Berkeley Scott Group Plc

Report and Financial Statements year ended 30 September 2005

plan attract recruit retain

PeopleSolutions

Contents

Officers and professional advisers

Directors

DRB Watt
WJ Coker
JJ Hamer
R Leefe
RW Taylor

Secretary and registered office

IMCO Secretary Limited
Berkeley House
11-13 Ockford Road
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Company number

2228050

Auditors

BDO Stoy Hayward LLP
Connaught House
Alexandra Terrace
Guildford
Surrey GU1 3DA

Nominated adviser and broker

Evolution Securities Limited
100 Wood Street
London EC2V 7AN

Bankers

Royal Bank of Scotland
Benwell House
Green Street
Sunbury-on-Thames
Middlesex TW16 6QT

Registrars

Capita Registrars
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Beckenham BR3 4TU

Chairman's statement

for the year ended 30 September 2005

It gives me great pleasure to announce our first full set of results since our admission to AIM in December 2004.

During the year, we have continued to invest in expanding our fee-earning capacity, and accordingly we enter the new financial year well placed to continue the growth which has started to come through in the latter part of the year. We have also continued to invest in our Human Resources, IT and Finance functions in order to support the growth of our fee-earning teams.

There has been some slow down in activity in certain areas of our market as a consequence of the dip in consumer spending, and the direct impact of the 7th July bombings on the London market. However, our markets remain reasonably buoyant. Hotels in particular have proved to be more resilient to terrorist incidents than in the past, and most sectors within which we work are operating at record levels.

Trading results

The total revenue of the business increased by 3% to £17.1m (2004: £16.6m), and more importantly, net fee income rose by 5% to £9.3m (2004: £8.8m). Permanent net fee income, driven both by high demand and by incremental fee earning headcount over the previous year, made a strong contribution increasing by 15%. Despite a 4% growth in temporary revenue, net fee income from this activity was down by 5%. Margin erosion has now been arrested and reversed. Revenue was suppressed due to disruption caused by reorganisation, a slight slow down in consumer spending, and the 7 July terrorist attacks. This trend has also been reversed, and we are now seeing significant growth in this area, which is benefiting from new management.

Our cost base, excluding depreciation, interest and goodwill amortisation, rose disproportionately last year by 15% to £9m (2004: £7.8m) as we invested in new fee-earners and strengthened our Human Resources and training function to capitalise on this larger fee-earning resource. We also incurred a full year's costs of two new offices in Southampton and Glasgow.

During the year we also undertook a very significant re-organisation which resulted in costs of £273k, most of which related to termination payments and recruitment fees. We also incurred a total of £109k of operating losses related to Number One Bureau Limited, an unproductive business dealing with clerical staff recruitment. This was deemed non-core to our hospitality and leisure sector activities and was closed during the second half of the year.

As a consequence of the investment, the reorganisation and the disruption which this caused, and the closure of the business referred to above, the Company recorded EBITDA pre non-recurring costs, and losses in relation to the discontinued business of £0.4m (2004: £0.9m).

The Company recorded a loss before taxation of £0.9m (2004: break-even), after charging goodwill of £0.3m (2004: £0.2m) and the non-recurring and exceptional items referred to above of £0.3m (2004: nil). Net borrowing including working capital facilities at the end of September was £2.7m (2004: £3.7m) being gearing of 107% (2004: 365%).

The Board is not recommending the payment of a dividend at this stage.

Operations review

In June of this year, we took the decision to simplify our organisation structure in order to create a stronger platform for growth. This reorganisation has meant that the business now has four distinct operating divisions: Permanent Recruitment, Temporary Recruitment, Executive Search and Resourcing Solutions.

This exercise is now almost complete. The business is in a much stronger position to progress, and as a result, after only a few months we are already beginning to see the benefits.

Permanent recruitment

Most of our core permanent recruitment markets remain relatively buoyant, with hotels, in particular, trading strongly. The restaurant sector has slowed down slightly, but the pubs, bars and other catering markets, whilst also having slowed a little, are still generally trading well. In this environment, we have continued to experience record levels of demand for our permanent recruitment services.

We added a further 26 consultants to our permanent fee-earning team over the course of the year. However, we also experienced considerable staff turnover, which impacted heavily upon the productivity of the division. To address this issue, we have introduced a new management system, *Destiny*, which provides a clear framework for the management of career progression and performance. We also launched our own virtual in-house training 'Academy' in October this year. The Academy provides a range of training opportunities from 'certificate' to 'diploma' to 'degree' level courses. It also provides a range of other practical IT, sales and skills training courses. We believe both of these initiatives make us more attractive as an employer in the highly competitive market for new consultants and, increasingly, will enable us to attract and retain the very highest calibre of candidates.

Our strategy of enlarging our permanent recruitment teams in our regional offices to achieve critical mass is proving successful, and the revenue generating capability of almost all regional offices has now increased. However, whilst demand remains at record levels, and our permanent revenues are generally growing, the productivity of our permanent business is yet to be fully realised.

Temporary recruitment

Our temporary recruitment business has benefited greatly from the implementation of a formal regional management structure in August. This is now beginning to show positive results, with both revenues and net fee income growing strongly. Our association with catering in football stadiums is expanding. We have had recent wins to provide much of the staffing for Manchester City, Leeds and Birmingham City Football Clubs, in addition to a number of others we already work with including Fulham. Furthermore, we have also won contracts to supply staff to Arsenal's new Emirates stadium and the new Wembley stadium.

During the second half of the year, we closed down an under-performing part of our temporary recruitment business in Manchester, Number One Bureau Limited. This provided recruitment services for clerical staff but was unproductive and non-core to our mainstream business activities in the hospitality and leisure sectors.

In our temporary business we are concentrating on increasing stability amongst our 12 temporary recruitment teams, achieving growth through aggressive sales activity and enhancing productivity through training and the impending implementation of a new IT based front-office system.

Executive search

Our executive search business, ISIS, continues to perform in line with expectations and we believe there is further potential to combine its offering with our permanent division.

Resourcing solutions

Our resourcing solutions business has also benefited from organisational change and consolidation within the recent re-structuring. Under a new management team, this division is starting to develop much greater traction in the market. A key focus within this area is our customised electronic recruitment system, *Sourcerer*. There is significant interest amongst our clients to acquire this system. Most recently De Vere and Village Leisure Hotels have adopted it as their primary online recruitment service, and we have a significant pipeline of other potential contracts which we anticipate will come to fruition during 2006. We have strengthened our sales capability in this area to meet demand.

Alongside *Sourcerer*, we have also strengthened our off-line advertising and communications business with the recent recruitment of a senior manager. We anticipate that this will also have a very positive impact on revenues, and the pipeline of opportunities in this area is also now growing, albeit that lead times are significant.

Staff

On behalf of the Board I would like to take this opportunity to thank our staff for their efforts and support during what has been a very difficult year. We have a number of new staff in all areas of the business, many in senior positions, from whom much is expected in the coming months.

I should also like to take this opportunity to welcome, specifically, Will Coker who joined the Board in April as Chief Financial Officer, and Rod Leefe, who joined in May as a Non-Executive Director. These appointments followed the departures of David Oakley and Rupert Bayfield whom I would also like to thank for their contributions to the Group over many years.

Outlook

The Board of the Company has agreed that the focus should be on the existing core activities of the business, increasing productivity in all areas particularly through a reduction in staff turnover.

The re-structuring of the business is now all but complete and the process of re-building profitability is the priority. We believe that the first quarter to the end of December will deliver satisfactory growth in terms of net fee income, driven by uplift in both the temporary and permanent businesses.

This is traditionally a time of year when demand for permanent recruitment reduces significantly, while that for temporary recruitment is at peak levels. Encouragingly, our permanent recruitment order book has performed more strongly than in previous years, while demand for temporary recruitment is at record levels. Provided that the economic environment remains stable, we foresee a period of sustained and increasingly profitable growth ahead.

Jeremy Hamer
Chairman

9 January 2006

Report of the directors

for the year ended 30 September 2005

The directors present their report together with the audited financial statements for the year ended 30 September 2005.

Results and dividends

The results of the Group for the year are set out on page 12 and show a loss on ordinary activities after taxation for the year of £832,236 (2004: £72,200).

The directors do not propose the payment of a dividend on the ordinary shares (2004: nil). The dividend due for the year on the special shares of £7,551 (2004: £48,645) has been paid.

Principal activities and review of business

Berkeley Scott Group Plc (‘‘the Group’’ or ‘‘the Company’’ or ‘‘Berkeley Scott’’), is a market-leading provider of resourcing solutions to the hospitality and leisure sectors. The Company joined the AIM Market in December 2004.

Financial highlights

- Turnover increased by 3% to £17.1m (2004: £16.6m)
  - Permanent revenue grew 15%
  - Temporary revenue grew 4%
- Net fee income rose by 5% to £9.3m (2004: £8.8m)
- EBITDA pre non-recurring costs and discontinued business losses: £0.4m (2004: £0.9m)

Operational highlights

- Demand in the hospitality and leisure sector remains strong in most areas despite terrorist outrages and slowdown in consumer spending
- Record forward order book
- Significant operational restructuring is now almost complete, providing a much stronger platform for growth
- 23% increase in total fee-earners to 138 (2004: 112)
- Resourcing Solutions business has built a very substantial pipeline of potential contract wins in recent months
- Berkeley Scott Training Academy launched
- A new internal career and performance management system, Destiny, being implemented to improve staff retention

Future developments

Please refer to the Chairman’s statement for a review of future developments.

Policy on the payment of creditors

The company does not follow a standard code of practice with regard to the payment of suppliers and at 30 September 2005 had no creditors other than amounts owing on bank loans. At the year end the number of days credit taken from suppliers was nil (2004: nil).

It is the Group’s intention to settle suppliers’ invoices according to the stated and agreed credit terms.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management pursues both the employment of disabled persons whenever a suitable vacancy arises and retraining of employees who become disabled whilst employed by the Group.

Employee involvement

The Group's policy is to maintain, as far as practicable, close consultations with employees on matters likely to affect their interests. The vehicle for employee involvement is known as Back Chat.

Charitable and political contributions

During the year, the Group made charitable donations of £2,140 (2004: £750). There were no political contributions.

Directors

The directors of the Company during the year and their beneficial interests in the ordinary share capital of the Company were as follows:

	Ordinary shares of 2p each 30 September 2005*	Ordinary shares of 10p each 1 October 2004*
DRB Watt	905,050	181,010
WJ Coker – appointed 14 April 2005	20,000	—
DJP Oakley – resigned 14 April 2005	—	—
MJ Bayfield – resigned 25 February 2005	—	9,054
JJ Hamer	70,746	1,707
RW Taylor	41,246	4,024
R Leefe – appointed 14 April 2005	40,000	—
GD Katzler – resigned 30 November 2004	—	114,723
M Jackson – resigned 30 November 2004	—	—

**Or date of appointment/resignation.*

All 10p shares in issue prior to subdivision have been subdivided into 2p shares.

No director has any interest in the shares of any of the subsidiary companies.

The directors' options to purchase shares were as follows:

	Options held	Exercise price (£)	Date of grant	Expiry date
DRB Watt	27,690	0.99	14 April 1999	14 April 2009
RW Taylor	15,000	0.994	26 October 2000	26 October 2010
WJ Coker	100,000	0.325	9 September 2005	9 September 2015
	142,690			

The share options detailed above are personal to the director concerned and cannot be transferred, assigned or encumbered in any way. No share options were exercised during the year by the directors.

All share options held over 10p shares prior to subdivision have been subdivided into options over 2p shares and the number of shares over which the options are held increased five fold.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

On behalf of the Board

WJ Coker
Director

9 January 2006

Statement of directors' responsibilities

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 the 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 are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the independent auditors

To the shareholders of Berkeley Scott Group Plc

We have audited the financial statements of Berkeley Scott Group Plc for the year ended 30 September 2005 on pages 12 to 28 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Director's Report. 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 September 2005 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Guildford

10 January 2006

Consolidated profit and loss account

for the year ended 30 September 2005

	Note	Continuing operations £	Discontinued operations £	**2005 £**	2004 £
Turnover	2	16,662,277	401,514	**17,063,791**	16,611,136
Cost of sales		(12,698,187)	(284,400)	**(12,982,587)**	(12,254,859)
Gross profit		3,964,090	117,114	**4,081,204**	4,356,277
Operating expenses					
Operating expenditure before depreciation, amortisation and exceptional items		(3,853,017)	(177,435)	**(4,030,452)**	(3,472,941)
Exceptional item	4	—	(47,386)	**(47,386)**	(43,108)
Depreciation, amortisation and similar charges	4	(607,445)	(1,339)	**(608,784)**	(496,901)
		(4,460,462)	(226,160)	**(4,686,622)**	(4,012,950)
Operating (loss)/profit					
EBITDA*		111,073	(107,707)	**3,366**	840,228
Depreciation, amortisation and similar charges	4	(607,445)	(1,339)	**(608,784)**	(496,901)
		(496,372)	(109,046)	**(605,418)**	343,327
Interest receivable				**513**	624
Interest payable and similar charges	7			**(291,825)**	(347,666)
Loss on ordinary activities before taxation				**(896,730)**	(3,715)
Tax (credit)/charge on loss on ordinary activities	8			**(64,494)**	68,485
Loss on ordinary activities after taxation				**(832,236)**	(72,200)
Dividends payable (non equity)	9			**(7,551)**	(48,645)
Loss on ordinary activities transferred to reserves	19			**(839,787)**	(120,845)
Loss per share in pence (basic and diluted)	10			**(10.8)**	(3.1)

All recognised gains and losses in the current and prior year are included in the profit and loss account.

Discontinued operations relates to the business and trading of Number One Bureau Limited a wholly owned subsidiary of Berkeley Scott Group Plc.

* EBITDA is earnings before interest, taxation, depreciation and amortisation.

The notes on pages 16 to 28 form part of these financial statements.

Consolidated balance sheet

at 30 September 2005

	Note	**2005** £	**2005** £	2004 £	2004 £
Fixed assets					
Intangible assets	12		**2,517,781**		2,802,051
Tangible assets	13		**749,749**		775,311
			3,267,530		3,577,362
Current assets					
Debtors	15	**3,624,019**		3,350,647	
Cash at bank and in hand		**3,161**		2,561	
		3,627,180		3,353,208	
Creditors: amounts falling due within one year	16	**(4,194,952)**		(4,307,717)	
Net current liabilities			**(567,772)**		(954,509)
Total assets less current liabilities			**2,699,758**		2,622,853
Creditors: amounts falling due after more than one year	17		**(343,346)**		(1,603,733)
			2,356,412		1,019,120
Capital and reserves					
Called up share capital	18		**170,372**		80,654
Share premium account	19		**3,571,738**		1,484,377
Capital redemption reserve	19		**1,834**		1,834
Profit and loss account	19		**(1,387,532)**		(547,745)
Shareholders' funds	20		**2,356,412**		1,019,120

Included within shareholders' funds in 2004 is an amount of £2 in respect of non-equity interests.

The financial statements were approved by the Board on 9 January 2006.

WJ Coker
Director

DRB Watt
Director

The notes on pages 16 to 28 form part of these financial statements.

Company balance sheet

at 30 September 2005

	Note	**2005** £	**2005** £	2004 £	2004 £
Fixed assets					
Intangible assets	12		**792,983**		846,536
Investments	14		**2,202,488**		2,431,382
			2,995,471		3,277,918
Current assets					
Debtors – due within one year	15	**56,301**		481,290	
Debtors – due after more than one year	15	**1,113,541**		269,736	
Cash at bank and in hand		**26,101**		—	
		1,195,943		751,026	
Creditors: amounts falling due within one year	16	**(398,870)**		(773,596)	
Net current assets/(liabilities)			**797,073**		(22,570)
Total assets less current liabilities			**3,792,544**		3,255,348
Creditors: amounts falling due after more than one year	17		**(316,667)**		(1,535,000)
			3,475,877		1,720,348
Capital and reserves					
Called up share capital	18		**170,372**		80,654
Share premium account	19		**3,571,738**		1,484,377
Capital redemption reserve	19		**1,834**		1,834
Profit and loss account	19		**(268,067)**		153,483
Shareholders' funds	20		**3,475,877**		1,720,348

Included within shareholders' funds in 2004 is an amount of £2 in respect of non-equity interests.

The financial statements were approved by the Board on 9 January 2006.

WJ Coker
Director

DRB Watt
Director

The notes on pages 16 to 28 form part of these financial statements.

Consolidated cash flow statement

for the year ended 30 September 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	22		**129,996**		944,307
Returns on investments and servicing of finance					
Interest received		**513**		624	
Interest paid		**(280,992)**		(338,374)	
Interest element of finance lease rental payments		**(10,833)**		(9,292)	
Special dividend – non equity		**(109,451)**		—	
Net cash outflow from returns on investment and servicing of finance			**(400,763)**		(347,042)
Taxation					
UK corporation tax		**(41,702)**		(3,399)	
Tax paid			**(41,702)**		(3,399)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(300,322)**		(413,583)	
Receipts from sale of fixed assets		**13,964**		—	
Net cash outflow from capital expenditure and financial investment			**(286,358)**		(413,583)
Cash (outflow)/inflow before management of liquid resources and financing			**(598,827)**		180,283
Financing					
Capital element of finance lease rental payments		**(55,571)**		(68,939)	
Repayment of loans		**(1,908,333)**		(190,000)	
Share capital issued		**3,071,500**		3,694	
Expenses paid in connection with share issue		**(894,421)**		—	
New loans		**500,000**		—	
Cash inflow/(outflow) from financing			**713,175**		(255,245)
Increase/(decrease) in cash in the year	23		**114,348**		(74,962)

The notes on pages 16 to 28 form part of these financial statements.

Notes forming part of the financial statements

for the year ended 30 September 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Berkeley Scott Group Plc and all of its subsidiary undertakings as at 30 September 2005 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a trade or a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Agency income on temporary placements is recognised as the service is supplied. Income on permanent placements is recognised when the offer of employment has been accepted by the candidate. Provision for fee rebates is made for withdrawals within a reasonable period after the commencement of employment.

Advertising income is recognised when the advertisement is placed.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles and computer equipment	– 25% on a straight line basis
Office equipment	– 10%–33% on a straight line basis
Short leasehold premises and improvements	– over the duration of the lease

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (‘finance leases’), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

The Group makes contributions to money purchase pension schemes of certain staff and directors. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions are charged to the profit and loss account in the period in which they are made and amounted to £86,360 (2004: £82,756).

Finance costs

Finance costs associated with the issue of debt are carried forward and charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

2. TURNOVER

Turnover attributable to each of the Group’s geographical markets is:

	2005	2004
	£	£
United Kingdom	**16,940,389**	16,497,023
Europe	**31,873**	25,163
Rest of the World	**91,529**	88,950
	17,063,791	16,611,136

Turnover arises from the provision of recruitment and advertising services to the hospitality industry.

The directors believe that it would be seriously prejudicial to the interests of the Company to disclose further segmental information.

3. CORRESPONDING FIGURES

The analysis between continuing and discontinued operations for year ending 30 September 2004 is shown below.

Activities discontinued in the year ending 30 September 2005 are shown as discontinued operations.

	Continuing operations £	**Discontinued operations in 2005 £**	2004 £
Turnover	**16,111,104**	**500,032**	16,611,136
Cost of sales	**(11,902,505)**	**(352,354)**	(12,254,859)
Gross profit	**4,208,599**	**147,678**	4,356,277
Operating expenses			
Operating expenditure before depreciation, amortisation and exceptional items	**(3,329,603)**	**(143,338)**	(3,472,941)
Exceptional item	**(43,108)**	**—**	(43,108)
Depreciation, amortisation and similar charges	**(495,335)**	**(1,566)**	(496,901)
	(3,868,046)	**(144,904)**	(4,012,950)
Operating profit	**340,553**	**2,774**	343,327

The discontinued activities represent the closure of the Number One Bureau Ltd, the business of which was involved in recruitment activities outside the company's normal markets.

4. OPERATING PROFIT

	2005 £	2004 £
This is arrived at after charging		
Depreciation	**324,514**	303,946
Amortisation of goodwill	**284,270**	192,955
Operating leases – hire of plant & machinery	**81,163**	66,963
Operating leases – hire of other assets	**345,182**	394,268
Non-recurring costs	**273,766**	—
Exceptional item	**47,386**	43,108
Auditors' remuneration – audit services	**44,443**	29,765
Auditors' remuneration – non audit services	**7,625**	5,743

Depreciation includes £69,676 (2004: £70,748) charged on assets held under finance leases and hire purchase contracts.

Included in the share premium account are costs of £119,867 for non audit services provided by the Auditors.

Included in the Group audit fee is an amount of £10,000 (2004: £8,500) in respect of the Company.

	2005 £	2004 £
Non-recurring costs		
Restructuring costs	**273,766**	—
Exceptional item		
Redundancy costs relating to the closure of Number One Bureau Limited	**47,386**	—
Aborted acquisition	**—**	43,108

5. EMPLOYEES

Staff costs (including executive directors) consist of:

	2005 £	2004 £
Wages and salaries	**12,497,323**	11,305,175
Social security costs	**978,477**	900,563
Other pension costs	**86,360**	82,756
	13,562,160	12,288,494

The average number of employees (including executive directors) during the year was as follows:

	2005 Number	2004 Number
Recruitment	**162**	141
Advertising	**6**	6
Administrative staff	**31**	27
Temporary workers (whose costs are included in cost of sales and services charged within turnover)	**1,116**	945
	1,315	1,119

6. DIRECTORS' REMUNERATION

	2005 £	2004 £
Directors' management emoluments	**310,614**	400,906
Compensation for loss of office	**52,000**	—
Company contributions to money purchase pension schemes	**17,411**	16,225
	380,025	417,131

There were 2 directors in defined contribution pension schemes during the year (2004: 2).

The total amount payable to the highest paid director in respect of emoluments was £130,639 (2004: £126,067). Company pension contributions of £12,744 (2004: £9,558) were made to a money purchase scheme on his behalf.

No directors have exercised options to purchase shares in the Company during the year (2004: nil).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank loans and overdrafts	**116,847**	135,478
Loan stock interest	**—**	58,500
Finance costs	**1,500**	6,000
Finance leases and hire purchase contracts	**10,833**	9,292
Other interest	**23,116**	22,579
Interest payable on invoice discounting	**139,529**	115,817
	291,825	347,666

8. TAXATION ON PROFIT FROM ORDINARY ACTIVITIES

Current tax	**2005** **£**	2004 £
UK corporation tax on results of the year	**(41,110)**	65,086
Adjustment in respect of previous periods	**(23,384)**	3,399
Total current tax	**(64,494)**	68,485

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	2005 **£**	2004 £
Loss on ordinary activities before tax	**(896,730)**	(3,715)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	**(269,019)**	(1,115)
Effect of:		
Expenses not deductible for tax purposes	**73,410**	102,293
Capital allowances in advance of depreciation	**51,763**	(27,771)
Lower rate relief	**—**	(8,321)
Adjustment to tax charge of previous period	**(23,384)**	3,399
Losses carried forward	**91,203**	—
Losses carried back	**10,891**	—
Charges on income	**642**	—
Current tax charge for period	**(64,494)**	68,485

Deferred tax

On 30 September 2005, there was an unprovided deferred tax asset as set out below. This asset has not been included in the balance sheet as its recoverability is uncertain.

	As at 30 September 2005 £	As at 30 September 2004 £
Accelerated capital allowances	**13,090**	39,667
Provisions	**10,071**	3,015
	23,161	42,682

9. DIVIDENDS

	2005 **£**	2004 £
Non-equity shares		
Special shares	**7,551**	48,645

The special shares were converted to 2p ordinary shares on pre admission to AIM. No special dividends are payable.

10. BASIC LOSS PER SHARE

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. On 6 December 2004 the authorised share capital of 9,999,980 ordinary shares of 10p each and the 2 special shares of £1 each were converted and redesignated as 2p ordinary shares. In accordance with Financial Reporting Standard 14 Earnings per share, the comparative figures for the number of shares used in the earnings have been adjusted retrospectively as if the shares had been denominated at 2p each. The weighted average number of equity shares in issue was 7,770,968 (2004: 4,032,645) and the loss, being loss after tax and non equity dividends, was £839,787 (2004: £120,845).

Diluted loss per share

Options held in respect of the ordinary shares of the Company do not have a dilutive effect on the loss per share calculation in any of the periods covered by these accounts.

11. PROFIT OR LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group profit and loss account for the year includes a loss after tax and dividends of £421,550 (2004: profit of £146,307) which is dealt with in the financial statements of the parent company.

12. INTANGIBLE ASSETS

Group	Purchased goodwill £	Goodwill arising on consolidation £	Total £
Cost			
At 1 October 2004 and 30 September 2005	283,563	3,585,045	3,868,608
Amortisation			
At 1 October 2004	123,246	943,311	1,066,557
Provision for year	14,170	270,100	284,270
At 30 September 2005	137,416	1,213,411	1,350,827
Net book value			
At 30 September 2005	146,147	2,371,634	2,517,781
At 30 September 2004	160,317	2,641,734	2,802,051

Company	Purchased goodwill £
Cost	
At 1 October 2004 and 30 September 2005	1,071,231
Amortisation	
At 1 October 2004	224,695
Provision for the year	53,553
At 30 September 2005	278,248
Net book amount	
At 30 September 2005	792,983
At 30 September 2004	846,536

13. TANGIBLE FIXED ASSETS

Group

	Motor vehicles £	Short leasehold premises and improvement £	Computer and office equipment £	Total £
Cost or valuation				
At 1 October 2004	10,930	424,741	1,802,008	2,237,679
Additions	—	103,572	215,138	318,710
Disposals	(10,930)	(5,181)	(51,209)	(67,320)
At 30 September 2005	—	523,132	1,965,937	2,489,069
Depreciation				
At 1 October 2004	10,930	253,137	1,198,301	1,462,368
Provisions for the year	—	58,310	266,204	324,514
Disposals	(10,930)	(268)	(36,364)	(47,562)
At 30 September 2005	—	311,179	1,428,141	1,739,320
Net book value				
At 30 September 2005	—	211,953	537,796	749,749
At 30 September 2004	—	171,604	603,707	775,311

The net book value of tangible fixed assets includes an amount of £100,292 (2004: £167,402) in respect of assets held under finance lease and hire purchase contracts.

The Company had no tangible fixed assets.

14. FIXED ASSET INVESTMENTS

Company	Group undertakings £
Cost	
At 1 October 2004	2,431,382
Impairment adjustment	(228,894)
At 30 September 2005	2,202,488
Net book value	
At 30 September 2005	2,202,488
At 30 September 2004	2,431,382

The impairment adjustment relates to the Company's investment in Number One Bureau Ltd which has ceased trading. The investment has been written down to book value of assets and liabilities in Number One Bureau Ltd's books at 30 September 2005.

Subsidiary undertakings

The following were subsidiary undertakings at the beginning and end of the year and have all been included in the consolidated financial statements:

Subsidiary undertakings	Proportion of voting rights and ordinary share capital held	Nature of business	Last year end
Berkeley Scott Limited	100%	Provision of recruitment and advertising services	30 September 2005
Number One Bureau Limited	100%	Provision of recruitment services	30 September 2005
Berkeley Scott Sherwoods Limited	100%	Dormant	30 September 2005
Berkeley Scott (Chefs) Limited	100%	Dormant	30 September 2005
International Service Industry Search Limited	100%	Dormant	30 September 2005
*Gold Helm Roche Limited	100%	Dormant	30 September 2005
*Roche Recruitment Limited	100%	Dormant	30 September 2005
*Roche Personnel Limited	100%	Dormant	31 December 2004
*Roche Personnel (London) Limited	100%	Dormant	31 December 2004
*Roche Personnel (UK) Limited	100%	Dormant	31 December 2004

*Held indirectly.

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration being England and Wales.

15. DEBTORS

	Group		Company	
	2005	2004	**2005**	2004
	£	£	**£**	£
Trade debtors	**2,717,327**	2,385,803	**—**	—
Amounts owed by Group undertakings	**—**	—	**1,113,541**	694,736
Other debtors	**160,101**	73,898	**—**	—
Prepayments and accrued income	**746,591**	890,946	**56,301**	56,290
	3,624,019	3,350,647	**1,169,842**	751,026

Included within amounts owed by Group undertakings is an amount of £1,113,541 (2004: £269,736) due after more than one year.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	**2005**	2004
	£	£	**£**	£
Bank loans and overdrafts (secured)	**210,851**	514,599	**100,000**	290,000
Trade creditors	**494,140**	394,535	**—**	—
Amounts due to subsidiary undertakings	**—**	—	**296,434**	296,434
Corporation tax	**—**	65,086	**—**	—
Other taxation and social security	**748,486**	758,563	**—**	—
Obligations under finance leases and hire purchase contracts	**47,729**	55,396	**—**	—
Dividends payable	**—**	101,346	**—**	101,346
Other creditors	**2,235,884**	1,775,799	**—**	—
Accruals and deferred income	**457,862**	642,393	**2,436**	85,816
	4,194,952	4,307,717	**398,870**	773,596

The overdrafts of £110,851 (2004: £224,599) and bank loans of £100,000 (2004: £290,000), included in bank loans and overdrafts, and the invoice discounting facility of £2,071,216 (2004: £1,497,681), included in other creditors, are secured by fixed and floating charges over certain assets of the Group and the Company.

Included in other creditors is an amount of £5,593 (2004: £12,741) relating to outstanding pension contributions.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2005	2004	**2005**	2004
	£	£	**£**	£
Bank loans	**316,667**	885,000	**316,667**	885,000
Obligations under finance leases and hire purchase contracts	**26,679**	68,733	**—**	—
Loan stock – Elderstreet Downing VCT Plc	**—**	390,000	**—**	390,000
Loan stock – Chrysalis A VCT Plc	**—**	260,000	**—**	260,000
	343,346	1,603,733	**316,667**	1,535,000

Maturity of debt:	Group		Company	
	2005	2004	**2005**	2004
	£	£	**£**	£
Analysis of loan stock:				
In one year or less, or on demand	**—**	—	**—**	—
In more than one year but not more than two years	**—**	—	**—**	—
In more than two years but not more than five years	**—**	650,000	**—**	650,000
Analysis of bank loans and overdrafts:				
In one year or less, or on demand	**210,851**	514,599	**100,000**	290,000
In more than one year but not more than two years	**100,000**	390,000	**100,000**	390,000
In more than two years but not more than five years	**216,667**	495,000	**216,667**	495,000
	527,518	1,399,599	**416,667**	1,175,000
Analysis of obligations under finance leases and hire purchase contracts:				
In one year or less, or on demand	**47,729**	55,396	**—**	—
In more than one year but not more than two years	**26,679**	45,495	**—**	—
In more than two years but not more than five years	**—**	23,238	**—**	—
	74,408	124,129	**—**	—

The proceeds from the issue of shares have been used in part to reduce the level of long term debt.

The loan stock of £650,000 was repaid in full on 6 December 2004. A new bank facility of £500,000 was arranged on 6 December 2004. Bank loans are secured on deeds of composite guarantees and mortgage debentures granted by the Berkeley Scott Group Plc group companies.

The bank borrowings attract interest at variable rates. There is no material difference between the carrying value and the fair value of bank borrowings.

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

18. SHARE CAPITAL

	2005 Number	2004 Number	**2005 £**	2004 £
Authorised				
Equity share capital				
Ordinary shares of 10p each	**—**	9,999,980	**—**	999,998
Ordinary shares of 2p each	**50,000,000**	—	**1,000,000**	—
Non-equity share capital				
Special shares of £1 each	**—**	2	**—**	2
	50,000,000	9,999,982	**1,000,000**	1,000,000
Allotted, called up and fully paid				
Equity share capital				
Ordinary shares of 10p each	**806,527**	806,527	**80,652**	80,652
Non-equity share capital				
Special shares of £1 each	**—**	2	**—**	2
Converted to 10p shares	**20**	—	**2**	—
Ordinary shares of 10p each	**806,547**	806,529	**80,654**	80,654
Shares of 10p issued pre admission to AIM	**44,500**	—	**4,450**	—
	851,047	806,529	**85,104**	80,654
Subdivision of 10p shares to 2p shares	**4,255,235**	—	**85,104**	—
New shares issued post admission to AIM	**4,263,380**	—	**85,268**	—
Ordinary shares of 2p each	**8,518,615**	806,529	**170,372**	80,654

All share options held over 10p shares prior to subdivision have been subdivided into options over 2p shares and the number of shares over which the options are held increased five fold.

At 30 September 2005, the following share options were outstanding in respect of the ordinary shares:

Date of grant	Number of shares	Period of option	Exercise price per share £
23 April 1996	31,500	23 April 2006	0.714
31 May 1996	68,565	31 May 2006	0.714
30 May 1997	14,000	30 May 2007	0.914
30 May 1997	52,500	30 May 2007	0.914
11 December 1997	34,300	11 December 2007	0.714
30 November 1998	49,000	30 November 2008	0.994
14 April 1999	27,690	14 April 2009	0.99
28 April 2000	10,325	28 April 2010	0.994
26 October 2000	15,000	26 October 2010	0.994
27 February 2001	13,125	27 February 2011	0.994
25 September 2001	20,000	15 July 2006	0.994
5 August 2004	25,000	15 July 2006	0.994
5 August 2004	82,257	5 August 2014	0.20
9 September 2005	100,000	9 September 2015	0.325

The period of option for share options at date of grant is 10 years from date of grant with the exception of options with date of grant 25 September 2001 and the 25,000 share options dated 5 August 2004 which will expire on 15 July 2006 due to termination of employment.

19. RESERVES

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Group			
At 1 October 2004	1,484,377	1,834	(547,745)
Share issue – consideration	2,981,782	—	—
Share issue – associated costs	(894,421)	—	—
Loss for the year	—	—	(839,787)
At 30 September 2005	3,571,738	1,834	(1,387,532)
Company			
At 1 October 2004	1,484,377	1,834	153,483
Share issue – consideration	2,981,782	—	—
Share issue – associated costs	(894,421)	—	—
Loss for the year	—	—	(421,550)
At 30 September 2005	3,571,738	1,834	(268,067)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2005 £	2004 £	**2005 £**	2004 £
(Loss)/profit for the year	**(832,236)**	(72,200)	**(413,999)**	194,952
Dividends	**(7,551)**	(48,645)	**(7,551)**	(48,645)
New share capital subscribed	**2,177,079**	3,694	**2,177,079**	3,694
Net addition to/(deduction from) shareholders' funds	**1,337,292**	(117,151)	**1,755,529**	150,001
Opening shareholders' funds	**1,019,120**	1,136,271	**1,720,348**	1,570,347
Closing shareholders' funds	**2,356,412**	1,019,120	**3,475,877**	1,720,348

21. COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2005, the Group had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and buildings £	**Other £**	Land and building £	Other £
Operating leases which expire:				
Within one year	**—**	**2,731**	141,145	16,439
In two to five years	**247,188**	**45,454**	97,900	29,109
After five years	**115,736**	**—**	100,736	—
	362,924	**48,185**	339,781	45,548

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating (loss)/profit on ordinary activities	**(605,418)**	343,327
Depreciation	**324,514**	303,946
Amortisation of goodwill	**284,270**	192,955
(Increase) in debtors	**(232,262)**	(1,073,514)
Increase in creditors	**364,686**	1,177,593
Profit on sale of fixed assets	**(5,794)**	—
Net cash inflow from operating activities	**129,996**	944,307

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 £
Increase/(decrease) in cash in the year	**114,348**	(74,962)
Cash outflow from decrease in debt and lease financing	**1,465,054**	258,939
Change in net debt resulting from cash flows	**1,579,402**	183,977
New finance lease	**(7,000)**	(101,512)
Movement in net debt in the year	**1,572,402**	82,465
Net debt at start of year	**(2,171,167)**	(2,253,632)
Net debt at end of year	**(598,765)**	(2,171,167)

24. ANALYSIS OF NET DEBT

	At 1 October 2004 £	Cash flow £	Other non-cash changes £	At 30 September 2005 £
Cash at bank and in hand	2,561	600	—	3,161
Overdrafts	(224,599)	113,748	—	(110,851)
Cash	(222,038)	114,348	—	(107,690)
Debt due after one year:				
Finance leases	(68,733)	49,054	(7,000)	(26,679)
Bank loans	(885,000)	568,333	—	(316,667)
Loan notes	(650,000)	650,000	—	—
Debt due within one year:				
Finance leases	(55,396)	7,667	—	(47,729)
Bank loans	(290,000)	190,000	—	(100,000)
Financing	(1,949,129)	1,465,054	(7,000)	(491,075)
Total	(2,171,167)	1,579,402	(7,000)	(598,765)

In addition, invoice discounting at 30 September 2005 amounted to £2,071,216 (2004: £1,497,681).

25. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no one individual or entity that ultimately controls the Group.

Notice of annual general meeting

Berkeley Scott Group Plc

(incorporated in England and Wales under the Companies Act 1985 with registration number 02228050)

Notice is hereby given that the annual general meeting of Berkeley Scott Group plc (''the Company'') will be held at Berkeley House, 11-13 Ockford Road, Godalming, Surrey GU7 1QU on 21 February 2006 at 9.00 am for the following purposes:

Ordinary Business

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the year ended 30 September 2005 together with the last directors' report and the auditors' report on those accounts.

2. In accordance with the provisions of Regulation 94 of the Company's Articles of Association whereby each director appointed by the Board holds office until the next following Annual General Meeting when they shall retire from office and offer themselves for re election, to re-appoint as Director of the Company:

   William Joseph Coker.

3. In accordance with the provisions of Regulation 94 of the Company's Articles of Association whereby each director appointed by the Board holds office until the next following Annual General Meeting when they shall retire from office and offer themselves for re election, to re-appoint as Director of the Company:

   Roderic Reginald Leefe.

4. To re-appoint BDO Stoy Hayward LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which audited accounts are laid, and to authorise the Directors to determine their remuneration.

5. THAT the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the ''Act'') to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £72,148.14 (being one third of the issued share capital together with the nominal value of the Company's outstanding share options) provided that this authority is for a period expiring (unless previously renewed varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, the date following fifteen months after the date on which this resolution is passed (the ''Period of Authority'') but 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 offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all substituting authorities, to the extent unused.

Special Business

To consider and if thought fit, to pass the following resolutions which will be proposed as special resolutions:

6. In substitution for and to the exclusion of any existing authority, the Board be empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment, such power to expire at the expiry of the Period of Authority (save that during the Period of Authority the

Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred had not expired) provided that such power is limited to:

(a) the allotment of equity securities (as defined in section 94(2) of the Act) for cash where such securities have been offered (whether by way of rights issue, open offer or otherwise) to the holders of equity securities and other persons entitled to participate therein in proportion (as nearly as may be) to their holdings of equity securities (or, as appropriate, the number of such securities which such other persons are for those purposes deemed to hold) subject only 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 law or the requirements of any recognised body of, or stock exchange in, any territory; and

(b) the allotment (otherwise than pursuant to the powers referred to in sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of 10% of the issued share capital of the Company as at the date this resolution is passed.

By Order of the Board

IMCO Secretary Limited
Company Secretary

24 January 2006

Registered office:
Berkeley House
11/13 Ockford Road
Godalming
Surrey GU7 1QU

NOTES:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy (or proxies) to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be effective, its must be deposited at the office of the Company's registrars so as to be received not later than 48 hours before the time appointed for holding the annual general meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
3. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register, being not more than 48 hours prior to the time fixed for the meeting or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting, shall be entitled to attend the Annual General Meeting and vote in respect of the number of shares registered in their name at that time. Changes to entries on the share register made after this time will be disregarded in determining the right of any person to attend and/or vote at the Annual General Meeting.

Form of Proxy

For use at the Annual General Meeting of Berkeley Scott Group plc convened for 21 February 2006 at 9.00 am at Berkeley House, 11-13 Ockford Road, Godalming, Surrey GU7 1QU

I/We (FULL NAME IN BLOCK CAPITALS) .... of

....

being (a) member(s) of Berkeley Scott Group plc hereby appoint

(1) the Chairman of the meeting; or

(2) (NAME) .... of

(ADDRESS) ....

....

(See Notes 1 and 2)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Berkeley House, 11-13 Ockford Road, Godalming, Surrey GU7 1QU, at 9.00 am on 21 February 2006 and at any adjournment of the meeting. I/We direct my/our proxy to vote as indicated below and, on any other resolutions, as he or she thinks fit.

ORDINARY RESOLUTIONS	FOR	AGAINST
1 To receive and adopt the Directors' Report and the audited Financial Statements for the year ended 30 September 2005.		
2 To appoint WJ Coker as a Director.		
3 To appoint RR Leefe as a Director.		
4 To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the Directors to fix their remuneration.		
5 Renew the Company's authority to allot Ordinary Shares up to a nominal value of £72,148.14.		
SPECIAL RESOLUTION	FOR	AGAINST
6 Authority to allot up to 10% of the Company's issued Ordinary Shares referred to in Resolution 5 on a non pre-emptive basis.		

Signature(s) .... Dated ....

Notes

1. A Shareholder who wishes to appoint a proxy of his own choice should delete the words 'the Chairman of the meeting' and complete, in the space provided above, the name and address of the person so appointed.
2. A proxy need not be a member of the Company.
3. A proxy may not speak at any meeting except with the permission of the Chairman of the meeting.
4. Please insert an 'X' in either the 'FOR' or 'AGAINST' box. If both boxes are left blank, the proxy will vote or abstain as he/she thinks fit.
5. Any alteration to this form of proxy should be initialled.
6. To be effective, this form of proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board, must be deposited at the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR by no later than 48 hours before the time of holding the meeting or, in the event the meeting is adjourned, no later than 48 hours before the time the adjourned meeting is to be held.
7. In the case of joint holders, this form of proxy may be signed by any one of such joint holders, but the names of all the joint holders must be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
8. If the Shareholder is a corporation, this form of proxy should be executed either under its common seal or under the hand of its attorney or an officer duly authorised for that purpose.
9. The completion and return of this form of proxy will not prevent a Shareholder from attending the meeting and voting in person.
10. The summaries of the resolutions above are for guidance only. You are advised to read the accompanying Notice of Meeting and explanatory notes carefully.
11. This instrument of proxy shall cease to be valid after the expiration of 12 months from the date of its execution except that it will remain valid after that for purposes of a poll or an adjourned meeting if the meeting at which the poll was demanded or the adjournment moved is held within the 12 month period.

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BUSINESS REPLY SERVICE
Licence No. MB 122

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Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent
BR3 4BR

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Group Plc

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