listing Rules of the Financial Services Authority. A new Combined Code was issued in July 2003 that applies to reporting periods beginning on or after 1 November 2003. Consequently, the first year for which the Company will be required to comply is the year ending 30 September 2005.

The directors have fully considered the Combined Code and, save 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 2004.

Board of Directors

The Company is headed by a Board of Directors which leads and controls the Group. The Board currently comprises four executive directors and two non-executive directors who bring a wide range of experience and skills to the Company. There is a clear division of responsibilities between the four executives led by Mr J L Ripoll, the Chairman and Chief Executive Officer.

Mr G K Deighton is the senior non-executive director and Mr L Heese is the other non-executive director.

Mr Ripoll has held both the Chairmanship and Chief Executive role, contrary to clause A.2 of the Combined Code, since his appointment to the Board by shareholders at the Extraordinary General Meeting held on 26 March 2004.

The full Board of directors meets at least twelve 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 to all directors. In addition, all directors are circulated monthly with financial management reports, which give details of the activities and performance of the Group.

The Board has a formal schedule of matters reserved for its approval, covering areas such as company strategy, approval of business plans, budgets and financial policies, appointment of key executives, 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 and receive appropriate training in the course of their duties, at the Company's expense, via the company secretary if they feel it is required.

In accordance with the Company's articles of association, one third of the Board is required to retire by rotation each year. In addition, all those appointed during the year will stand for re-election at the next General Meeting, ensuring that each Board Member faces re-election at regular intervals.

A Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 22.

Board and Committee Attendance

The following table details the number of Board and Committee meetings held during the year ended 30 September 2004 and the attendance record of each director.

	Board		Committees	
	Attended	**Maximum**	**Audit**	**Remuneration**
JL Ripoll	9	9	N/a	N/a
PJ Carter	22	23	1	2
PRG Newman	22	23	N/a	N/a
SA Embley	22	23	N/a	N/a
S Beckers	8	9	-	2
GC Harwood	10	14	N/a	4
SW McLarty	14	14	N/a	N/a
GKT Deighton	9	9	1	3
L Heese	5	5	-	1
JA Navarro	4	4	-	-
JGF Mavor	14	14	1	5
JF McQuattie	12	14	1	5

Notes:

1) Messrs Harwood, McLarty, Mavor and McQuattie resigned on 26 March 2004
2) Messrs Beckers, Deighton and Ripoll were appointed on 26 March 2004
3) Mr Heese was appointed on 25 May 2004
4) Mr Navarro was appointed on 16 June 2004
5) Mr Beckers was appointed non-executive on 26 March 2004, changed role to executive director on 25 May 2004 and resigned on 20 September 2004
6) Attendance for parts of the meeting was at the request of the Committee
7) The Nomination committee has not met during the year

Committees of the Board

Audit Committee

The Audit Committee comprises the two non-executive directors and is chaired by Mr Deighton. It meets at least twice a year with the external auditors, with the Group Finance Director attending by invitation. If appropriate, the external auditors attend part of each Committee meeting without the presence of the Group 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 not complied during the year with provision D 2.1 of the Combined Code, which requires at least three non-executive directors.

Nomination Committee

The Nomination Committee comprises the two non-executive directors and the Chief Executive Officer. It is chaired by Mr Deighton 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 Deighton. 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 Committee's report is given on pages 15 to 18.

Relations with shareholders

The Company values dialogue with institutional and private shareholders. Various members of the Board attended meetings with analysts and institutional investors during the year ended 30 September 2004 and intend to continue this practice. The Board uses the Company's Annual General Meeting and meetings with private client stockbrokers to communicate with private investors. In addition, the Company has a website (www.aukett.com) through which shareholders can access information on the Group.

Internal Controls

The directors acknowledge that they are responsible for the Company's (excluding joint ventures and associate's) system of internal controls 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 carries out regular reviews of its database of risks and their associated internal controls. As a result of the analysis carried out during the year ended 30 September 2004, changes have been made to the way in which the business is managed and monitored. 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 control are regularly considered by Directors at Board meetings. 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 executive directors and senior management.

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 forecasts prepared on a regular basis and broken down into business drivers;
- a review of performance against key business drivers on a weekly basis by the executive directors;
- 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 ISO9001 across much of the Group, which brings consistency and audit ability 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 so long as the Acquisition is approved by shareholders at the forthcoming EGM and subsequently completes. The Directors believe that the transaction will be approved and 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 of the Group 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 25 to 45. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Report on Directors' Remuneration under the heading "audited information"("the auditable part").

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Report on Directors' Remuneration and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Report on Directors' Remuneration in accordance with relevant legal and regulatory requirements, and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Report on Directors' Remuneration have been 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 regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Report on Directors' Remuneration, the Chairman's Statement, the Financial Review, the Five Year Summary and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent auditor's report

To the members of Aukett Group Plc

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the auditable part of the Report on Directors' Remuneration. 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 company'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 and the auditable part of the Report on Directors' Remuneration 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 and the auditable part of the Report on Directors' Remuneration.

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 2004 and of the Group loss for the year then ended; and
- the financial statements and the auditable part of the Report on Directors' Remuneration have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
7 March 2005

Consolidated profit and loss account

For the year ended 30 September 2004

	Notes	2004	2003
		£000	£000
Group turnover	2	**11,818**	14,032
Movement in amounts recoverable on contracts	2	**257**	(477)
Group work done	2	**12,075**	13,555
Group operating (loss)/profit before exceptional operating charges	3	**(406)**	530
Exceptional operating charges:			
Impairment of goodwill in subsidiaries	4	**(236)**	-
Costs relating to Acquisition	4	**(200)**	-
Costs relating to EGM	4	**(210)**	-
Group operating (loss)/profit		**(1,052)**	530
Share of operating profit/(loss) in joint ventures and associate		**31**	(3)
Exceptional charges:			
Loss on disposal of joint ventures	4	**-**	(465)
(Loss)/profit on ordinary activities before interest and tax		**(1,021)**	62
Net interest payable	5	**(135)**	(219)
Loss on ordinary activities before tax	6	**(1,156)**	(157)
Tax credit on loss on ordinary activities	8	**143**	62
Loss on ordinary activities after tax		**(1,013)**	(95)
Dividends		-	-
Retained loss for the year	20	**(1,013)**	(95)
Basic and diluted loss per share	9	**(1.40p)**	(0.13p)

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

The operating loss for the year arises from the Group's continuing operations.

Consolidated balance sheet

At 30 September 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Intangible assets	10		**204**		503
Tangible assets	11		**363**		679
Investments in joint ventures:					
Share of gross assets		**357**		349	
Share of gross liabilities		**(308)**		(311)	
	12		**49**		38
Investment in associate	12		**29**		28
			645		1,248
Current assets					
Debtors	13	**5,514**		6,239	
Cash at bank and in hand		**404**		246	
		5,918		6,485	
Creditors falling due within one year	15	**(5,989)**		(6,092)	
Net current (liabilities)/assets			**(71)**		393
Total assets less current liabilities			**574**		1,641
Creditors falling due after one year	16		**(53)**		(148)
Net assets			**521**		1,493
Capital and reserves					
Called up share capital	19		**724**		724
Share premium account	20		**1,794**		1,794
Profit and loss account	20		**(1,997)**		(1,025)
Equity shareholders' funds			**521**		1,493

The notes on pages 30 to 45 form part of these financial statements.

Approved by the Board of Directors on 7 March 2005 and signed on its behalf by:

P.J. Carter

J L Ripoll
P J Carter
Directors

Company balance sheet

At 30 September 2004

	Notes	2004 £000	2004 £000	2003 £'000	2003 £000
Fixed assets					
Investments	12		**2,060**		2,697
Current assets					
Debtors	13	**479**		301	
Cash at bank and in hand		**-**		-	
		479		301	
Creditors falling due within one year	15	**(1,140)**		(1,000)	
Net current liabilities			**(661)**		(699)
Total assets less current liabilities			**1,399**		1,998
Net assets			**1,399**		1,998
Capital and reserves					
Called up share capital	19		**724**		724
Share premium account	20		**1,794**		1,794
Profit and loss account	20		**(1,119)**		(520)
Equity shareholders' funds			**1,399**		1,998

The notes on pages 30 to 45 form part of these financial statements.

Approved by the Board of Directors on 7 March 2005 and signed on its behalf by:

P J Carter

J L Ripoll
P J Carter
Directors

Statement of total recognised gains and losses

For the year ended 30 September 2004

	2004	2003
	£000	£000
Loss for the financial year	(1,013)	(95)
Foreign exchange differences	41	69
Total gains and losses recognised in the year	(972)	(26)

Reconciliation of movements in shareholders' funds

For the year ended 30 September 2004

	2004		2003	
	Group	Company	Group	Company
	£000	£000	£000	£000
Opening shareholders' funds	1,493	1,998	1,102	2,336
Exchange movement	41	-	69	-
Reinstatement of goodwill written off to reserves	-	-	417	-
Loss attributable to shareholders	(1,013)	(599)	(95)	(338)
Shareholders' funds at 30 September	521	1,399	1,493	1,998

Consolidated cash flow statement

For the year ended 30 September 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Net cash inflow from operating activities	23		**523**		746
Returns on investments and servicing of finance			**(135)**		(218)
Taxation			**73**		(9)
Capital expenditure					
Purchase of tangible fixed assets			**(14)**		(9)
Acquisitions and Disposals			**-**		28
Equity dividends paid			**-**		-
Net cash inflow before financing			**447**		538
Financing					
Repayment of loans		**(40)**		(120)	
Principal repayments under hire purchase contracts and finance leases		**(147)**		(328)	
Net cash outflow from financing			**(187)**		(448)
Increase in cash			**260**		90

Reconciliation of net cash flow to movement in net debt

	Notes	2004 £000	2003 £000
Increase in cash for the year		**260**	90
Cash outflow from decrease in debt		**187**	448
New finance leases		**-**	(59)
Movement in net debt during the year		**447**	479
Net debt at 1 October 2004		**(1,911)**	(2,390)
Net debt at 30 September 2004	24	**(1,464)**	(1,911)

Notes to the financial statements

For the year ended 30 September 2004

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 Group meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The directors have prepared projected cash flow information for the next twelve months and have negotiated conditional overdraft and loan facilities with its bankers adequate to accommodate the current and anticipated future working capital requirements. Subject to approval by shareholders of the Acquisition at the forthcoming EGM, the directors consider that the Group will continue to operate within the proposed facilities. On this basis, the directors believe it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would be required if the Acquisition does not proceed.

(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 FRS9, 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.

Exchange differences arising in the consolidated accounts on the re-translation 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 improvements	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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Turnover and work done

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

	2004 United Kingdom £000	**2004** Rest of Europe £000	**2004** Total £000	2003 United Kingdom £000	2003 Rest of Europe £000	2003 Total £000
Turnover						
Gross turnover	**9,918**	**2,655**	**12,573**	12,152	3,484	15,636
Less: Share of joint ventures	-	**(498)**	**(498)**	-	(1,204)	(1,204)
Share of associate	-	**(257)**	**(257)**	-	(400)	(400)
Group turnover	**9,918**	**1,900**	**11,818**	12,152	1,880	14,032
Movement in amounts recoverable on contracts						
Gross movement	**325**	**(138)**	**187**	(535)	27	(508)
Less: Share of joint ventures	-	**63**	**63**	-	37	37
Share of associate	-	**7**	**7**	-	(6)	(6)
Group movement in amounts recoverable on contracts	**325**	**(68)**	**257**	(535)	58	(477)
Work done						
Gross work done	**10,243**	**2,517**	**12,760**	11,617	3,511	15,128
Less: Share of joint ventures	-	**(435)**	**(435)**	-	(1,167)	(1,167)
Share of associate	-	**(250)**	**(250)**	-	(406)	(406)
Group work done	**10,243**	**1,832**	**12,075**	11,617	1,938	13,555

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 11.

3 Group operating (loss)/profit before exceptional operating charges

	2004 £000	2003 £000
Group work done	**12,075**	13,555
Other operating income	**172**	-
Staff costs (see note 7)	**(6,927)**	(7,342)
Amortisation of goodwill (see note 10)	**(63)**	(92)
Depreciation (see note 11)	**(336)**	(509)
Other operating charges	**(5,327)**	(5,082)
Group operating (loss)/profit before exceptional operating charges	**(406)**	530

All operating profit in 2003 and 2004 derives from continuing operations.

4 Exceptional charges

The Directors having performed a review of goodwill in accordance with FRS 10, Accounting for Goodwill, have determined that the goodwill carried on the balance sheet in respect to Aukett BV should be fully amortised and have accordingly made a provision for impairment of £236,000.

The Costs relating to the Acquisition of £200,000 comprise professional adviser fees incurred to the balance sheet date.

The Costs relating to EGM of £210,000 mainly comprise professional adviser fees in respect to issuing the circulars to shareholders and holding the subsequent EGM in March 2004.

The prior year loss on disposal of joint ventures comprises a £417,000 loss from the disposal of the Group's interest in the share capital of Aukett Imagina SL and a loss of £48,000 arising on the effective disposal of Aukett Art & Build SELARL.

5 Net interest payable

	2004 £000	2003 £000
Interest on bank loan and overdrafts wholly repayable within five years	**106**	148
Finance lease and hire purchase interest	**28**	54
Other interest payable and similar charges	**13**	20
Interest receivable	**(12)**	(3)
	135	219

6 (Loss)/profit on ordinary activities before taxation

An analysis of (loss)/profit on ordinary activities before taxation by geographical area before management changes is as follows:

	2004			2003		
	United Kingdom	**Rest of Europe**	**Total**	United Kingdom	Rest of Europe	Total
	£000	**£000**	**£000**	£000	£000	£000
Company and subsidiaries	**573**	**(392)**	**181**	1,271	(337)	934
Share of joint ventures	-	**28**	**28**	-	(4)	(4)
Share of associate	-	**1**	**1**	-	1	1
Corporate costs	-	-	**(720)**	-	-	(623)
Impairment of goodwill	-	-	**(236)**	-	-	-
Other exceptional items	-	-	**(410)**	-	-	(465)
Group total	**573**	**(363)**	**(1,156)**	1,271	(340)	(157)

(Loss)/profit on ordinary activities before taxation, excluding the share of results from joint ventures and the associate, is stated after charging:

	2004	2003
	£000	£000
Goodwill:		
amortisation	**63**	92
impairment	**236**	-
Depreciation:		
owned assets	**184**	183
leased assets	**152**	326
Operating lease rentals:		
hire of plant and equipment	**76**	173
other	**685**	663
Auditors' remuneration:		
statutory audit	**47**	70
tax compliance	**9**	14
other advisory services	**10**	14

No audit fees were incurred by the Company (2003: £nil).

7 Employees

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

	2004 Number	2003 Number
Professional	**153**	165
Administrative	**36**	35
	189	200

The costs of employing the above staff were as follows:

	2004 £000	2003 £000
Wages and salaries:		
basic	**5,948**	6,297
performance related bonuses	**26**	29
social security costs	**697**	735
other pension costs	**256**	281
	6,927	7,342

The total of emoluments paid to, or receivable by, directors in respect of qualifying service was £516,000 (2003: £369,000). Further details are included in the Report on Directors' Remuneration on pages 15 to 18. All pension costs were incurred in relation to defined contribution schemes.

8 Tax credit on loss on ordinary activities

	2004 £000	2003 £000
UK corporation tax at 30% based on the (loss)/profit for the year (2003: 30%)	**-**	-
Overseas tax credit/(charge)	**118**	118
Share of tax of joint ventures and associates	**(1)**	(19)
Currrent tax credit for the year	**117**	99
Deferred tax (note 18)	**26**	(37)
	143	62

8 Tax credit on loss on ordinary activities (continued)

Reconciliation of tax charge:

	2004	2003
	£000	£000
Tax credit on loss on ordinary activities before tax at the standard tax rate of 30% (2003: 30%)	**347**	47
Effects of:		
Non-deductible expenses	**(93)**	(40)
Depreciation add back	**(43)**	(46)
Capital allowances	**24**	31
Tax losses (carried forward)/utilised	**(123)**	82
Differences in overseas tax rates	**5**	25
Current tax credit for the year	**117**	99

9 Loss per share

The loss per share is calculated on the loss attributable to shareholders of £1,013,000 for the year ended 30 September 2004 (2003: £95,000 loss) and on 72,421,394 (2003: 72,421,394) ordinary shares, being the weighted average number in issue during the year. There is no additional dilution to report in either year in accordance with FRS 14, Earnings per Share.

10 Intangible fixed assets

Goodwill

	£000
Cost	
At 30 September 2003 and 2004	**1,093**
Amortisation	
At 1 October 2003	590
Charge for the year	63
Exceptional charge – impairment of goodwill	236
At 30 September 2004	**889**
Net book value	
At 30 September 2004	**204**
At 30 September 2003	503

Goodwill is amortised over a period of 10 years.

11 Tangible fixed assets

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

	Leasehold improvements £000	Furniture & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 October 2003	257	3,515	9	3,781
Foreign exchange translation differences	-	(15)	-	(15)
Additions	-	23	-	23
At 30 September 2004	**257**	**3,523**	**9**	**3,789**
Depreciation				
At 1 October 2003	83	3,011	8	3,102
Foreign exchange translation differences	-	(12)	-	(12)
Charge for the year	66	269	1	336
At 30 September 2004	**149**	**3,268**	**9**	**3,426**
Net book value				
At 30 September 2004	**108**	**255**	-	**363**
At 30 September 2003	174	504	1	679

The total net book value of furniture and equipment for the Group includes £137,000 (2003: £290,000) in respect of assets held under finance leases and hire purchase agreements.

Notes to the financial statements

For the year ended 30 September 2004

12 Fixed asset investments

Group	Joint ventures £000	Associate £000	Total £000
At 1 October 2003	(102)	28	(74)
Foreign exchange adjustment	1	(1)	-
Share of retained profit	28	2	30
At 30 September 2004	**(73)**	**29**	**(44)**
Represented by:			
Interest in net assets	49	29	78
Interest in net liabilities (see below)	(122)	-	(122)
	(73)	29	(44)

Interest in net liabilities comprises:	
Share of gross assets	86
Share of gross liabilities	(208)
Interest in net liabilities (note 15)	(122)

Company	Subsidiary undertakings £000	Joint ventures £000	Associate £000	Total £000
At 1 October 2003	2,662	23	12	2,697
Impairment of value	(637)	-	-	(637)
At 30 September 2004	**2,025**	**23**	**12**	**2,060**

12 Fixed asset investments (continued)

Investments comprise the following companies:

Name	Nature of business	Class and proportion of shares held
<u>Subsidiaries</u>		
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 Slovensko sro (incorporated in Slovakia with issued share capital of SKK 200,000)	Design consultancy in Slovakia	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*
Aukett d.o.o (incorporated in Croatia with issued share capital of 20,000 Kuna)	Design consultancy in Croatia	100% ordinary*

All subsidiaries have been included in the consolidated Group figures.

<u>Joint ventures</u>		
Aukett + Garretti srl (incorporated in Italy with issued share capital of Euro 20,000)	Design consultancy in Italy	50%*
Aukett + Heese Frankfurt GmbH (incorporated in Germany with issued share capital of Euro 60,000)	Design consultancy in Germany	50%*
Aukett + Studio 100 (incorporated in Hungary with issued share capital of 3 million Forint)	Design consultancy in Hungary	50%*
<u>Associate</u>		
Aukett + Heese GmbH (incorporated in Germany with issued share capital of DM 120,000)	Design consultancy in Germany	25% ordinary *

* Investment held by Company

** Investment held by subsidiary

Notes to the financial statements

For the year ended 30 September 2004

13 Debtors

	2004		2003	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Amounts recoverable on contracts (note 14)	**457**	**-**	435	-
Trade debtors	**3,848**	**-**	4,678	-
Amounts owed by subsidiary undertakings	**-**	**294**	-	180
Amounts owed by associated undertakings (including joint ventures and the associate)	**330**	**171**	264	109
Corporate tax	**152**	**-**	-	-
Deferred tax asset (note 18)	**99**	**-**	73	-
Other debtors	**147**	**6**	233	4
Prepayments and accrued income	**481**	**8**	556	8
	5,514	**479**	6,239	301

14 Amounts recoverable on contracts

Payments on account, as included in creditors, exceeded amounts recoverable on contracts, as included in debtors, by £754,000 at 30 September 2004 (2003: £1,011,000). These amounts comprise:

	2004		2003	
	Amounts recoverable on contracts	**Payments on account**	Amounts recoverable on contracts	Payments on account
	£000	**£000**	£000	£000
Value of work done	**18,692**	**8,097**	18,090	5,006
Fees rendered on account	**(18,235)**	**(9,308)**	(17,655)	(6,452)
	457	**(1,211)**	435	(1,446)

15 Creditors: amounts due within one year

	2004		2003	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Bank loans and overdrafts (see below)	**1,729**	**20**	1,871	3
Hire purchase and finance lease creditor	**86**	-	138	-
Trade creditors	**999**	**83**	993	38
Payments on account (note 14)	**1,211**	-	1,446	-
Amounts owed to subsidiary undertakings	-	**810**	-	934
Corporation tax	-	-	49	-
Other taxes and social security	**806**	-	763	-
Interest in net liabilities of joint ventures (note 12)	**122**	-	140	-
Other creditors and accruals	**1,036**	**227**	692	25
	5,989	**1,140**	6,092	1,000

There are no outstanding contributions payable to the Company's pension schemes (2003: £nil).

Included within bank loans and overdraft is an amount of £nil representing instalments payable on the loan from Coutts & Co (2003: £40,000). The loan was fully repaid in October 2003.

Coutts & Co holds a debenture over all the present and future assets of Aukett Limited in order to secure borrowings under the bank overdraft.

16 Creditors: amounts due after one year

	2004	2003
	Group	Group
	£000	£000
Hire purchase and finance lease creditor:		
wholly repayable between one and two years	**44**	85
repayable by installments between two and five years	**9**	63
	53	148

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 2004 the Group's assets included net foreign currency debtor balances amounting to £508,000 (2003: £707,000). 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.

The Group's long term borrowings consist of fixed rate hire purchase agreements and finance leases. Details of these financial liabilities are disclosed in notes 15 and 16 above. Short term flexibility in liquid resources is achieved by overdraft facilities.

On approval by shareholders of the acquisition of Fitzroy Robinson Limited, as explained in note 25, the facilities where all conditions precedent will have been met will comprise an overdraft facility of £1.25m with an expiry date of twelve months after the completion of the Acquisition and a loan of £1.35m repayable over 10 years from the date of grant. Until the transaction has been effected, the Group has overdraft facilities in Sterling or Euro, where all conditions precedent have been met, of up to £2.1m. These expire on 15 April 2005.

18 Deferred tax asset

	2004 Group £000	2003 Group £000
Balance at 1 October 2003	**73**	110
Increase in asset	**26**	-
Released to profit and loss account	**-**	(37)
Balance at 30 September 2004	**99**	73

The directors are of the opinion, based on recent and forecast trading, that the level of profits in the foreseeable future will be sufficient to fully utilise the corporation tax losses brought forward.

19 Called up share capital

Ordinary shares of 1p each	**2004 No. of shares 000**	2003 No. of shares 000
Authorised:		
At 30 September 2003 and 2004	**145,416**	145,416
Allotted, called up and fully paid:		
At 30 September 2003 and 2004	**72,421**	72,421

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:

No of shares	Exercise Price	Earliest Exercisable Date	Date of Expiry
27,436	7.00p	24 December 1999	23 December 2006
43,112	7.00p	24 December 2001	23 December 2006
375,000	3.25p	8 August 2000	7 August 2007
375,000	3.25p	8 August 2002	7 August 2007
212,704	7.25p	7 January 2002	6 January 2009
47,028	14.00p	6 July 2002	5 July 2009
358,264	18.25p	7 January 2003	6 January 2010
218,118	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 £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 October 2003	1,794	(1,025)	1,794	(520)
Exchange gain	-	41	-	-
Retained loss for the year	-	(1,013)	-	(599)
At 30 September 2004	**1,794**	**(1,997)**	**1,794**	**(1,119)**

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 loss for the year dealt with in the profit and loss account of the Company amounted to £599,000 (2003: loss £338,000).

21 Commitments

At 30 September 2004 the Group had annual commitments under operating leases as follows:

	2004		2003	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Expiring within one year	**578**	**8**	128	46
Expiring between two and five years	-	**9**	538	13
Expiring after five years	-	-	23	-
	578	**17**	689	59

Save as outlined above the Group had no other capital commitments at 30 September 2004 (2003: £Nil).

22 Related party transactions

The Group has provided professional design services to its associate Aukett + Heese GmbH and one of its joint ventures Aukett + Garretti srl, on an arm's length basis. Aggregate turnover recorded by the Group during the year in respect of these services amounted to £40,758 and £13,761 respectively. Amounts due to the Group at 30 September 2004 from the associate company were £115,000 and the total due from the joint venture company was £102,000.

23 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2004 £000	2003 £000
Operating (loss)/profit	**(1,052)**	530
Depreciation of tangible fixed assets	**336**	509
Amortisation and impairment of goodwill	**299**	92
Decrease in debtors	**752**	389
Increase/(decrease) in creditors	**188**	(774)
Net cash inflow from operating activities	**523**	746

24 Analysis of net debt

	At 1 October 2003	Cashflow	**At 30 September 2004**
	£000	£000	**£000**
Cash at bank and in hand	246	158	**404**
Overdrafts repayable on demand	(1,831)	102	**(1,729)**
	(1,585)	260	**(1,325)**
Bank and other loans repayable in less than one year	(40)	40	-
Finance leases and hire purchase contracts	(286)	147	**(139)**
	(326)	187	**(139)**
Net debt	(1,911)	447	**(1,464)**

25 Post Balance Sheet Events

On 2 December 2004 the Group disposed of 49% of its 50% holding in Aukett & Garretti Srl to the JV partner DIGIT & Associati Architettura Ingegneria ('DIGIT') in consideration for €220,000 cash and the assumption by DIGIT of all liabilities. At the date of disposal, the share of cumulative profits of the undertaking recorded in the Group's books amounted to £37,000.

On 17 December 2004, the Group gave twelve months notice to vacate its London premises at Great Eastern Wharf in accordance with its lease contracts. This gave rise to an obligation to pay a penalty of six months rent amounting to £230,000 on exit from the property.

On 8 March 2005, the Company will enter into a conditional agreement to acquire the entire issued share capital of Fitzroy Robinson Limited ('FRL') for an aggregate consideration of £2,277,663, payable on completion, to be satisfied by the allotment to the vendors of FRL of 72,392,431 fully paid ordinary shares in the Company and the issue of £200,000 of Loan Stock by the Company. Completion of the agreement is conditional, amongst other things, on the finalising of the new bank facilities and the approval of the Company's shareholders being obtained at the forthcoming EGM of the Company. Further details of the Acquisition are contained in the Circular to shareholders to be dated 8 March 2005.

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 Thursday, 21 April 2005 at 12 noon for the following purposes:

1 To receive and adopt the report and accounts for year ended 30 September 2004.

2 To receive and approve the Report on Directors' Remuneration.

3 To re-elect as directors:

(i) Mr L Heese; and

(ii) Mr P J Carter;

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

4 To re-appoint Baker Tilly 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.

5 In the event that resolution 6, to be proposed at the forthcoming Extraordinary General Meeting of the Company, is NOT duly passed at such meeting, 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 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.

6 In the event that resolution 7, to be proposed at the forthcoming Extraordinary General Meeting of the Company, is NOT duly passed at such meeting, to propose as special business the following special resolution:

That the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 89 (1) of the Act did not apply to such allotment provided that this power shall be limited to:

(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.

7 In the event that resolution 5, to be proposed at the forthcoming Extraordinary General Meeting of the Company, is duly passed at such meeting, to propose as special business the following ordinary resolution:

That the authorised share capital of the Company be increased from £1,464,677.81 to £1,950,000 by the creation of an additional 48,532,219 ordinary shares of £0.01 each ranking pari passu with the existing ordinary shares of £0.01 each

8 In the event that resolution 6, to be proposed at the forthcoming Extraordinary General Meeting of the Company, is duly passed at such meeting and subject to the approval of resolution 7 above, 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 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 £482,808 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.

9 In the event that resolution 7, to be proposed at the forthcoming Extraordinary General Meeting of the Company, is duly passed at such meeting and subject to the approval of resolution 7 and 8, to propose as special business the following special resolution:

That the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 8 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 £72,422,

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

P J Carter
Secretary
2 Great Eastern Wharf
Parkgate Road
London
SW11 4TT
7 March 2005

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 Tuesday, 19 April 2005 (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

21 April 2005

Shareholders' Enquiries

Enquiries relating to matters such as loss of a share certificate, dividend payments or notification of a change of name or address should be directed to the Company's registrars: Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA. Telephone: 0870 600 3970.

Lloyds TSB Registrars also provide a website which enables you to view up-to-date information about your shareholding in the Company: www.shareview.co.uk.

Amalgamation of Shareholdings

If you received more than one copy of this annual report there may be more than one account in your name on the Company's register of members. If you would like to amalgamate your holdings, please write to the Company's registrars: Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.

Share price

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

The Financial Times
(London) Evening Standard

In addition, the latest dealing prices can be obtained by telephoning FT Cityline on 0906 003 4795. At the time of publication such calls are being charged at the premium rate of 60p per minute (plus VAT).

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 contained within the investor relations pages of 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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