Berkeley Scott Group Plc

Report and Financial Statements year ended 30 September 2006

plan attract recruit retain

PeopleSolutions

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Officers and professional advisers

Directors

AH Reeves
JP Bowmer
M Jackson
WJ Coker

Secretary and registered office

IMCO Secretary Limited
Berkeley House
11-13 Ockford Road
Godalming
Surrey GU7 1QU

Company number

2228050

Auditors

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

Nominated adviser and broker

Daniel Stewart & Company plc
Becket House
36 Old Jewry
London EC2R 8DD

Bankers

Royal Bank of Scotland
280 Bishopsgate
London EC2 4RB

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Co-Chairmen’s statement

for the year ended 30 September 2006

We are pleased to present Berkeley Scott’s second full set of results since joining AIM in December 2004 and the first since we took over as Co-Chairmen at the end of January 2007. During the period under review, one of significant consolidation, the Group generated a 5.2% increase in total revenues to £18m (2005: £17.1m) which led to operating profit before interest, tax, depreciation and amortisation (EBITDA) of £400k (2005: £3k).

On 30 January 2007, we invested £2.5m in Berkeley Scott by way of an offer for subscription and as a result we are now the Group’s largest two shareholders. We identified Berkeley Scott, from a number of possible opportunities, as a company with the potential to grow rapidly both organically and through acquisition. Our first impressions of the Company, in the short time we have been involved, have confirmed this view.

Both of us have extensive experience in the recruitment sector and in growing companies by way of enhancements in operational efficiency and through strategic acquisitions.

As a first step in expanding the Group, we are delighted to announce the appointment of John Rose as the Company’s new Chief Executive Officer. John comes with a wealth of industry experience, most recently he was CEO of Hudson UK. The commencement date of his appointment will be confirmed shortly.

Berkeley Scott has an excellent market position as a leading provider of resourcing solutions to the hospitality and leisure sectors and we are actively seeking to add to the Company’s presence within this and complementary sectors. Currently we are reviewing all aspects of the business as the basis for developing the company’s growth strategy.

As part of this process, we are reviewing the current network of offices across the UK, including the relocation of the head office to London where many of the Company’s existing and potential clients are based. The planning and timing of this move is at very early stages but in any event, we intend to retain a significant office in the Godalming area. In addition, we are looking at consolidating the current operating structure so as to improve our focus on client service, and ability to maximise cross-referrals, generate further operating efficiencies and ensure that the business is focused on our core recruitment strengths.

We believe the Company provides a solid platform onto which future acquisitions can be added and which we will actively pursue. In particular we are seeking targets that have strong brands, serve attractive niche recruitment sectors and have sustainable revenues and quality candidate databases. We have been encouraged by the number of opportunities that exist and this has considerably reinforced our confidence in the ultimate goal of delivering long term enhancement of shareholder value through improved operating performance.

There have been a number of Board changes within the year; Roger Taylor, Rod Leefe and Jeremy Hamer all stepped down as a Non Executive Directors and in January 2007, Michael Jackson joined as a Non Executive Director; on 30 January 2007 Roddy Watt, joint founder and Chief Executive, stepped down from the Board.

We would like to thank the whole Berkeley Scott team for their hard work and commitment during this period of transition and we look forward to working together as the Company enters a new and exciting period of its development.

Anthony H Reeves
Co-Chairman and Interim Chief Executive Officer

John P Bowmer
Co-Chairman

Report of the directors

for the year ended 30 September 2006

The directors present their report together with the audited financial statements for the year ended 30 September 2006.

Results and dividends

The results of the Group for the year are set out on page 12 and show a loss for the year of £387,420 (2005: loss of £832,236).

The directors do not propose the payment of a dividend on the ordinary shares (2005: Nil).

Principal activities and Business Review

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.

The year was one of considerable consolidation, and one in which the trading effectiveness of the business was addressed directly, and enhanced as a result of a number of measures taken to increase the productivity of the organisation. Whilst there is still some way to go in this regard, considerable progress was made.

The overall trading performance of the business improved substantially as the year progressed. The company benefited in particular from organisational changes undertaken in 2005, and a cost reduction programme which was implemented in February and March 2006. The performance of the business was also underpinned by a market which continued to be reasonably buoyant. The hotel sector of our Permanent recruitment division in particular had a very strong year.

Trading Results

The total revenue of the business increased by 5.2% to £18m (2005: £17.1m), and Net Fee Income (revenue less direct costs which are, in the main, the wages paid to Temporary workers) by 3% to £9.5m (2005: £9.3m). Permanent Net Fee Income fell by 5.5% to £5.3m (2005: £5.6m). Growth in this area had been anticipated; however it was impacted by an unexpected change in the management of this division in January 2006. Temporary Net Fee Income, driven both by high demand and by increasing productivity, made a strong contribution increasing by 9.5% to £2.7m (2005: £2.5m). The Executive Search business, ISIS, achieved a substantial level of growth, Net Fee Income increasing by 71% to £0.6m (2005: £0.4m). Finally the Solutions business remained static with Net Fee Income of £0.8m.

A significant cost cutting exercise towards the end of the first half ensured that increases in the cost base in the first half were arrested and reversed in the second half.

The company recorded an operating profit before interest, tax, depreciation and amortisation (''EBITDA'') of £400K (2005: £3k), which, after adding back £73k of restructuring related expenditure resulted in an adjusted EBITDA of £473k (2005: £325k). Whilst the business does experience a significant level of seasonality, the second half always being stronger than the first half, the swing in the profitability of the business was marked, a first half EBITDA loss of £244K, being turned into a second half profit of £644K.

The Company recorded a loss before taxation of £388k (2005: £897k loss). Net borrowing including working capital facilities at the end of September was £2.8m (2005: £2.7m) being gearing of 141% (2005: 107%).

Operations Review

In June 2005, the decision was taken to simplify the organisation structure in order to create a stronger platform for growth. This reorganisation bedded in throughout the year and accordingly, the business is in a much stronger position to progress. However, the view was taken that the central support functions were still disproportionately large for the company as it stood, and as a result, a programme of cost cutting measures was implemented. This has had the effect of removing approximately £400k of cost on an annualised basis. The overall headcount of the organisation reduced over the course of the year by 18% from 200 to 164.

Partly as a result of these measures, and partly due to the new structure, the strengthened senior management team, and continuing favourable market conditions, the company moved from an EBITDA loss of £244k in the first half, to an EBITDA profit of £644k in the second half.

Permanent Recruitment

Demand continued at a very good level for permanent recruitment services from most sectors in which the company operates. The hotel sector in particular has had a very strong year, and restaurants, pubs, bars and catering all faired well.

Unfortunately, the company continued to experience higher than anticipated turnover of consultants in this division which was disruptive. Whilst it is anticipated this will now start to slow as a result of the initiatives taken; including the introduction of a structured management appraisal and development tool called *Destiny*, and the establishment of the company's virtual training *Academy*, the market for high quality recruiters has continued to be very competitive. This means that our consultants are being targeted regularly by other recruitment organisations, and attracting the volume and calibre of new recruits has proved difficult. Accordingly, further steps were taken to address this. These included the development of a dedicated internal recruitment resource, overhaul of our recruitment processes, the introduction of new software to help manage our own recruitment, and the introduction of an incentive scheme to reward our own team members for introducing new employees.

During the year, we also directly addressed the skills of the permanent consulting management team, and the consultant workforce. Our *Diploma* programme was run three times during the year with the aim of developing the skills of our managers. More recently, we have appointed a new, highly experienced Training Manager who overhauled our induction programmes, and much of our skills-based training.

Over the course of the year, further work was undertaken to strengthen our IT platform, and to simplify certain of our operating procedures to enable faster response to client needs, and to maximise the productivity of our consultants, something that has been a challenge over the recent past. We are now starting to see the results of this evidenced by improving Net Fee Income per capita. That said, the productivity of our permanent business is yet to be fully realised.

Temporary Recruitment

Under a new Director of Temporary Recruitment appointed towards the end of the previous financial year, the temporary recruitment business had a strong year. Revenues and Net Fee Income grew substantially, and the cost base was also reduced, thus enhancing productivity per capita.

Stability at regional management and team management levels also contributed, and turnover of consultants dropped steadily in this area of the business. The reducing staff turnover enabled greater emphasis to be placed on business development activities, and productivity enhancement. This was further supported by the implementation of a new front office IT system which has been developed in conjunction with external software providers. This new system, *Red Book* had been several years in development, and is now being rolled out across the company. The process should be finished in this financial year, and should enable the company to enjoy further improvements in productivity in due course.

Generally, it was a positive and constructive year for Temporary recruitment, much good work being done to strengthen and consolidate existing operations. With continuing positive conditions in most areas of our market, the outlook for further revenue and contribution growth from this division is encouraging.

Executive Search

Our executive search business, ISIS, has had a very good year delivering a significant profit contribution. Whilst a relatively small part of the company in terms of headcount and overall revenues, under consistent management the business has moved from strength to strength, and supported and made an increasing contribution to the business as a whole, introducing business to other divisions wherever possible.

It is also fair to say that the reputation of ISIS was greatly enhanced in the last year. It enjoyed increasing stability amongst the team, with staff turnover dropping to zero on an annualised basis, by the end of the financial year.

Once again, ISIS's markets have remained buoyant, and under continuing strong management, the prospects for growth within this division in the future are encouraging.

Resourcing Solutions

Our resourcing solutions business performed in line with expectation over the year. The new management team settled in well and some progress was made. Our on-line recruitment system, *Sourcerer* received acclaim, albeit the lead-time on sales is longer than we would like. Our advertising and communications business, BSA&C had some notable wins, and we also secured some significant project recruitment wins over the course of the year.

Monitoring risk and KPIs

The composition of Berkeley Scott Group Plc Board is structured to give balance and expertise when considering governance, financial and operational recruitment issues. It meets at least 9 times per year, where, amongst other agenda items it incorporates a review of monthly management accounts, operational and financial KPI's and major issues and risks facing the business. Members of the Operations Board (the operational management team) are frequently asked to attend and participate in main Board meetings.

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors.

The company's policies in respect of credit risk require appropriate credit checks on potential customers before sales are made, the appropriate limiting of credit to each customer and the close monitoring of KPI trending such as Days Sales Outstanding and debtor ageing.

The company's policy in respect of liquidity risk is to maintain a mixture of long term and short term debt finance, including an invoice discounting facility, to ensure the company has sufficient funds for operations. Debt is maintained at bank variable rates which inherently bring interest rate risk. The Company maintains detailed cash flow forecasts enabling it to factor incremental changes in interest rates into its risk profile and liquidity and react accordingly.

The main operational risks facing the business are staff turnover and periodic unpredicted events that affect the sector in which the Company operates, hospitality and leisure. Examples of this in recent years have included the impacts on British tourism (and consequently hotels) of September 11 and the outbreak of foot and mouth disease.

The Company has introduced a number of initiatives, referred to in the Business review above, to contain staff turnover and raise experience ratios, the main KPI's against which it monitors this risk. Whilst to some degree unpredictable sector downturns are difficult to mitigate, the Company does adopt measures such as terrorism insurance policies. Operating a temporary division alongside that of permanent recruitment also partially mitigates downturns in any one market.

None of the KPI's mentioned above have shown significant movement during the year, with the exception of staff turnover, which is referred to in the Trading results and Operations Review on pages 4 and 5.

Post Balance Sheet Event

An EGM was held on 29 January 2007 to approve resolutions authorising the Company to raise £2.5m (before expenses) through the issue of 14,285,714 new ordinary shares of 2p each to AH Reeves and JP Bowmer.

The subscription was recommended by the Board after consultation with a number of key shareholders.

Following admittance of these shares to AIM on 30 January 2007 AH Reeves and JP Bowmer joined the Board as Co-Chairmen, M Jackson joined the Board as a non executive director and DRB Watt stepped down.

Funds raised will be used to strengthen the Group's balance sheet.

Future developments

Please refer to the Co-Chairmen's statement for a review of future developments.

Policy on the payment of creditors

It is the Group's intention to settle suppliers' invoices according to the stated and agreed credit terms. At the year end the number of days credit taken from suppliers was 44 (2005: 41).

Corporate social responsibility

The company has published its policies on employees, health and safety, and the environment on its Investor Relations page of the Group's website. Please visit www.berkeley-scott.co.uk for details.

Charitable and political contributions

During the year, the Group made charitable donations of £8,072 (2005: £2,140). There were no political contributions.

Directors

The directors of the Company during the year were as follows:

DRB Watt	– resigned 30 January 2007
WJ Coker	
JJ Hamer	– resigned 21 September 2006
RW Taylor	– resigned 04 May 2006
R Leefe	– resigned 23 September 2006

AH Reeves, JP Bowmer and M Jackson were appointed to the Board on 30 January 2007

Beneficial interests in the ordinary share capital of the Company, for Directors at 30 September 2006 were as follows:

	Ordinary shares of 2p each 30 September 2006	Ordinary shares of 2p each 1 October 2005
DRB Watt	905,050	905,050
WJ Coker	20,000	20,000

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	0.990	14 April 1999	31 January 2008
WJ Coker	50,000	0.325	9 September 2005	9 September 2015
WJ Coker	50,000	0.255	15 December 2005	15 December 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.

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

2 March 2007

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

As shown in the financial statements, the Group made a loss on ordinary activities of £387,420 for the year ended 30 September 2006 and as at 30 September 2006, had net current liabilities of £953,454. Since that date, as detailed in Note 18, the Company has raised £2.5m (before expenses). On this basis the directors believe that the Group should have sufficient funding to continue in operational existence for at least twelve months from the date of approval of these financial statements. The directors therefore consider it is appropriate to prepare the financial statements on the going concern basis.

Disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Report of the independent auditors

To the shareholders of Berkeley Scott Group Plc

We have audited the group and parent company financial statements (the ''financial statements'') of Berkeley Scott Group Plc for the year ended 30 September 2006 which comprise the Consolidated Profit & Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and the Directors' 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 International Standards on Auditing (UK and Ireland) 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 and 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 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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2006 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2006;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Guildford

2 March 2007

Consolidated profit and loss account

for the year ended 30 September 2006

	Note	**2006** £	2005 £
Turnover	2	**17,976,941**	17,063,791
Cost of sales		**(13,818,049)**	(12,982,587)
Gross profit		**4,158,892**	4,081,204
Administrative expenses	4	**(4,238,834)**	(4,686,622)
Operating loss			
EBITDA*		**399,960**	3,366
Depreciation, amortisation and similar charges	4	**(479,902)**	(608,784)
		(79,942)	(605,418)
Interest receivable		**2,822**	513
Interest payable and similar charges	7	**(310,892)**	(291,825)
Loss on ordinary activities before taxation		**(388,012)**	(896,730)
Tax credit on loss on ordinary activities	8	**592**	64,494
Loss on ordinary activities after taxation		**(387,420)**	(832,236)
Dividends payable (non equity)	9	**–**	(7,551)
Loss on ordinary activities transferred to reserves	19	**(387,420)**	(839,787)
Loss per share in pence (basic and diluted)	10	**(4.5)**	(10.8)
Loss per share in pence (continuing operations) (basic and diluted)	10	**(4.5)**	(9.3)

*EBITDA is operating profit before interest, taxation, depreciation and amortisation.

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

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

Consolidated balance sheet

at 30 September 2006

	Note	**2006** £	**2006** £	2005 £	2005 £
Fixed assets					
Intangible assets	12		**2,332,301**		2,517,781
Tangible assets	13		**807,667**		749,749
			3,139,968		3,267,530
Current assets					
Debtors	15	**3,342,936**		3,624,019	
Cash at bank and in hand		**3,161**		3,161	
		3,346,097		3,627,180	
Creditors: amounts falling due within one year	16	**(4,299,551)**		(4,194,952)	
Net current liabilities			**(953,454)**		(567,772)
Total assets less current liabilities			**2,186,514**		2,699,758
Creditors: amounts falling due after more than one year	17		**(217,522)**		(343,346)
			1,968,992		2,356,412
Capital and reserves					
Called up share capital	18		**170,372**		170,372
Share premium account	19		**3,571,738**		3,571,738
Capital redemption reserve	19		**1,834**		1,834
Profit and loss account	19		**(1,774,952)**		(1,387,532)
Shareholders' funds	20		**1,968,992**		2,356,412

The financial statements were approved and authorised for issue by the Board on 2 March 2007.

WJ COKER
Director

AH REEVES
Director

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

Company balance sheet

at 30 September 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	12		**739,430**		792,983
Investments	14		**2,202,488**		2,202,488
			2,941,918		2,995,471
Current assets					
Debtors – due within one year	15	**15,506**		56,301	
Debtors – due after more than one year	15	**1,099,406**		1,113,541	
Cash at bank and in hand		**–**		26,101	
		1,114,912		1,195,943	
Creditors: amounts falling due within one year	16	**(539,595)**		(398,870)	
Net current assets			**575,317**		797,073
Total assets less current liabilities			**3,517,235**		3,792,544
Creditors: amounts falling due after more than one year	17		**(216,667)**		(316,667)
			3,300,568		3,475,877
Capital and reserves					
Called up share capital	18		**170,372**		170,372
Share premium account	19		**3,571,738**		3,571,738
Capital redemption reserve	19		**1,834**		1,834
Profit and loss account	19		**(443,376)**		(268,067)
Shareholders' funds	20		**3,300,568**		3,475,877

The financial statements were approved and authorised for issue by the Board on 2 March 2007.

WJ COKER
Director

AH REEVES
Director

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

Consolidated cash flow statement

for the year ended 30 September 2006

		2006		2005	
	Note	**£**	**£**	£	£
Net cash inflow from operating activities	23		**330,238**		129,996
Returns on investments and servicing of finance					
Interest received		**2,822**		513	
Interest paid		**(305,865)**		(280,992)	
Interest element of finance lease rental payments		**(5,027)**		(10,833)	
Special dividend – non equity		**–**		(109,451)	
Net cash outflow from returns on investment and servicing of finance			**(308,070)**		(400,763)
Taxation					
UK corporation tax		**592**		(41,702)	
Tax paid			**592**		(41,702)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(356,731)**		(300,322)	
Receipts from sale of fixed assets		**1,069**		13,964	
Net cash outflow from capital expenditure and financial investment			**(355,662)**		(286,358)
Cash outflow before management of liquid resources and financing			**(332,902)**		(598,827)
Financing					
Capital element of finance lease rental payments		**(47,751)**		(55,571)	
Repayment of loans		**(100,000)**		(1,908,333)	
Share capital issued		**–**		3,071,500	
Expenses paid in connection with share issue		**–**		(894,421)	
New loans		**–**		500,000	
Cash (outflow)/inflow from financing			**(147,751)**		713,175
(Decrease)/Increase in cash in the year	24		**(480,653)**		114,348

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 2006

1. ACCOUNTING POLICIES

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

In preparing these financial statements the Group has adopted for the first time FRS21 'Events after the balance sheet date', FRS22 'Earnings per share' and FRS 25 'Financial Instruments: Disclosure and Presentation'.

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 2006 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 over the useful economic life.

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 payable.

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.

Financial instruments

Financial instruments are measured initially and subsequently at cost. Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations rather than the financial instruments' legal form.

2. TURNOVER

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

	2006	2005
	£	£
United Kingdom	**17,783,378**	16,940,389
Europe	**56,578**	31,873
Rest of the World	**136,985**	91,529
	17,976,941	17,063,791

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 2005 is shown below.

	Continuing operations 2006 £	Continuing operations 2005 £	Discontinued operations in 2005 £
Turnover	**17,976,941**	16,662,277	401,514
Cost of sales	**(13,818,049)**	(12,698,187)	(284,400)
Gross profit	**4,158,892**	3,964,090	117,114
Administrative expenses			
Operating expenditure before depreciation, amortisation and exceptional items	**(3,758,932)**	(3,853,017)	(177,435)
Exceptional item	**–**	–	(47,386)
Depreciation, amortisation and similar charges	**(479,902)**	(607,445)	(1,339)
	(4,238,834)	(4,460,462)	(226,160)
Operating loss	**(79,942)**	(496,372)	(109,046)

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 LOSS

	2006 £	2005 £
This is arrived at after charging		
Pension contributions	**91,236**	86,360
Depreciation	**294,422**	324,514
Amortisation of goodwill	**185,480**	284,270
Operating leases – hire of plant & machinery	**65,925**	81,163
Operating leases – hire of other assets	**470,936**	345,182
Non-recurring costs	**72,675**	273,766
Exceptional item	**–**	47,386
Auditors' remuneration – audit services	**44,727**	44,443
Auditors' remuneration – taxation services	**6,333**	7,625
Foreign exchange loss	**2,074**	35

Depreciation includes £50,494 (2005: £69,676) charged on assets held under finance leases and hire purchase contracts.

Included in the Group audit fee is an amount of £10,000 (2005: £10,000) in respect of the Company.

Reconciliation of EBITDA to Adjusted EBITDA	**2006 £**	2005 £
EBITDA per consolidated profit and loss	**399,960**	3,366
Non-recurring costs		
Restructuring and redundancy costs	**39,425**	273,766
Settlement to Chairman and associated legal fees	**33,250**	–
Exceptional item		
Costs relating to the closure of Number One Bureau Limited	**–**	47,386
Adjusted EBITDA	**472,635**	324,518

5. EMPLOYEES

Staff costs (including executive directors) consist of:

	2006 **£**	2005 £
Wages and salaries	**13,116,136**	12,497,323
Social security costs	**1,079,985**	978,477
Other pension costs	**91,236**	86,360
	14,287,357	13,562,160

There are no staff costs in respect of the company in the current year (2005: £nil)

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

	2006 **Number**	2005 Number
Recruitment	**146**	162
Advertising	**3**	6
Administrative staff	**34**	31
Temporary workers (whose costs are included in cost of sales and services charged within turnover)	**1,014**	1,116
	1,197	1,315

The only employees of the company were the 2 directors during the current year and the prior year.

6. DIRECTORS' REMUNERATION

	2006 **£**	2005 £
Directors' emoluments	**289,696**	310,614
Compensation for loss of office	**25,000**	52,000
Company contributions to money purchase pension schemes	**22,744**	17,411
	337,440	380,025

There were 2 directors in defined contribution pension schemes during the year (2005: 2).

The total amount payable to the highest paid director in respect of emoluments was £129,074 (2005: £130,639). Company pension contributions of £12,744 (2005: £12,744) were made to a money purchase scheme on his behalf.

Fees paid to Non-executive directors are disclosed in Note 26.

No directors have exercised options to purchase shares in the Company during the year (2005: Nil).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 **£**	2005 £
Bank loans and overdrafts	**105,759**	116,847
Finance costs	**–**	1,500
Finance leases and hire purchase contracts	**5,027**	10,833
Other interest	**22,378**	23,116
Interest payable on invoice discounting	**177,728**	139,529
	310,892	291,825

8. TAXATION ON LOSS FROM ORDINARY ACTIVITIES

	2006 **£**	2005 £
Current tax		
UK corporation tax on results of the year	**–**	(41,110)
Adjustment in respect of previous periods	**(592)**	(23,384)
Total current tax	**(592)**	(64,494)

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

	2006 **£**	2005 £
Loss on ordinary activities before tax	**(388,012)**	(896,730)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005: 30%)	**(116,404)**	(269,019)
Effect of:		
Expenses not deductible for tax purposes	**94,641**	73,410
Depreciation in excess of capital allowances	**56,571**	51,763
Other short term timing differences	**4,360**	–
Adjustment to tax charge of previous period	**(592)**	(23,384)
Losses utilised	**(39,168)**	–
Losses carried forward	**–**	91,203
Losses carried back	**–**	10,891
Charges on income	**–**	642
Current tax charge for period	**(592)**	(64,494)

Deferred tax

On 30 September 2006, 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 2006 £	As at 30 September 2005 £
Depreciation in excess of capital allowances	**70,582**	13,090
Provisions	**12,933**	10,071
Losses carried forward	**42,421**	85,325
	125,936	108,486

9. DIVIDENDS

	2006 **£**	2005 £
Non-equity shares		
Special shares	–	7,551

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. The weighted average number of equity shares in issue was 8,518,615 (2005: 7,770,968) and the loss, being loss after tax and non equity dividends, was £387,420 (2005: £839,787). The loss after tax and non equity dividends on continuing operations was £387,420 (2005: £718,882).

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 £175,309 (2005: profit of £421,550) 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 2005	283,563	3,585,045	3,868,608
30 September 2006	283,563	3,585,045	3,868,608
Amortisation			
At 1 October 2005	137,416	1,213,411	1,350,827
Provision for year	14,170	171,310	185,480
At 30 September 2006	151,586	1,384,721	1,536,307
Net book value			
At 30 September 2006	131,977	2,200,324	2,332,301
At 30 September 2005	146,147	2,371,634	2,517,781

Company	Purchased goodwill £
Cost	
At 1 October 2005 and 30 September 2006	1,071,231
Amortisation	
At 1 October 2005	278,248
Provision for the year	53,553
At 30 September 2006	331,801
Net book amount	
At 30 September 2006	739,430
At 30 September 2005	792,983

13. TANGIBLE FIXED ASSETS

Group	Short leasehold premises and improvements £	Computer and office equipment £	Total £
Cost			
At 1 October 2005	523,132	1,965,937	2,489,069
Additions	111,152	245,579	356,731
Disposals	(4,000)	(1,255)	(5,255)
At 30 September 2006	630,284	2,210,261	2,840,545
Depreciation			
At 1 October 2005	311,179	1,428,141	1,739,320
Provisions for the year	54,450	239,972	294,422
Disposals	–	(864)	(864)
At 30 September 2006	365,629	1,667,249	2,032,878
Net book value			
At 30 September 2006	264,655	543,012	807,667
At 30 September 2005	211,953	537,796	749,749

The net book value of tangible fixed assets includes an amount of £49,406 (2005: £100,292) 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 2005 and 30 September 2006	2,202,488
Net book value	
At 30 September 2005 and 30 September 2006	2,202,488

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 2006
Number One Bureau Limited	100%	Dormant	30 September 2006
Berkeley Scott Sherwoods Limited	100%	Dormant	30 September 2006
Berkeley Scott (Chefs) Limited	100%	Dormant	30 September 2006
International Service Industry Search Limited	100%	Dormant	30 September 2006
*Gold Helm Roche Limited	100%	Dormant	30 September 2006
*Roche Recruitment Limited	100%	Dormant	30 September 2006
*Roche Personnel Limited	100%	Dormant	31 December 2005
*Roche Personnel (London) Limited	100%	Dormant	31 December 2005
*Roche Personnel (UK) Limited	100%	Dormant	31 December 2005

*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	
	2006	2005	**2006**	2005
	£	£	**£**	£
Trade debtors	**2,488,868**	2,717,327	**–**	–
Amounts owed by Group undertakings	**–**	–	**1,099,406**	1,113,541
Other debtors	**98,137**	160,101	**–**	–
Prepayments and accrued income	**755,931**	746,591	**15,506**	56,301
	3,342,936	3,624,019	**1,114,912**	1,169,842

Included within amounts owed by Group undertakings is an amount of £1,099,406 (2005: £1,113,541) due after more than one year.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Bank loans and overdrafts (secured)	**691,504**	210,851	**213,494**	100,000
Trade creditors	**298,299**	494,140	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**296,434**	296,434
Other taxation and social security	**657,697**	748,486	**–**	–
Obligations under finance leases and hire purchase contracts	**25,802**	47,729	**–**	–
Other creditors	**2,000,565**	2,235,884	**–**	–
Accruals and deferred income	**625,684**	457,862	**29,667**	2,436
	4,299,551	4,194,952	**539,595**	398,870

The overdrafts of £591,504 (2005: £110,851) and bank loans of £100,000 (2005: £100,000), included in bank loans and overdrafts, and the invoice discounting facility of £1,838,127 (2005: £2,071,216), 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 £16,002 (2005: £5,593) relating to outstanding pension contributions.

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

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Bank loans	**216,667**	316,667	**216,667**	316,667
Obligations under finance leases and hire purchase contracts	**855**	26,679	**–**	–
	217,522	343,346	**216,667**	316,667

Maturity of debt:	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Analysis of bank loans and overdrafts:				
In one year or less, or on demand	**691,504**	210,851	**213,494**	100,000
In more than one year but not more than two years	**100,000**	100,000	**100,000**	100,000
In more than two years but not more than five years	**116,667**	216,667	**116,667**	216,667
	908,171	527,518	**430,161**	416,667
Analysis of obligations under finance leases and hire purchase contracts:				
In one year or less, or on demand	**25,802**	47,729	**–**	–
In more than one year but not more than two years	**855**	26,679	**–**	–
	26,657	74,408	**–**	–

A bank loan of £500,000 and an overdraft facility of £100,000 were arranged on 6 December 2004.

The balance owing at 30 September 2006 in respect of the loan was £316,667. The balance owing at 30 September 2006 in respect of the overdraft was £591,504.

The bank made an agreement to continue to support the Berkeley Scott Group, following arrangements made by the directors to issue a substantial new share issue. The detail of this post balance sheet event is included in note 18 to the accounts.

The bank loan and overdraft are secured on deeds of composite guarantees and mortgage debentures granted by the Berkeley Scott Group Plc group companies.

The loan attracts interest at a variable rate of 2.25% per annum above the RBS Bank Base Rate. The overdraft attracts interest at a variable rate of 2.00% per annum above the RBS Bank Base Rate.

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

	2006 Number	2005 Number	**2006 £**	2005 £
Authorised				
Ordinary shares of 2p each	**50,000,000**	50,000,000	**1,000,000**	1,000,000
Allotted, called up and fully paid				
Ordinary shares of 2p each	**8,518,615**	8,518,615	**170,372**	170,372

Post Balance Sheet Event

An EGM was held on 29 January 2007 to approve resolutions authorising the Company to raise £2.5m (before expenses) through the issue of 14,285,714 new ordinary shares of 2p each to AH Reeves and JP Bowmer.

The subscription was recommended by the Board after consultation with a number of key shareholders.

Following admittance of these shares to AIM on 30 January 2007 AH Reeves and JP Bowmer joined the Board as Co-Chairmen, M Jackson joined the Board as a non executive director and DRB Watt stepped down.

Funds raised will be used to strengthen the Group's balance sheet.

Options

At 30 September 2006, 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 £
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
14 April 1999	27,690	31 January 2008	0.990
30 November 1998	43,050	30 November 2008	0.994
28 April 2000	8,750	28 April 2010	0.994
27 February 2001	10,175	27 February 2011	0.994
5 August 2004	24,314	5 August 2014	0.200
9 September 2005	50,000	9 September 2015	0.325
15 December 2005	150,832	15 December 2015	0.255

The period of option for share options at date of grant is 10 years from date of grant.

19. RESERVES

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Group			
At 1 October 2005	3,571,738	1,834	(1,387,532)
Loss for the year	–	–	(387,420)
At 30 September 2006	3,571,738	1,834	(1,774,952)
Company			
At 1 October 2005	3,571,738	1,834	(268,067)
Loss for the year	–	–	(175,309)
At 30 September 2006	3,571,738	1,834	(443,376)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2006 **£**	2005 £	**2006** **£**	2005 £
Loss for the year	**(387,420)**	(832,236)	**(175,309)**	(413,999)
Dividends	**–**	(7,551)	**–**	(7,551)
New share capital subscribed	**–**	2,177,079	**–**	2,177,079
Net addition to/(deduction from) shareholders' funds	**(387,420)**	1,337,292	**(175,309)**	1,755,529
Opening shareholders' funds	**2,356,412**	1,019,120	**3,475,877**	1,720,348
Closing shareholders' funds	**1,968,992**	2,356,412	**3,300,568**	3,475,877

21. CONTINGENT LIABILITIES

Group bank loans and overdrafts amounting to £2,316,136 (2005: £2,208,166) are secured by cross guarantees from Berkeley Scott Group Plc.

22. COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2006, the Group had annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	Land and buildings **£**	**Other** **£**	Land and buildings £	Other £
Operating leases which expire:				
Within one year	**41,150**	**14,491**	–	2,731
In two to five years	**402,985**	**45,495**	247,188	45,454
After five years	**54,036**	**–**	115,736	–
	498,171	**59,986**	362,924	48,185

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

	2006	2005
	£	£
Operating loss on ordinary activities	**(79,942)**	(605,418)
Depreciation	**294,422**	324,514
Amortisation of goodwill	**185,480**	284,270
Decrease/(increase) in debtors	**281,082**	(232,262)
(Decrease)/increase in creditors	**(354,126)**	364,686
Loss/(profit) on disposal of fixed assets	**3,322**	(5,794)
Net cash inflow from operating activities	**330,238**	129,996

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

	2006	2005
	£	£
(Decrease)/increase in cash in the year	**(480,653)**	114,348
Cash inflow from movement in debt and lease financing	**147,751**	1,465,054
Change in net debt resulting from cash flows	**(332,902)**	1,579,402
New finance lease	**–**	(7,000)
Movement in net debt in the year	**(332,902)**	1,572,402
Net debt at start of year	**(598,765)**	(2,171,167)
Net debt at end of year	**(931,667)**	(598,765)

25. ANALYSIS OF NET DEBT

	At 1 October 2005	Cash flow	Other non-cash changes	At 30 September 2006
	£	£	£	£
Cash at bank and in hand	3,161	–	–	3,161
Overdrafts	(110,851)	(480,653)	–	(591,504)
Cash	(107,690)	(480,653)	–	(588,343)
Debt due after one year:				
Finance leases	(26,679)	25,824	–	(855)
Bank loans	(316,667)	–	100,000	(216,667)
Debt due within one year:				
Finance leases	(47,729)	21,927	–	(25,802)
Bank loans	(100,000)	100,000	(100,000)	(100,000)
Financing	(491,075)	147,751	–	(343,324)
Total	(598,765)	(332,902)	–	(931,667)

In addition, invoice discounting at 30 September 2006 amounted to £1,838,127 (2005: £2,071,216).

26. RELATED PARTY DISCLOSURES

Fees of £9,167 (2005: £17,167) were paid to the directors of the parent undertaking.

27. 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 will be held at Berkeley House, 11-13 Ockford Road, Godalming, Surrey GU7 1QU on 28 March 2007 at 10.00 a.m. 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 2006 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:

   Anthony H Reeves

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:

   John P Bowmer

4. 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:

   Michael Jackson

5. 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.

6. 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 £162,361.38 (being one third of the issued share capital together with the nominal value of the Company's outstanding share options and warrants) 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 resolution which will be proposed as a special resolution:

7. 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 30% 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

5 March 2007

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 at 5 p.m. on 26 March 2007, 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 28 March 2007 at 10.00 a.m. 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 10.00 a.m. on 28 March 2007 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 2006.		
2 To appoint AH Reeves as a Director.		
3 To appoint JP Bowmer as a Director.		
4 To appoint M Jackson as a Director.		
5 To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the Directors to fix their remuneration.		
6 Renew the Company's authority to allot Ordinary Shares up to a nominal value of £162,361.38.		
SPECIAL RESOLUTION	FOR	AGAINST
7 Authority to allot up to 30% of the Company's issued Ordinary Shares referred to in Resolution 6 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 Processing Centre, Telford Road, Bicester, OX26 4LD 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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Proxy Processing Centre
Telford Road
BICESTER
OX26 4LD

1st FOLD

2nd FOLD

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