

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Aukett Group Plc, you should deliver this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have only sold some of your Existing Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

A copy of this document, which comprises a circular to shareholders of Aukett Group plc and listing particulars in relation to Aukett Group plc prepared in accordance with the listing rules made under Section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of that Act.

Application has been made to the UKLA for the New Ordinary Shares to be admitted and the Existing Ordinary Shares to be re-admitted to the Official List of the UKLA, and has been made to the London Stock Exchange for the New Ordinary Shares to be admitted and the Existing Ordinary Shares to be re-admitted to trading on the London Stock Exchange's market for listed securities. Subject to the passing of the relevant resolutions at the Extraordinary General Meeting to be held on 30 March 2005, it is expected that such Admission will become effective, and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 31 March 2005.

The Directors and Proposed Directors of the Company, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Vendors, whose names appear on page 62 of this document, accept responsibility for the information contained in this document regarding themselves. To the best of the knowledge and belief of the Vendors (who have taken all reasonable care to ensure that such is the case), the information contained in this document in respect of the Vendors is in accordance with the facts and does not omit anything likely to affect the import of such information.

# AUKETT GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered No. 2155571)

to be renamed

**AUKETT FITZROY ROBINSON PLC**

**Proposed Acquisition of Fitzroy Robinson Limited**

**Change of Name**

**Proposed Waiver of the Requirements of Rule 9 of the**

**City Code on Takeovers and Mergers**

**Amendments to Articles of Association**

**and**

**Notice of Extraordinary General Meeting**

**SPONSOR**

**BEAUMONT  
CORNISH  
Limited**

## Share capital immediately following Admission

<i>Amount</i>	<i>Authorised Number</i>		<i>Issued and fully paid Amount</i>	<i>Number</i>
£1,464,677.81	146,467,781	Ordinary shares of 1p each	£1,448,138	144,813,825

The New Ordinary Shares to be issued on Completion of the Acquisition will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and any other distributions declared, made or paid on Ordinary Shares after Admission.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933 (as amended) or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold or subscribed for in or into the United States, Australia, Canada, Japan or South Africa or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan or South Africa or any person located in the United States. This document does not constitute an offer to issue or sell, nor the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Beaumont Cornish Limited and Navigator Corporate Finance Limited, both of which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting, respectively, as sponsor and financial adviser to Aukett Group plc and are acting exclusively for Aukett Group plc and not for anyone else in connection with the Acquisition and Admission. Neither Beaumont Cornish Limited nor Navigator Corporate Finance Limited will regard any other person (whether a recipient of this document or otherwise) as their customer in relation to the Acquisition and Admission and will not be responsible to anyone other than Aukett Group plc for providing the protections afforded to their customers nor for providing advice in relation to the Acquisition and Admission.

Notice of an Extraordinary General Meeting of Aukett Group plc to be held at the offices of Speechly Bircham, 6 St. Andrew Street, London EC4A 3LX at 11.00 a.m. on 30 March 2005 is set out at the end of this document. To be valid, the enclosed Form of Proxy for the meeting should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible but in any event no later than 11.00 a.m. on 28 March 2005 to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Suspension of the Ordinary Shares	30 November 2004
Re-commencement of trading of the Existing Ordinary Shares	8.00 a.m. on 9 March 2005
Latest time and date for receipt of Forms of Proxy for the EGM	11.00 a.m. on 28 March 2005
Extraordinary General Meeting	11.00 a.m. on 30 March 2005
Completion of the Acquisition, Admission, and Re-admission	8.00 a.m on 31 March 2005

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Acquisition”	the purchase of the entire issued share capital of Fitzroy Robinson
“Acquisition Agreement”	the conditional agreement between (1) the Vendors and (2) the Company dated 8 March 2005 to effect the Acquisition, a summary of which is set out in Part V of this document
“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the New Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange’s market for listed securities becoming effective in accordance with the Listing Rules and the London Stock Exchange’s ‘Admission and Disclosure Standards’, respectively
“Aukett” or the “Company”	Aukett Group Plc
“City Code”	the City Code on Takeovers and Mergers
“Completion”	completion of the Acquisition Agreement, which (subject to the conditions set out therein) will occur on Admission
“Concert Party”	the Vendors who, collectively, will be interested in approximately 49.99 per cent. of the Enlarged Share Capital immediately following Completion of the Acquisition and who comprise a concert party for the purposes of Rule 9 of the City Code
“Directors” or the “Board”	the directors of Aukett, whose names appear on page 5 of this document
“EGM” or “Extraordinary General Meeting”	the Extraordinary General Meeting of the Company convened for 11.00 a.m. on 30 March 2005 by the notice set out at the end of this document and any adjournment thereof
“Enlarged Group”	the Group as enlarged by the Acquisition
“Enlarged Share Capital”	the share capital of the Company immediately following the Acquisition, being, together, the Existing Ordinary Shares and the New Ordinary Shares
“Existing Ordinary Shares”	the 72,421,394 Ordinary Shares of Aukett in issue as at the date of this document
“Fitzroy Robinson”	Fitzroy Robinson Limited
“Fitzroy Robinson Group”	Fitzroy Robinson and its subsidiary undertakings at the date of this document
“Form of Proxy”	the form of proxy accompanying this document for use at the EGM
“FSMA”	the Financial Services and Markets Act 2000
“Group”	the Company and its subsidiary undertakings at the date of this document
“Listing Rules”	the listing rules of the UKLA for the time being in force
“Loan Stock”	the £0.2 million of loan stock in the Company to be issued to the Vendors on Completion pursuant to the Acquisition Agreement, none of which is convertible into Ordinary Shares or New Ordinary Shares
“Loan Stock Instrument”	the instrument constituting the Loan Stock to be entered into by the Company on Completion

“London Stock Exchange”	London Stock Exchange plc
“Name Change”	the proposed change of name of the Company to Aukett Fitzroy Robinson Plc
“New Ordinary Shares”	the 72,392,431 new Ordinary Shares to be issued to the Vendors on Completion pursuant to the Acquisition Agreement
“Notice of EGM”	the notice of the EGM set out at the end of this document
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the share capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Proposed Directors”	the proposed directors of Aukett, whose names appear on page 5 of this document
“Re-admission”	the re-admission of the Existing Ordinary Shares to the Official List by the Financial Services Authority and to trading by the London Stock Exchange
“Resolutions”	the resolutions set out in the Notice of EGM
“Share Option Schemes”	the 1988 Executive Share Option Scheme (No. 1), 1988 Executive Share Option Scheme (No. 2), 1998 Company Share Option Scheme and the 2001 Long Term Incentive Plan, each more particularly described in paragraph 4 of Part V of this document;
“Shareholders”	holders of Ordinary Shares in the Company
“Suspension”	the suspension on 30 November 2004 of the Existing Ordinary Shares from the Official List by the Financial Services Authority and from trading by the London Stock Exchange
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA, including (where the context so permits) any committee, employee, officer or servant to whom any function of the UKLA may for the time being be delegated
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
“Vendors”	the shareholders of Fitzroy Robinson under the Acquisition Agreement, being Messrs. S.P. Atkinson, J.M. Blake, G. Cohen, R.M Curiel, A.J. Murdoch, J.N.E Thompson and, J. A. Vincent, all of 14 Devonshire Street, London W1G 7AE

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	José Luis Ripoll ( <i>Executive Chairman</i> ) Patrick James Carter ( <i>Group Finance Director</i> ) Paul Rodney George Newman ( <i>UK Managing Director</i> ) Stephen Alan Embley ( <i>Executive Director</i> ) Gerald Kenneth Thomas Deighton ( <i>Non-Executive Director</i> ) Lutz Heese ( <i>Non-Executive Director</i> )  each of 2 Great Eastern Wharf, Parkgate Road, London SW11 4TT
<b>Proposed Directors</b>	James Nicholas Earle Thompson ( <i>Chief Executive</i> ) Raúl Morris Curiel ( <i>Executive Director</i> )  each of 14 Devonshire Street, London W1G 7AE
<b>Registered and Head Office</b>	2 Great Eastern Wharf Parkgate Road London SW11 4TT
<b>Company Secretary</b>	Patrick James Carter
<b>Financial Adviser to the Company</b>	Navigator Corporate Finance Limited Adam House 7-10 Adam Street London WC2N 6AA
<b>Sponsor</b>	Beaumont Cornish Limited Georgian House 63 Coleman Street London EC2R 5BB
<b>Solicitors to the Company</b>	Speechly Bircham 6 St Andrew Street London EC4A 3LX
<b>Reporting Accountants</b>	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
<b>Auditors to the Company</b>	Baker Tilly Registered Auditors 2 Bloomsbury Street London WC1 BST
<b>Principal Bankers to the Company</b>	Coutts & Co 440 Strand London WC2R OQS
<b>Registrars to the Company</b>	Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA

## PART I

### Letter from the Chairman of Aukett Group Plc

# AUKETT GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered 2155571)

*Directors:*

José Luis Ripoll  
Patrick James Carter  
Paul Rodney George Newman  
Stephen Alan Embley  
Gerald Kenneth Thomas Deighton  
Lutz Heese

*Registered and Head Office*

2 Great Eastern Wharf  
Parkgate Road  
London SW11 4TT

*Proposed Directors:*

James Nicholas Earle Thompson  
Raúl Morris Curiel

8 March 2005

*To the Shareholders and, for information only, to the holders of options under the Share Option Schemes*

Dear Shareholder

**Proposed acquisition of Fitzroy Robinson Limited, Change of Name,  
Proposed waiver of the requirements of Rule 9 of the City Code on Takeovers and Mergers  
Amendments to Articles of Association  
and  
Notice of Extraordinary General Meeting**

### 1. Introduction

On 30 November 2004, your Board announced that it was in negotiations relating to a potential acquisition by the Company of Fitzroy Robinson, the terms of which constitute a reverse takeover under the Listing Rules. The Company's Existing Ordinary Shares were accordingly suspended from the Official List and from trading on 30 November 2004, but are expected to be restored tomorrow.

Earlier today, the Company announced that it had reached conditional agreement to acquire Fitzroy Robinson for £2,277,663 (based on the share price at the close of business on 29 November 2004, being the day before the Suspension), to be satisfied by the issue to the Vendors of 72,392,431 New Ordinary Shares, representing approximately 49.99 per cent. of the Enlarged Share Capital, and £0.2 million of Loan Stock.

In view of its size, the Acquisition constitutes a reverse takeover pursuant to the Listing Rules and is conditional, *inter alia*, on the approval of the Company's Shareholders, which is to be sought at the Extraordinary General Meeting. At the Extraordinary General Meeting, the Company will also seek the approval of the Company's Shareholders for a waiver of the obligation that the Vendors of Fitzroy Robinson would otherwise have to make a mandatory cash offer for the Company pursuant to Rule 9 of the City Code.

Your Board also proposes to change the name of the Company to "Aukett Fitzroy Robinson Plc".

Aukett also announced today its results for the year ended 30 September 2004.

The purpose of this document is to provide you with details of the Acquisition, to explain why the Directors believe that the Acquisition is in the best interests of the Company and its Shareholders as a whole and to convene the Extraordinary General Meeting to seek your approval *inter alia* of the Acquisition and the Name Change.

## **2. Brief history and description of Aukett**

Aukett provides professional design services to the property and construction sectors. Its services principally comprise architecture, engineering, interior design, master planning and related disciplines. It has a network of overseas offices and informal arrangements with overseas partners that enables the Group to deliver projects for local and international clients throughout Europe.

The Aukett practice was founded in 1972 as an architectural and interior design partnership. Over the subsequent 16 years the practice was incorporated as a company and developed into a multidisciplinary integrated design operation by diversifying into associated disciplines such as engineering, landscaping, master planning and graphic design. In 1988, the Company listed on the Official List of the London Stock Exchange. Over the next 14 years, the Group expanded into Europe, opening offices in the Netherlands, Germany, Spain, France, the Czech Republic, Slovakia, Poland and Italy.

The added value the Group can offer to clients is two-fold. First, by using its professional expertise to facilitate the grant of planning permission for schemes, the Group can significantly increase the value of land on a developer's books. Secondly, the cost-effective and timely design and delivery of innovative schemes provide clients with a competitive edge. Fees are usually a negotiated percentage of the construction value of a project.

The Group actively works with a wide range of notable clients, many of whom have built up a long term relationship with the Group. Recent and on-going projects include the award winning interior fit-out of the head office of Diageo, fit-out of studios and offices for BskyB, design of a new headquarters building for Norwich Union, refurbishment of property owned by the Royal Bank of Scotland throughout southern UK and Europe, design of Camden Town tube station in London, creation of the new National Air Traffic Service headquarters in Portsmouth, business park developments for Akeler and Slough Estates, design of the Heritage and Technical Centre for Daimler Chrysler at the historic Brooklands racing track, design and fit-out of the Radisson SAS hotel at Stansted airport, development of the Royal Docks in London, design of mixed-use residential scheme for Asda on the Isle of Dogs in London and master planning the redevelopment and regeneration of the Millbay Docks area of Plymouth.

In recent years the Company's revenues declined first in the UK and then in Europe. Aukett's overdraft facility was increased from £1.0 million at 30 September 2000 to £2.3 million at 30 September 2001 and, following a write-off of some £1.3 million of work in progress, Aukett reported record pre-tax losses of £2.4 million for the year ended 30 September 2002. These events led to a restructuring of the Company and the disposal of the most significant loss making joint ventures, following which a pre-tax profit before exceptional items of £0.3 million (£0.2 million loss after exceptional items) was declared for the year ended 30 September 2003. In March 2004, as a significant shareholder in the Company, I called for an Extraordinary General Meeting that resulted in further Board changes, including my appointment as Chairman and Chief Executive.

## **3. Recent Financial Information on Aukett**

Aukett has today announced its results for the year ended 30 September 2004, which showed a pre-tax loss on ordinary activities of £1.2 million (2003: £0.2 million) and turnover of £12.1 million (2003: £13.6 million). Net assets at 30 September 2004 were £0.5 million (2003: £1.5 million), and net debt was £1.5 million (2003: £1.9 million). Within this net debt at 30 September 2004, £1.7 million related to a short-term net bank overdraft in the UK and £0.4 million to cash in overseas subsidiaries.

The financial information set out above has been extracted without material adjustment from the financial information on Aukett as set out in full in Part II of this document. Shareholders should read the whole of this document and not just rely on the key or summarised information.

Aukett's bank borrowings have been close to its facility limits for some time, and Aukett has had to manage its working capital accordingly. These circumstances have hampered the performance of the business and its ability to invest in the renewal of its infrastructure and in its staff.

The Group currently has an overdraft facility of £2.1million, which is repayable on demand and available until 31 March 2005. As explained further below, Aukett has agreed increased bank facilities, conditional on Completion. In the event that the Acquisition does not complete there is no guarantee that the existing banking facility would be extended and the Directors would have to consider the Company's future financial position with its bankers.

Aukett's annual report and accounts for the year ended 30 September 2004 will be posted to shareholders in due course.

#### **4. Background to the Acquisition**

The Directors believe that the Group's brand and design reputation is strong in its marketplace. In order to increase the value of the business and to take advantage of new business opportunities, the Board considers that it is necessary to increase the size and capabilities of the Company, either by an injection of further capital or by acquisition or merger.

Your Board has considered a number of alternative means of delivering this strategy and has determined that the best option in the interests of the Company and shareholders is the combination of its business with Fitzroy Robinson, an architectural practice also based in London. The Board believes that Fitzroy Robinson's practice complements Aukett's own business operations, that Aukett will benefit from Fitzroy Robinson's management team and financial stability and that there are commercial benefits to be derived from their combination that will enhance both businesses.

On 30 November 2004, in light of the stage of the negotiations then reached regarding the Acquisition, Aukett requested that its shares be suspended from the Official List and be suspended from trading by the London Stock Exchange, pending the publication of this document.

#### **5. Information on Fitzroy Robinson**

The Fitzroy Robinson Group provides architectural design, interior design, master planning and delivery services to major construction projects. Fitzroy Robinson was founded in 1955 and currently employs some 70 people.

Traditionally, Fitzroy Robinson concentrated its business on commercial office projects and has worked on a number of "keynote" buildings in the City and West End of London. During the last ten years the practice has diversified both geographically and in its market sectors, with a UK regional office being established in Bristol and the undertaking of a number of internationally based projects, mainly in Eastern Europe. In particular, Fitzroy Robinson acquired a Moscow-based architectural practice, Mikhail Mandrigin Associates, in 2003. The principal sectors in which Fitzroy Robinson's businesses operate include workplace, retail, interiors, executive architecture, heritage and hotels.

The type of building projects undertaken has been broadened in recent years and, in addition to its historical base, Fitzroy Robinson is widening its reputation in corporate office developments by moving into company headquarters and business parks. The practice has a number of longer-term clients including Great Portland Estates plc, Arlington Securities Limited, Fenwick Limited and Land Securities Plc. Fitzroy Robinson's design base has been strengthened through the further recruitment of an experienced designer.

Fitzroy Robinson's track record of work on major projects includes, in London, No.1 Knightsbridge, the Lanesborough Hotel, the Royal Exchange, the London Stock Exchange, and in the regions, Barclaycard's headquarters building in Northampton, British Telecom's headquarters office in Glasgow, the Arlington Business Park, Reading, the HBOS new regional headquarters for Clerical Medical in Bristol, and the award winning Grove Hotel in Hertfordshire.

#### **6. Financial information on Fitzroy Robinson**

Fitzroy Robinson's results for the three years to 30 April 2004 and the six months to 31 October 2004, summarised below, have been extracted without material adjustment from the Accountants' Report in Part III of this document. Shareholders should read the whole of this document and not just rely on the key or summarised information.



	<i>Year ended 30 April</i>		<i>Six months to</i>	
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>31 October</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	5,213	4,697	4,026	2,291
Operating profit	345	(891)	196	19
Profit/(loss) on ordinary activities before taxation	406	(852)	235	(195)
Cash at bank	1,213	751	942	659
Net assets	2,209	954	1,090	981

Tenant demand in the UK declined from 2001, which resulted in four key projects being put on hold. These projects have been instructed and are now underway. The operating profit for the year ended 30 April 2003 is stated after deducting a charge of £1,757,000 in relation to a contribution by Fitzroy Robinson to the trustees of the Fitzroy Robinson Employee Benefit Trust, which was paid to a former employee. As a private company, Fitzroy Robinson has varied payments to its owner-directors between salary and dividends, thereby giving rise to a profit trend that may not be representative of underlying performance.

## 7. Reasons for and benefits of the Acquisition

Your Board believes that, in order to strengthen and develop its business, the Company needs to grow by acquisition or merger. In particular, the Directors believe that the acquisition of Fitzroy Robinson will:

- Result in a larger, more financially stable business with a wider skill base, better able to compete for higher profile projects, thus meeting the aspirations of both Aukett and Fitzroy Robinson;
- Improve services to clients by giving them access to a larger pool of creative talent and a skill set that combines the strengths of both firms;
- Open up the potential for new business opportunities by taking advantage of a broadened client network, enhanced client services and wider geographical spread in both the UK and overseas. Aukett and Fitzroy Robinson currently have only a small number of overlapping clients.
- Enhance operational and financial management, achieved by adopting best practice and disciplines from both businesses;
- Improve Aukett's financial position by providing access to Fitzroy Robinson's cash balance and record of stronger financial management; and
- Offer a broad range of architectural and design services to the property and construction industry. Fitzroy Robinson has particular expertise with reference to in-town work, such as heritage (listed buildings) architecture and in City of London and West End commercial development, which is complementary to Aukett's strength in out-of-town business parks and non-central London developments.

It is the intention of the Board to integrate the businesses of Aukett and Fitzroy Robinson. Although this will give rise to significant non-recurring costs in the current financial year in relation to property and re-investment, it should be beneficial to the businesses overall and should facilitate economies of scale in the short to medium term.

## 8. Principal terms of the Acquisition

Aukett has conditionally agreed to acquire the entire issued share capital of Fitzroy Robinson for a consideration of £2,277,663 (based on the share price of the Company at the close of business on 29 November 2004, being the day before the Suspension) to be satisfied by the issue to the Vendors of 72,392,431 New Ordinary Shares, credited as fully paid (representing an interest in the issued share capital of Aukett of approximately 49.99 per cent. immediately following Completion) plus £0.2 million of Loan Stock. Details of the terms of the Acquisition are set out in paragraph 11 of Part V of this document.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the rights to dividends.

The Vendors have provided customary warranties and tax indemnities to the Company in connection with the Acquisition. The Vendors will only be liable for claims made by the Company under the warranties and tax indemnities in the Acquisition Agreement when such claims, each exceeding £100,000, exceed £2,000,000 in aggregate and will then only be liable for the excess up to £277,663, being the difference between the £2,000,000 threshold and the value of the aggregate consideration received by the Vendors under the Acquisition Agreement. The £2,000,000 liability threshold is higher, and the £277,663 cap on claims is lower, than customary for deals of this size. However, the Directors have accepted the threshold and cap given the Company's current financial position, the overall merits of the Acquisition and the nature of this transaction as a merger of two businesses for paper consideration into an Enlarged Group in which the Vendors will hold approximately 49.99 per cent. on Completion.

On Completion, Aukett will enter into service contracts with each of Nicholas Thompson and Raúl Curiel for their employment by the Company as Chief Executive Officer and Director of European Operations, respectively.

Further details of these service contracts are set out in paragraphs 8.1 and 8.2 of Part V of this document.

Following Completion, the Vendors have agreed that for a period of 2 years from Completion, subject to certain exceptions, each of them will not dispose of any of their Ordinary Shares in the Company.

## 9. The strategy for the Enlarged Group

The aspiration of the Enlarged Group is to become in due course a leading commercial European architectural practice. The Directors and Proposed Directors believe that the combination of Aukett and Fitzroy Robinson provides a basis on which to seek this goal.

The architectural market is fragmented with few barriers to entry at the smaller end of that market. However, the number of firms that can undertake the design and delivery of large commercial projects for multinational companies, especially on an international basis, is limited. The Directors and Proposed Directors believe that the combination of Aukett and Fitzroy Robinson will present an opportunity to become a key supplier of architectural services to larger commercial businesses in the UK and the rest of Europe.

In the commercial architectural market, large-scale and mixed-use developments are becoming more of the norm. Such projects require a depth of skill only generally available in larger practices with extensive technical skills. The Directors and the Proposed Directors believe that the Enlarged Group will be well placed to increase its market share of such work.

The Enlarged Group plans to focus on winning projects in the UK and on improving the performance of its existing European presence by a more focused strategy. The Directors and Proposed Directors believe that the position of the Enlarged Group will be enhanced by the potential benefits of the Acquisition, including the expansion of its core skills across a wider platform, the increase of its presence in more diversified markets and the use of a more focussed approach, to create a stronger European base. The Directors and the Proposed Directors believe that the service to clients will be strengthened by the benefits arising from the integration of the two practices. This will include increased investment in IT infrastructure, a greater pool of expertise and experienced professionals and improved financial stability.

In the immediate future, the principal focus will be on:

- Realising the financial benefits from the combination of the two businesses; and
- Lowering the operational cost basis through the consolidation of the London offices of the two businesses into one main site.

Once the above is achieved the Enlarged Group will seek to grow its business both organically and through the consideration of potential acquisitions, and seek to extend its UK regional presence in order to capture a larger share of domestic commercial projects. Other than the integration referred to above, the Enlarged Group intends to continue and to make no major changes to the businesses of both Aukett and Fitzroy Robinson and to uphold the employment rights of the employees of each respective company.

## 10. Bank facilities

The Company has agreed new bank facilities of £2.6 million, comprising a loan of £1.35 million, to partially refinance Aukett's existing overdraft, plus an overdraft facility of £1.25 million for the working capital requirements of the Enlarged Group. The only condition precedent remaining to be satisfied by the Company under the new bank facilities is Completion (which includes Admission). The loan is expressed to be repayable in instalments over 10 years. The overdraft facility is subject to usual banking terms, including repayment on demand, and reduces to a limit of £1 million after 12 months.

The Acquisition will therefore, enable the Enlarged Group to put its bank facilities onto a more commercially beneficial long-term basis. In view of the terms of the new banking facilities the Board has decided to ask Shareholders to approve an amendment to the existing articles of association of the Company by the deletion of the borrowing restrictions in Article 123. The relevant resolution to implement this change will be put to the Shareholders at the EGM.

The Company's existing banking facilities expire on 31 March 2005. In the event that the Acquisition does not complete there is no guarantee that the existing banking facility would be extended and the Directors would have to consider the Company's future financial position with its bankers. The Directors believe that the Company would in those circumstances be provided with additional time to evaluate the options going forward in respect of the future working capital needs of the Group.

## 11. The Board and Management

Immediately following Completion, the Board is expected to comprise four executives and two non-executives, as follows:

**José Luis Ripoll**, *Chairman, Arquitecto (aged 39)*. Jose Luis joined Aukett as Executive Chairman in 2004. He became a Spanish registered architect in 1990, training at the Madrid School of Architecture, and worked in the US and Europe before establishing the architectural practice "Imagina" in Madrid in 1992.

**Nicholas Thompson**, *Chief Executive, BSc (Hons), MBA, ACMA, (aged 50)*. Nicholas currently combines the roles of Managing Director and Finance Director at Fitzroy Robinson. He joined Fitzroy Robinson in 1994 and became Managing Director in 2002. In 1993 he led the finance team of Bernard Thorpe & Partners in a merger with DTC plc, to create one of the country's leading surveying practices – DTZ plc. He has also held posts at Elsworth Sykes Architecture Limited and CNC Properties plc.

**Patrick Carter**, *Group Finance Director and Company Secretary, LLB, ACA, (aged 35)*. Patrick joined Aukett in 2001 and is a chartered accountant and barrister. He was appointed company secretary in July 2002 and Group Finance Director in October 2002. Prior to joining Aukett, he worked at Deloitte & Touche.

**Raúl Curiel**, *Director of European operations, RIBA, M.ARCH, B.ARCH, (aged 58)*. Raúl has a Master of Architecture degree from the University of Minnesota. Thereafter, he practised for three years in Brazil, predominantly in the retail and residential sectors. In 1978 he joined Fitzroy Robinson in London, becoming its Chairman in 2002.

**Gerald Deighton**, *Non-executive director, RIBA, FCSD, FRSA, (aged 73)*. Gerry joined Aukett as a partner in 1976 and was appointed executive Chairman upon Aukett's flotation in 1988. He became non-executive Chairman in 1998 and retired in 2000. He rejoined the Company as a non-executive director in March 2004. He is a chartered architect and the former chief executive of the property division of Burton Group plc.

**Lutz Heese**, *Non-executive director, Dipl. Ing, Architekt, (aged 56)*. Lutz is the Chief Executive and owner of ABH-Architecturoburo Heese GmbH with whom Aukett established its joint ventures in Germany. He became a non-executive director in May 2004. He currently holds the presidency of the Bavarian Chamber of Architects in Germany.

Mr Paul Newman and Mr Stephen Embley, both currently executive directors of the Group, will step down from the Board following Completion of the Acquisition to concentrate on the development of the UK operation. They will continue to have key roles in the senior management of the Enlarged Group, as follows:

**Paul Newman**, *Chairman of the UK Operational Board, RIBA, BA (Arch) (aged 49)*. Paul joined Aukett in 1981 and is a chartered architect. Paul became a director of Aukett's main trading subsidiary in 1990, a group board director in June 2003 and Managing Director of UK operations in May 2004. It is intended that Paul will chair the UK operational board.

**Stephen Embley**, *Chairman of the UK Regional Management Board, RIBA, DipArch, (aged 47)*. Stephen is a chartered architect and joined Aukett in 1986. He was made a director of the UK operation in 1990 and has headed up the hotels and leisure business unit since May 2002. He was appointed to the Board in June 2003. It is intended that Stephen will be the Joint Managing Director of UK operations and will chair the UK regional board.

In order to ensure that responsibility and accountability rests at the appropriate level, the Group intends to set up separate Operational Boards at the UK and European level which will steer the day to day management of the geographical entities.

## 12. Corporate governance

The Board following Completion will comprise four executive directors and two non-executive directors. I have held both the Chairmanship and Chief Executive role since my appointment to the Board in March 2004. As part of this transaction, I will step down as Chief Executive and James Nicholas Earle Thompson will be appointed to take my place in that role.

The Directors recognise the value of the Principles of Good Governance and the Combined Code on Corporate Governance published in July 2003 by the Financial Reporting Council.

On Admission, the Company will be in compliance with the Combined Code, except as disclosed and explained below.

The Board has established the following committees with formally delegated duties and responsibilities:

### *Audit Committee*

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

### *Nomination Committee*

The Nomination Committee comprises the two non-executive directors and the Chief Executive Officer. It is chaired by Mr Deighton and is responsible for nominating new candidates for appointment to the Board. Formal selection criteria and procedures are agreed in advance of any new appointment.

### *Remuneration Committee*

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

The Company has adopted and will operate a share dealing code for Directors and senior executives in accordance with the Model Code as is set out in the Listing Rules.

### 13. Current trading and prospects

Aukett's UK trading since 30 September has been in line with its budgets, however, the Group's performance continues to be hampered by its high fixed costs relative to the size of the business, its overseas performance and lack of financial resources. Fitzroy Robinson has traded satisfactorily since 31 October 2004 and continues to retain its positive cashflow.

The nature of the Enlarged Group's business is such that there are inherent uncertainties in its forecasts, the projected working capital requirement being largely dependent on the timing of major new projects and the cash flows arising therefrom.

The Enlarged Group operates within the support services sector where the intellectual capital of employees is a key asset. The loss of one or more of the Group's senior management team may have a medium term impact on the business if their knowledge-base cannot be replaced.

The Board believes that it has a strategy to achieve growth by means of capitalising on the synergies and market opportunities arising from the Acquisition, especially in its core UK markets. The European operations remain fragile and close management attention is required to stem losses and regain the focus on sustainable growth overseas. The Board believe that there is now a clear way forward and, whilst the Board remains cautious about the pace of development in the coming year, the Enlarged Group is looking ahead to the opportunity to develop a more stable and prosperous business.

### 14. Change of name

It is proposed to change the name of the Company to "Aukett Fitzroy Robinson Plc" following Completion. The relevant resolution to implement the Name Change will be put to the Shareholders at the EGM.

### 15. City Code on Takeovers and Mergers

The City Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by both the UK government and other UK regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the UK should conduct themselves in matters relating to takeovers in accordance with high business standards and so according to the City Code.

The City Code is issued and administered by the Panel. The City Code applies to all takeovers and merger transactions, however effected, where the offeree company is *inter alia* a listed or unlisted public company resident in the UK and to certain categories of private limited companies. Aukett is such a company and its shareholders are entitled to the protections afforded by the City Code.

**Under Rule 9, any person who acquires shares which taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all remaining shareholders to acquire their shares. Similarly, where any person, together with persons acting in concert with him, already holds shares carrying more than 30 per cent. but not more than 50 per cent. of such a company's voting rights, and such person, or any other person acting in concert with him, acquires additional shares which increase his or their percentage of the voting rights of such company, a general offer will normally be required.**

An offer under Rule 9 must be in cash and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any persons acting in concert with him.

Under the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. The Panel has deemed the Vendors to be acting in concert for the purposes of the City Code and for this purpose they are herein referred to as "the Concert Party".

No member of the Concert Party currently has an interest in the share capital of the Company. On completion of the Acquisition, the members of the Concert Party will hold 72,392,431 Ordinary Shares in aggregate, representing approximately 49.99 per cent. of the Enlarged Share Capital. The shareholdings of each member of the Concert Party immediately following completion of the Acquisition are set out under the heading "Information on the Concert Party" and in paragraph 5 of Part V of this Document.

Further information on the members of the Concert Party is set out in paragraph 5 of Part V of this document.

Accordingly, the issue of the New Ordinary Shares to the Concert Party would normally give rise to an obligation on the Concert Party to make a Rule 9 offer to the Shareholders.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the Acquisition subject to the passing on a poll by Shareholders (who for the avoidance of doubt do not include members of the Concert Party) of Resolution 6 set out in the Notice of Extraordinary General Meeting at the end of this document.

Following Completion, the members of the Concert Party will between them own or control more than 30 per cent. but not more than 50 per cent. of the issued voting share capital of the Company and accordingly, under the City Code, whilst they continue to be treated as acting in concert any further increase in that aggregate shareholding will be subject to the provisions of Rule 9 of the City Code.

No member of the Concert Party has purchased Ordinary Shares in the 12 months preceding the date of this document. The Rule 9 waiver will be invalid if purchases of Ordinary Shares are made by any member of the Concert Party in the period between the date of this document and the EGM. Each member of the Concert Party has undertaken to the Company that he will not make any such purchases of Ordinary Shares.

## **16. Extraordinary General Meeting**

In view of its size, the Acquisition is conditional on the approval of Shareholders. Shareholder approval is also required in view of the Rule 9 waiver described above. A notice convening an extraordinary general meeting of the Company is set out at the end of this document. The EGM will take place at 11.00 a.m. on 30 March, 2005 at the offices of Speechly Bircham, 6 St. Andrew Street, London EC4A 3LX to consider the following resolutions:

- Resolution 1** to approve the proposed Acquisition;
- Resolution 2** to approve the waiver from the Panel (referred to in paragraph 15 above) in relation thereto of any obligation for the Concert Party to make a general offer to Shareholders under Rule 9 which may otherwise arise shortly following Completion;
- Resolution 3** to permit the Company to proceed with the Acquisition and the issue of New Ordinary Shares in accordance with Rule 21 of the City Code in the circumstances where the Company has been in receipt of an approach made by a third party which may or may not lead to a formal offer for the Company, as referred to in the second paragraph of section 19 below. This resolution is simply to enable the Company, in making the Acquisition, to comply with the requirements of the City Code.
- Resolution 4** to amend the articles of association of the Company by removing the restriction on borrowing, as detailed in paragraph 10 above;
- Resolution 5** subject to the approval of resolutions 1, 2 and 3 above and subject to Admission, the authorised share capital of the Company be increased from £1,454,160.00 to £1,464,677.81 representing an increase of 0.73 per cent. by the creation of an additional 1,051,781 New Ordinary Shares in order to provide sufficient authorised share capital for the Acquisition and to allot equity securities pursuant to the exercise of options under the Share Option Schemes;

- Resolution 6** subject to the approval of resolutions 1, 2 and 3 above and subject to Admission, the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to allot the New Ordinary Shares and any other relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £740,463.87, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2005;
- Resolution 7** subject to the approval of resolutions 1, 2 and 3 above and subject to Admission, the Directors be empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 96 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if Section 89(1) of the Act did not apply to any such allotment PROVIDED THAT the power be limited to:
- (i) the allotment of the New Ordinary Shares; and
  - (ii) the allotment (other than pursuant to (i)) of Ordinary Shares pursuant to certain option agreements described in paragraph 4 of Part VI of this document;
- Resolution 8** subject to the approval of resolutions 1, 2 and 3 above and subject to Admission, to approve the Name Change;

#### **17. Action to be taken**

You will find enclosed with this document a pink Form of Proxy for use at the Extraordinary General Meeting to be held at 11.00 a.m. on 30 March 2005. Whether or not you intend to be present at this meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon and return it to Lloyds TBS Registrars, The Causeway, Worthing, West Sussex BN99 6ZL as soon as possible, and in any event so as to arrive no later than 11.00 a.m. on 28 March 2005. Completion and return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person should you so wish.

#### **18. Further information**

Your attention is drawn to the further information set out in Parts II to V of this document.

#### **19. Key Points for Shareholder Consideration**

You should note that, as referred to above, the Group has only agreed ongoing banking facilities necessary for its business on the basis that the Acquisition proceeds. Furthermore, the “going concern” basis upon which the financial statements to 30 September 2004 have been prepared, as explained in paragraph 2.1 of Part II of this document, is considered appropriate by the Directors on the basis that the Acquisition is completed.

Shortly before entering into the Acquisition Agreement, the Company received an approach from SMC Group plc requesting information pursuant to the provisions of the Code that may or may not lead to an alternative proposal to the Acquisition. This recent approach (which could lead to an offer) does not provide at this stage any indication as to the form, structure, price and/or other terms and conditions that may result from the approach. The Board has nevertheless decided to proceed with the Acquisition, given that this alternative approach is at an early stage and in the light of the Company’s financial position. In the light of this approach, it is a requirement under Rule 21 of the City Code that the Acquisition be approved by Shareholders and, accordingly, Resolution 3 will be proposed at the EGM.

The Acquisition will provide the Company and its shareholders with certainty that the Board will be able to implement its strategy of carrying out a transaction to further the development of the Group.

#### **20. Recommendation**

The Directors consider, in all the circumstances, that the terms of the Acquisition are fair and reasonable so far as concerns shareholders as a whole. The Directors have sought advice from Navigator Corporate Finance Limited, who concur with this view, having advised the Directors

that the warranty arrangements under the Acquisition Agreement as described in section 8 have limitations that are both substantial and non customary for a transaction of this nature, on the basis of the Board's view that the Company's financial circumstances are such that in negotiations with the Vendors it had to accept these limitations. The Directors have also accepted these warranty limitations given the overall merits of the Acquisition and the nature of this transaction as a merger of two businesses for paper consideration into an Enlarged Group in which the Vendors will hold approximately 49.99 per cent. on Completion. In providing its advice, Navigator Corporate Finance Limited has taken into account the Directors' commercial assessments.

**The Directors consider, and have been so advised by Navigator Corporate Finance Limited, that the waiver of the Vendor's general obligation to make a general offer for the Company under the Code is fair and reasonable so far as it concerns shareholders as a whole. In providing its advice, Navigator Corporate Finance Limited has taken into account the Directors' commercial assessments.**

**The Directors believe that the Acquisition, the increase in share capital and authorisation to allot shares as detailed in paragraph 16 above, the Name Change and the changes to the articles of association of the Company are in the best interests of the Company and its Shareholders as a whole and unanimously and strongly recommend you to VOTE IN FAVOUR OF THE RESOLUTIONS. Each of the Directors who is a Shareholder has irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial and non-beneficial shareholdings, together being 12,264,777 Ordinary Shares, representing in aggregate 16.93 per cent. of the Company's Existing Ordinary Shares.**

Yours faithfully

José Luis Ripoll  
*Chairman*



## PART II

### Financial Information on Aukett

#### 1. Nature of Financial Information

The financial information contained in this Part II has been extracted without material adjustment from the audited consolidated financial statements of the Aukett Group for each of the three years ended 30 September 2004. The financial information contained in this Part II does not constitute statutory accounts within the meaning of section 240 of the Act.

Statutory accounts of the Aukett Group for each of the three years ended 30 September 2002, 2003 and 2004 have been delivered to the Registrar of Companies. Unqualified audit reports, as defined by section 234 of the Act, which did not contain a statement under sections 237(2) or 237(3) of the Act, have been given by Auketts auditors, Baker Tilly, Chartered Accountants and Registered Auditors, 2 Bloomsbury Street, London WC1B 3ST for the years ended 30 September 2004 and 2003 and by KPMG Audit Plc, Chartered Accountants and Registered Auditors, 8 Salisbury Square, London EC4Y 8BB for the year ended 30 September 2002.

#### 2. Accounting Policies

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

##### 2.1 *Basis of preparation*

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

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

##### 2.2 *Basis of consolidation*

The consolidated financial information incorporates the accounts of the Company and its subsidiaries. The consolidated profit and loss account also includes the Group's share of the results of all associated undertakings as defined by the Companies Act 1985. In accordance with FRS9, Associates and Joint Ventures, those associated undertakings which the Group jointly controls with another party are classified as joint ventures, whereas those in which the Group exercises significant influence without joint control are classified as associates.

##### 2.3 *Goodwill*

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

##### 2.4 *Foreign currency*

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

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

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

2.5 *Turnover and work done*

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

2.6 *Pensions*

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

2.7 *Tangible fixed assets*

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

	<i>Rate</i>	<i>Method</i>
Leasehold improvements	Over unexpired term of lease	Straight line
Furniture and equipment:		
furniture and fittings	10 per cent. p.a.	Straight line
computer equipment	20 per cent. p.a.	Straight line
telephone equipment	15 per cent. p.a.	Straight line
assets held under finance leases	Over unexpired term of lease	Straight line
Motor vehicles	25 per cent. p.a.	Reducing balance

2.8 *Leased assets*

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

2.9 *Deferred taxation*

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

### 3. Consolidated Profit and Loss Accounts

		<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
<b>Group turnover</b>	8.1	11,818	14,032	13,677
Movement in amounts recoverable on contracts	8.1	<u>257</u>	<u>(477)</u>	<u>(575)</u>
<b>Group work done</b>	8.1	<u>12,075</u>	<u>13,555</u>	<u>13,102</u>
<b>Group operating (loss)/profit before exceptional operating charges</b>	8.2	(406)	530	(1,337)
Exceptional operating charges:				
Impairment of goodwill in subsidiaries	8.3	(236)	—	—
Costs relating to acquisition		(200)	—	—
Costs relating to extraordinary general meeting		<u>(210)</u>	<u>—</u>	<u>—</u>
<b>Group operating (loss)/profit</b>		(1,052)	530	(1,337)
Share of operating (loss)/profit in joint ventures and associate		31	(3)	(568)
Exceptional charges:				
Impairment of goodwill in joint ventures	8.3	—	—	(333)
Loss on disposal of joint ventures		<u>—</u>	<u>(465)</u>	<u>—</u>
<b>(Loss)/profit on ordinary activities before interest</b>		(1,021)	62	(2,238)
Net interest payable	8.4	<u>(135)</u>	<u>(219)</u>	<u>(209)</u>
<b>(Loss)/profit on ordinary activities before tax</b>	8.5	(1,156)	(157)	(2,447)
Tax credit/(charge) on (loss)/profit on ordinary activities	8.7	<u>143</u>	<u>62</u>	<u>77</u>
<b>Retained (loss)/profit of the Group and its share of joint ventures and associate</b>	8.19	<u>(1,013)</u>	<u>(95)</u>	<u>(2,370)</u>
(Loss)/earnings per share	8.8			
Basic		(1.40p)	(0.13p)	(3.27p)
Diluted		(1.40p)	(0.13p)	(3.27p)

#### 4. Consolidated Balance Sheets

		<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
	<i>Note</i>			
<b>Fixed assets</b>				
Intangible assets	8.9	204	503	595
Tangible assets	8.10	363	679	1,120
Investments in joint ventures:	8.11			
Share of gross assets		357	349	242
Share of gross liabilities		(308)	(311)	(213)
		49	38	29
Investment in associate	8.11	29	28	25
		645	1,248	1,769
Debtors	8.13	5,514	6,239	6,624
Cash and bank in hand		404	246	429
Creditors falling due within one year	8.14	(5,989)	(6,092)	(7,488)
<b>Net current (liabilities)/assets</b>		(71)	393	(435)
<b>Total assets less current liabilities</b>		574	1,641	1,334
Creditors falling due after one year	8.15	(53)	(148)	(232)
<b>Net assets</b>		521	1,493	1,102
<b>Capital and reserves</b>				
Share capital	8.18	724	724	724
Share premium account	8.19	1,794	1,794	1,794
Profit and loss account	8.19	(1,997)	(1,025)	(1,416)
<b>Equity shareholders' funds</b>		521	1,493	1,102

## 5. Consolidated Cash Flow Statements

		<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	8.22	523	746	(205)
<b>Returns on investments and servicing of finance</b>		(135)	(218)	(198)
<b>Taxation</b>		73	(9)	(286)
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(14)	(9)	(91)
<b>Acquisitions and disposals</b>				
Investments in subsidiary undertakings		—	—	(3)
Investment in joint ventures		—	—	(2)
Disposal of investment in joint venture		—	28	—
		—	28	(5)
<b>Net cash inflow/(outflow) before financing</b>		447	538	(785)
<b>Financing</b>				
Issue of ordinary shares		—	—	—
Repayment of loans		(40)	(120)	(80)
Principal repayments under hire purchase contracts and finance leases		(147)	(328)	(460)
<b>Net cash outflow from financing</b>		(187)	(448)	(540)
<b>Increase/(decrease) in cash</b>		260	90	(1,325)
<b>Reconciliation of net cash flow to movement in net debt</b>				
Increase/(decrease) in cash for the period		260	90	(1,325)
Cash outflow from decrease in debt		187	448	540
New finance leases		—	(59)	(283)
Movement in net debt during the period		447	479	(1,068)
Net debt at beginning of period		(1,911)	(2,390)	(1,322)
<b>Net debt at end of period</b>	8.23	(1,464)	(1,911)	(2,390)

## 6. Statement of Total Recognised Gains and Losses

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
(Loss)/profit for the period	(1,013)	(95)	(2,370)
Foreign exchange differences	<u>41</u>	<u>69</u>	<u>—</u>
Total gains and losses recognised in the period	<u><u>(972)</u></u>	<u><u>(26)</u></u>	<u><u>(2,370)</u></u>

## 7. Reconciliation of movements in Shareholders' Funds

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
Shareholders' funds at beginning of period	1,493	1,102	3,472
Exchange movement	41	69	—
Reinstatement of goodwill written off to reserves	—	417	—
(Loss)/profit attributable to shareholders	<u>(1,013)</u>	<u>(95)</u>	<u>(2,370)</u>
Shareholders' funds at end of period	<u><u>521</u></u>	<u><u>1,493</u></u>	<u><u>1,102</u></u>

## 8. Notes to the Financial Information

### 8.1 *Turnover and work done*

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

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
<b>Turnover</b>			
United Kingdom	9,918	12,152	11,055
Rest of Europe	2,655	3,484	4,544
Less: Share of joint ventures	(498)	(1,204)	(1,738)
Share of associate	(257)	(400)	(184)
	<u>1,900</u>	<u>1,880</u>	<u>2,622</u>
Group turnover	<u><u>11,818</u></u>	<u><u>14,032</u></u>	<u><u>13,677</u></u>
<b>Movement in amounts recoverable on contracts</b>			
United Kingdom	325	(535)	(1,159)
Rest of Europe	(138)	27	303
Less: Share of joint ventures	63	37	262
Share of associate	7	(6)	19
	<u>(68)</u>	<u>58</u>	<u>584</u>
Group movement in amounts recoverable on contracts	<u><u>257</u></u>	<u><u>(477)</u></u>	<u><u>(575)</u></u>
<b>Work done</b>			
United Kingdom	10,243	11,617	9,896
Rest of Europe	2,517	3,511	4,847
Less: Share of joint ventures	(435)	(1,167)	(1,476)
Share of associate	(250)	(406)	(165)
	<u>1,832</u>	<u>1,938</u>	<u>3,206</u>
Group work done	<u><u>12,075</u></u>	<u><u>13,555</u></u>	<u><u>13,102</u></u>

## 8.2 Group operating profit/(loss) before exceptional charges:

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Group work done	12,075	13,555	13,102
Other income	172	—	—
Staff costs (see note 8.6)	(6,927)	(7,342)	(7,471)
Amortisation of goodwill (see note 8.9)	(63)	(92)	(29)
Depreciation (see note 8.10)	(336)	(509)	(651)
Other operating charges	<u>(5,327)</u>	<u>(5,082)</u>	<u>(6,288)</u>
Group operating profit/(loss) before exceptional charges	<u>(406)</u>	<u>530</u>	<u>(1,337)</u>

## 8.3 Exceptional charges

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

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

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

The loss recorded in 2003 on disposal of joint ventures comprises a £417,000 loss from the disposal of the Group's interest in the share capital of Aukett Imagina SL and a loss of £48,000 arising on the effective disposal of Aukett Art & Build SELARL. Further details are set out in note 8.12.

## 8.4 Net interest payable

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Interest on bank loan and overdrafts wholly repayable within five years	106	148	126
Finance lease and hire purchase interest	28	54	67
Other interest payable and similar charges	13	20	76
Interest receivable	<u>(12)</u>	<u>(3)</u>	<u>(60)</u>
	<u>135</u>	<u>219</u>	<u>209</u>

## 8.5 (Loss)/profit on ordinary activities before taxation

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

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
United Kingdom	573	1,271	(1,660)
Rest of Europe			
Company and subsidiaries	(392)	(337)	(219)
Share of joint ventures	28	(4)	(529)
Share of associate	1	1	(39)
	<u>(363)</u>	<u>(340)</u>	<u>(787)</u>
Corporate costs	(720)	(623)	—
Impairment of goodwill	(236)	(417)	—
Other exceptional items	<u>(410)</u>	<u>(48)</u>	<u>—</u>
Group total	<u>(1,156)</u>	<u>(157)</u>	<u>(2,447)</u>

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

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
Goodwill:			
amortisation	63	92	29
impairment	236	—	333
Depreciation:			
owned assets	184	183	195
leased assets	152	326	456
Operating lease rentals:			
hire of plant and equipment	76	173	137
other	685	663	629
Auditors' remuneration			
audit services	47	70	74
other services	19	28	25
	<u>          </u>	<u>          </u>	<u>          </u>

#### 8.6 *Employees*

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

	<i>Year ended</i> 30 September 2004	<i>Year ended</i> 30 September 2003	<i>Year ended</i> 30 September 2002
Professional	153	165	172
Administrative	36	35	46
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>189</u>	<u>200</u>	<u>218</u>

The costs of employing the above staff were as follows:

	£'000	£'000	£'000
Basic remuneration	5,948	6,297	6,390
Performance related bonuses	26	29	24
Social security costs	697	735	666
Other pension costs	256	281	391
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>6,927</u>	<u>7,342</u>	<u>7,471</u>

Total remuneration paid to, or receivable by, directors in respect of qualifying service was as follows:

	£'000	£'000	£'000
Basic remuneration	456	320	376
Performance related bonuses	11	10	—
Benefits	49	39	50
Long term incentive plan	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>
	516	369	426
Pension contributions	46	67	85
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>562</u>	<u>436</u>	<u>511</u>



The Group purchased management consultancy services on an arm's length basis from an entity controlled by a former non-executive director as follows:

	£'000	£'000	£'000
Fees	<u>—</u>	<u>18</u>	<u>15</u>

Compensation for loss of office amounting to £41,000 was paid or accrued in 2004.

#### 8.7 Tax credit/(charge) on (loss)/profit on ordinary activities

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
UK corporation tax at 30 per cent. based on the (loss)/profit for the period	—	—	64
Overseas tax credit/(charge)	118	118	(23)
Adjustments in respect of previous years	—	—	(84)
Share of tax of joint ventures and associates	<u>(1)</u>	<u>(19)</u>	<u>10</u>
Current tax credit/(charge) for the period	117	99	(33)
Deferred tax (note 8.17)	<u>26</u>	<u>(37)</u>	<u>110</u>
	<u>143</u>	<u>62</u>	<u>77</u>
Reconciliation of tax charge:			
Tax credit on loss on ordinary activities before tax at the standard tax rate of 30 per cent.	347	47	734
Effects of:			
Non-deductible expenses	(93)	(40)	(329)
Depreciation	(43)	(46)	(44)
Capital allowances	24	31	40
Adjustment to previous periods	—	—	(84)
Tax losses utilised/(carried forward)	(123)	82	(350)
Differences in overseas tax rates	<u>5</u>	<u>25</u>	<u>—</u>
Current tax credit/(charge) for the period	<u>117</u>	<u>99</u>	<u>(33)</u>

#### 8.8 (Loss)/earnings per share

	<i>Year ended</i> 30 September 2004 £'000	<i>Year ended</i> 30 September 2003 £'000	<i>Year ended</i> 30 September 2002 £'000
The (loss)/earnings per share are calculated on the basis of:			
(Loss)/profit attributable to equity shareholders	(1,013)	(95)	(2,370)
	No.	No.	No.
Weighted average number of shares in issue	72,421,394	72,421,394	72,421,394

Taking account of dilutive potential ordinary shares in accordance with FRS 14, Earnings per Share, there is no additional dilution to report in the years ended 30 September 2004, 2003 or 2002.

## 8.9 Intangible fixed assets

	<i>Goodwill</i> £'000
<b>Cost</b>	
At 1 October 2001	1,093
Additions	—
At 1 October 2002	1,093
Additions	—
At 1 October 2003	1,093
Additions	—
At 30 September 2004	<u>1,093</u>
<b>Amortisation</b>	
At 1 October 2001	136
Charge for the period	29
Exceptional charge – impairment of goodwill	333
At 1 October 2002	498
Charge for the period	92
At 1 October 2003	590
Charge for the period	63
Exceptional charge – impairment of goodwill	236
At 30 September 2004	<u>889</u>
<b>Net book value</b>	
At 30 September 2004	<u>204</u>
At 30 September 2003	<u>503</u>
At 30 September 2002	<u>595</u>

## 8.10 Tangible fixed assets

	<i>Leasehold improvements</i> £'000	<i>Furniture &amp; equipment</i> £'000	<i>Motor vehicles</i> £'000	<i>Total</i> £'000
<b>Cost</b>				
At 1 October 2001	234	3,271	20	3,525
Foreign exchange translation	—	(88)	—	(88)
Additions	23	352	—	375
At 1 October 2002	257	3,535	20	3,812
Foreign exchange translation	—	29	—	29
Additions	—	113	—	113
Disposals	—	(162)	(11)	(173)
At 1 October 2003	257	3,515	9	3,781
Foreign exchange translation	—	(15)	—	(15)
Additions	—	23	—	23
Disposals	—	—	—	—
At 30 September 2004	257	3,523	9	3,789
<b>Depreciation</b>				
At 1 October 2001	49	2,027	11	2,087
Foreign exchange translation	—	(46)	—	(46)
Charge for the period	18	630	3	651
At 1 October 2002	67	2,611	14	2,692
Foreign exchange translation	—	19	—	19
Charge for the period	16	492	1	509
Disposals	—	(111)	(7)	(118)
At 1 October 2003	83	3,011	8	3,102
Foreign exchange translation	—	(12)	—	(12)
Charge for the period	66	269	1	336
Disposals	—	—	—	—
At 30 September 2004	149	3,268	9	3,426
<b>Net book value</b>				
At 30 September 2004	108	255	—	363
At 30 September 2003	174	504	1	679
At 30 September 2002	190	924	6	1,120

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

## 8.11 Fixed asset investments

	<i>Joint ventures £'000</i>	<i>Associate £'000</i>	<i>Total £'000</i>
At 1 October 2001	28	74	102
Additions	3	—	3
Profit on disposal	22	—	22
Foreign exchange adjustment	(31)	(10)	(41)
Share of retained loss	(542)	(39)	(581)
At 1 October 2002	(520)	25	(495)
Profit on disposal	450	—	450
Foreign exchange adjustment	(8)	2	(6)
Share of retained (loss)/profit	(24)	1	(23)
At 1 October 2003	(102)	28	(74)
Profit on disposal	—	—	—
Foreign exchange adjustment	1	(1)	—
Share of retained (loss)/profit	28	2	30
At 30 September 2004	<u>(73)</u>	<u>29</u>	<u>(44)</u>
At 30 September 2002:			
Represented by:			
Interest in net assets	29	25	54
Interest in net liabilities (note 8.14)	(549)	—	(549)
	<u>(520)</u>	<u>25</u>	<u>(495)</u>
At 30 September 2003:			
Represented by:			
Interest in net assets	38	28	66
Interest in net liabilities (note 8.14)	(140)	—	(140)
	<u>(102)</u>	<u>28</u>	<u>(74)</u>
At 30 September 2004:			
Represented by:			
Interest in net assets	49	29	78
Interest in net liabilities (note 8.14)	(122)	—	(122)
	<u>(73)</u>	<u>29</u>	<u>(44)</u>

Investments comprise the following companies:

<i>Name</i>	<i>Nature of business</i>	<i>Class and proportion of shares held</i>
<i>Subsidiaries</i>		
<b>Aukett Limited</b> (registered in England & Wales)	Design consultancy in the United Kingdom	100% ordinary*
<b>Aukett sro</b> (incorporated in the Czech Republic with issued share capital of CZK 100,000)	Design consultancy in the Czech Republic	100% ordinary*
<b>Aukett Slovensko sro</b> (incorporated in Slovakia with issued share capital of SKK 200,000)	Design consultancy in Slovakia	100% ordinary**
<b>Aukett bv</b> (incorporated in the Netherlands with issued share capital of 120 Dfl 1,000 shares)	Design consultancy in the Netherlands	100% ordinary*

<i>Name</i>	<i>Nature of business</i>	<i>Class and proportion of shares held</i>
<i>Subsidiaries (continued)</i>		
<b>Aukett Polska sp. z o. o.</b> (incorporated in Poland with issued share capital of 1,500 PLN 100 shares)	Design consultancy in Poland	100% ordinary*
<b>Aukett d.o.o</b> (incorporated in Croatia with issued share capital of 20,000 Kuna)	Design consultancy in Croatia	100% ordinary*

All subsidiaries have been included in the consolidated Group figures.

#### *Joint Ventures*

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

#### *Associate*

<b>Aukett + Heese GmbH</b> (incorporated in Germany with issued share capital of DM 120,000)	Design consultancy in Germany	25% ordinary*
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\* Investment held by Company

\*\* Investment held by subsidiary

### 8.12 *Disposal of joint ventures*

#### *Spain: Aukett Imagina SL*

On 16 July 2003 the Group sold its 50 per cent. interest in the ordinary share capital of Aukett Imagina SL to its Joint Venture partner in Spain, Imagina Management SL, for cash consideration of €40,000 (£28,000) and the assumption by Imagina Management SL of all liabilities. At the date of the disposal, the share of the cumulative losses of the undertaking recorded in the group's books amounted to £168,000.

Goodwill of £417,000, which relates to the acquisition of the first tranche of Aukett Imagina SL, was eliminated against reserves in accordance with SSAP 22 in the financial year ended 30 September 1998. On disposal of the Group's interest in Aukett Imagina SL, FRS 10 Accounting for Goodwill, requires that goodwill previously eliminated directly against reserves is brought into the profit and loss account as a component of the profit and loss on disposal (see note 8.19). In 2003 this gave rise to an exceptional loss on disposal which is offset against a corresponding movement in reserves.

#### *France: Aukett Art & Build SELARL*

The Group no longer exercises either joint control or significant influence over Aukett Art & Build SELARL. In accordance with FRS 9, it is no longer appropriate to treat the entity as either a joint venture or as an associate. Consequently, the entity has been accounted for as a simple investment and all liabilities, to the extent that the Group is obliged to pay, have been provided. At the effective date of the loss of influence, the share of the cumulative losses of the undertaking recorded in the Group's books amounted to £282,000.

### 8.13 Debtors

	30 September 2004 £'000	30 September 2003 £'000	30 September 2002 £'000
Amounts recoverable on contracts	457	435	695
Trade debtors	3,848	4,678	4,379
Amounts owed by associated undertakings (including joint ventures and the associate)	330	264	703
Corporation tax	152	—	—
Deferred tax asset (note 8.17)	99	73	110
Other debtors	147	233	230
Prepayments and accrued income	481	556	507
	<u>5,514</u>	<u>6,239</u>	<u>6,624</u>
Amounts recoverable on contracts:			
Value of work done	18,692	18,090	19,285
Fees rendered on account	(18,235)	(17,655)	(18,590)
	<u>457</u>	<u>435</u>	<u>695</u>

### 8.14 Creditors: amounts due within one year

	30 September 2004 £'000	30 September 2003 £'000	30 September 2002 £'000
Bank loans and overdrafts (see below)	1,729	1,871	2,264
Hire purchase and finance lease creditor	86	138	323
Trade creditors	999	993	1,509
Payments on account	1,211	1,446	1,229
Corporation tax	—	49	52
Other taxes and social security	806	763	926
Interest in net liabilities of joint ventures (note 8.11)	122	140	549
Other creditors and accruals	1,034	692	636
	<u>5,989</u>	<u>6,092</u>	<u>7,488</u>
Payments on account:			
Value of work done	8,097	5,006	7,724
Fees rendered on account	(9,308)	(6,452)	(8,953)
	<u>(1,211)</u>	<u>(1,446)</u>	<u>(1,229)</u>

There are no outstanding contributions payable to the Company's pension schemes (2003: £nil; 2002: £17,000).

Included within bank loans and overdraft is an amount of £nil representing instalments payable on a loan from Coutts & Co (2003: £40,000 2002: £160,000). The loan was fully repaid in October 2003.

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

### 8.15 Creditors: amounts due after one year

	30 September 2004 £'000	30 September 2003 £'000	30 September 2002 £'000
Hire purchase and finance lease creditor:			
wholly repayable between one and two years	44	85	123
repayable by instalments between two and five years	9	63	109
	<u>53</u>	<u>148</u>	<u>232</u>

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

### 8.16 Derivatives and other financial instruments

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

The Group's exposure to market price risk arises from foreign currency and interest rate fluctuations. The Board's policy towards currency risk, which usually relates to the Group's foreign currency earnings, is to minimise all exposures that are likely to impact on reported profit by utilising matching foreign currency contracts or cash or overdraft balances. At 30 September 2004 the Group's assets included net foreign currency debtor balances amounting to £508,000. The underlying value of the Group's foreign currency investments, being predominately the subsidiaries in Amsterdam and Prague, are not protected against exchange rate fluctuations. This matter remains under review.

The Group's borrowings are arranged such that, in the opinion of the directors, interest rate exposure is minimised as far as possible.

The Group's long term borrowings consist of fixed rate hire purchase agreements and finance leases. Details of these financial liabilities are disclosed in notes 8.14 and 8.15 above. Short term flexibility in liquid resources is achieved by overdraft facilities.

On approval by shareholders of the acquisition of Fitzroy Robinson Limited, the facilities where all conditions precedent will have been met will comprise an overdraft facility of £1.25 million and a loan of £1.35 million repayable over 10 years from date of grant.

The Group has overdraft facilities in Sterling or Euro, where all conditions precedent have been met up to £2.1million, expiring on 31 March 2005.

### 8.17 Deferred tax asset

	30 September 2004 £'000	30 September 2003 £'000	30 September 2002 £'000
Balance at start of period	73	110	—
Increase in asset	26	—	110
Released to profit and loss account	—	(37)	—
Balance at end of period	<u>99</u>	<u>73</u>	<u>110</u>

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

### 8.18 Called up share capital

	30 September 2004 No. '000	30 September 2003 No. '000	30 September 2002 No. '000
Ordinary shares of 1p each			
Authorised:	145,416	145,416	145,416
Allotted, called up and fully paid:	72,421	72,421	72,421

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

<i>No. of Shares</i>	<i>Exercise Price</i>	<i>Earliest Exercisable Date</i>	<i>Date of Expiry</i>
27,436	7.00p	24 December 1999	23 December 2006
43,112	7.00p	24 December 2001	23 December 2006
375,000	3.25p	8 August 2000	7 August 2007
375,000	3.25p	8 August 2002	7 August 2007
212,704	7.25p	7 January 2002	6 January 2009
47,028	14.00p	6 July 2002	5 July 2009
358,264	18.25p	7 January 2003	6 January 2010
218,118	18.25p	12 January 2004	11 January 2011
75,678	8.75p	13 July 2004	12 July 2011

#### 8.19 Reserves

	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>
At 1 October 2001	1,794	954
Retained loss for the period	—	(2,370)
At 1 October 2002	1,794	(1,416)
Reinstatement of goodwill written off to reserves (see note 8.12)	—	417
Exchange gain	—	69
Retained loss for the period	—	(95)
At 1 October 2003	1,794	(1,025)
Exchange gain	—	41
Retained loss for the period	—	(1,013)
At 30 September 2004	<u>1,794</u>	<u>(1,997)</u>

#### 8.20 Commitments

The Group had annual commitments under operating leases as follows:

	<i>Year ended 30 September 2004 £'000</i>	<i>Year ended 30 September 2003 £'000</i>	<i>Year ended 30 September 2002 £'000</i>
Land and buildings:			
Expiring within one year	578	128	36
Expiring between two and five years	—	538	188
Expiring after five years	—	23	485
	<u>578</u>	<u>689</u>	<u>709</u>
Other:			
Expiring within one year	8	46	107
Expiring between two and five years	9	13	59
Expiring after five years	—	—	—
	<u>17</u>	<u>59</u>	<u>166</u>

Save as outlined above the Group had no other capital commitments at 30 September 2004.



### 8.21 Related party transactions

The Group has provided professional design services to its associate and to certain of its joint ventures on an arm's length basis, as follows:

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Aggregate turnover	55	153	281
Amount owed to the Group at the end of the period	<u>217</u>	<u>329</u>	<u>703</u>

### 8.22 Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Operating (loss)/profit	(1,052)	530	(1,337)
Depreciation of tangible fixed assets	336	509	651
Amortisation of goodwill	299	92	29
Decrease in debtors	752	389	286
Increase/(decrease) in creditors	188	(774)	166
Net cash inflow/ (outflow) from operating activities	<u>523</u>	<u>746</u>	<u>(205)</u>

### 8.23 Analysis of net debt

	At 1 October 2001 £'000	Cashflow £'000	Non-cash movements £'000	At 30 September 2002 £'000
Cash at bank and in hand	488	(59)	—	429
Overdrafts repayable on demand	(838)	(1,266)	—	(2,104)
	<u>(350)</u>	<u>(1,325)</u>	<u>—</u>	<u>(1,675)</u>
Bank and other loans repayable in:				
less than one year	(120)	80	(120)	(160)
more than one year	(120)	—	120	—
Finance leases and hire purchase contracts	(732)	460	(283)	(555)
	<u>(972)</u>	<u>540</u>	<u>(283)</u>	<u>(715)</u>
	<u>(1,322)</u>	<u>(785)</u>	<u>(283)</u>	<u>(2,390)</u>
	At 1 October 2002 £'000	Cashflow £'000	Non-cash movements £'000	At 30 September 2003 £'000
Cash at bank and in hand	429	(183)	—	246
Overdrafts repayable on demand	(2,104)	273	—	(1,831)
	<u>(1,675)</u>	<u>90</u>	<u>—</u>	<u>(1,585)</u>
Bank and other loans repayable in:				
less than one year	(160)	120	—	(40)
Finance leases and hire purchase contracts	(555)	328	(59)	(286)
	<u>(715)</u>	<u>448</u>	<u>(59)</u>	<u>(326)</u>
	<u>(2,390)</u>	<u>538</u>	<u>(59)</u>	<u>(1,911)</u>

	<i>At</i> <i>1 October</i> 2003 £'000	<i>Cashflow</i> £'000	<i>Non-cash</i> <i>movements</i> £'000	<i>At</i> <i>30 September</i> 2004 £'000
Cash at bank and in hand	246	158	—	404
Overdrafts repayable on demand	<u>(1,831)</u>	<u>102</u>	<u>—</u>	<u>(1,729)</u>
	<u>(1,585)</u>	<u>260</u>	<u>—</u>	<u>(1,325)</u>
Bank and other loans repayable in:				
less than one year	(40)	40	—	—
Finance leases and hire purchase contracts	<u>(286)</u>	<u>147</u>	<u>—</u>	<u>(139)</u>
	<u>(326)</u>	<u>187</u>	<u>—</u>	<u>(139)</u>
	<u>(1,911)</u>	<u>447</u>	<u>—</u>	<u>(1,464)</u>

#### 8.24 *Post balance sheet events*

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

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

On 8 March 2005, the Company entered into a conditional agreement to acquire the entire issued share capital of Fitzroy Robinson Limited ("FRL") for an aggregate consideration of £2,277,663, payable on completion, to be satisfied by the allotment to the vendors of FRL of 72,392,431 fully paid ordinary shares in the Company. Completion of the agreement is conditional only on the approval of the Company's shareholders being obtained at the EGM of the Company to be held on 30 March 2005. Further details of the Acquisition are contained in the Circular to shareholders dated 8 March 2005.

## PART III

### Accountants' Report on Fitzroy Robinson

The Directors  
Aukett Group Plc  
2 Great Eastern Wharf  
Parkgate Road  
London SW11 4TT



The Directors  
Beaumont Cornish Limited  
63 Coleman Street  
London EC2R 5BB

and

The Directors  
Navigator Corporate Finance Limited  
Adam House  
Adam Street  
London WC2N 6AA

8 March 2005

Dear Sirs

#### FITZROY ROBINSON LIMITED

##### 1. Introduction

We report on the financial information of Fitzroy Robinson Limited (“Fitzroy Robinson” or “the company”) and its subsidiaries (collectively referred to as the “Fitzroy Robinson Group”) set out below. This financial information has been prepared for inclusion in the Circular dated 8 March 2005.

##### *Basis of preparation*

The financial information set out in this Part III is based on the audited consolidated financial statements of the Fitzroy Robinson Group for the years ended 30 April 2004, 30 April 2003 and 30 April 2002 and the audited consolidated non-statutory financial statements of the Fitzroy Robinson Group for the six months ended 31 October 2004 (together “the financial statements”), and has been prepared on the basis set out in paragraph 2 below, having made such adjustments as we considered necessary.

Simmons Gainsford LLP audited the financial statements of the Fitzroy Robinson Group for the six months ended 31 October 2004 and the years ended 30 April 2004 and 30 April 2003, and Simmons Gainsford audited the financial statements of the Fitzroy Robinson Group for the year ended 30 April 2002.

##### *Responsibility*

The financial statements are the responsibility of the Directors of Fitzroy Robinson who approved their issue.

The Directors and the Proposed Directors of Aukett Group Plc are responsible for the contents of the Circular dated 8 March 2005 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

### *Basis of opinion*

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entities' circumstances, consistently applied and adequately disclosed.

### *Opinion*

In our opinion, the financial information gives, for the purposes of the Circular dated 7 March 2005, a true and fair view of the state of the affairs of the Fitzroy Robinson Group as at the dates stated and of its results and cash flows for the periods then ended.

## **2. Accounting Policies**

### *2.1 Accounting convention*

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

### *2.2 Basis of consolidation*

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to each financial period end. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

### *2.3 Goodwill*

Acquired goodwill is written off over its estimated useful economic life.

### *2.4 Turnover*

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

### *2.5 Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over the life of the lease
Computer equipment	50 per cent. Straight Line
Fixtures, fittings & equipment	25 per cent. Straight Line

### *2.6 Leasing*

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### *2.7 Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

### *2.8 Long term contracts*

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

### *2.9 Pensions*

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

### 2.10 *Deferred taxation*

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred taxation assets are only recognised when that asset is regarded as recoverable.

### 2.11 *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to profit and loss account.

## 3. Consolidated Profit and Loss Accounts

		<i>6 months ended 31 October 2004 £'000</i>	<i>Year ended 30 April 2004 £'000</i>	<i>Year ended 30 April 2003 £'000</i>	<i>Year ended 30 April 2002 £'000</i>
<b>Turnover</b>	6.1	2,291	4,026	4,697	5,213
Cost of sales		<u>(1,264)</u>	<u>(2,271)</u>	<u>(2,147)</u>	<u>(2,641)</u>
<b>Gross profit</b>		1,027	1,755	2,550	2,572
Administrative expenses		(1,008)	(1,559)	(3,441)	(2,227)
Other operating income		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Operating profit/(loss)</b>	6.2	19	196	(891)	345
Costs relating to acquisition	6.2	<u>(220)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit/(loss) on ordinary activities before interest</b>		(201)	196	(891)	345
Other interest receivable and similar income		6	39	39	80
Interest payable and similar charges	6.3	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		(195)	235	(852)	406
Tax (charge)/credit on profit/(loss) on ordinary activities	6.4	<u>(36)</u>	<u>(99)</u>	<u>226</u>	<u>(174)</u>
<b>Profit/(loss) on ordinary activities after taxation</b>		(231)	136	(626)	232
Dividends	6.5	<u>—</u>	<u>—</u>	<u>(675)</u>	<u>(237)</u>
<b>Retained profit/(loss) for the period</b>	6.14	<u><u>(231)</u></u>	<u><u>136</u></u>	<u><u>(1,301)</u></u>	<u><u>(5)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

#### 4. Consolidated Balance Sheets

		31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
	Note				
<b>Fixed assets</b>					
Intangible assets	6.6	—	—	—	—
Tangible assets	6.7	182	182	213	260
		<u>182</u>	<u>182</u>	<u>213</u>	<u>260</u>
<b>Current assets</b>					
Debtors	6.9	1,595	1,547	1,704	2,945
Cash at bank and in hand		659	942	751	1,213
		<u>2,254</u>	<u>2,489</u>	<u>2,455</u>	<u>4,158</u>
<b>Creditors: amounts falling due within one year</b>	6.10	<u>(1,455)</u>	<u>(1,581)</u>	<u>(1,714)</u>	<u>(2,169)</u>
<b>Net current assets</b>		<u>799</u>	<u>908</u>	<u>741</u>	<u>1,989</u>
<b>Total assets less current liabilities</b>		981	1,090	954	2,249
<b>Creditors: amounts falling due within more than one year</b>	6.11	<u>—</u>	<u>—</u>	<u>—</u>	<u>(40)</u>
<b>Net assets</b>		<u>981</u>	<u>1,090</u>	<u>954</u>	<u>2,209</u>
<b>Capital and reserves</b>					
Called up share capital	6.13	50	45	45	40
Share premium account	6.14	158	41	41	—
Capital redemption reserve	6.14	10	10	10	10
Profit and loss account	6.14	763	994	858	2,159
<b>Equity shareholders' funds</b>	6.15	<u>981</u>	<u>1,090</u>	<u>954</u>	<u>2,209</u>

## 5. Consolidated Cash Flow Statements

		<i>6 months ended 31 October 2004 £'000</i>	<i>Year ended 30 April 2004 £'000</i>	<i>Year ended 30 April 2003 £'000</i>	<i>Year ended 30 April 2002 £'000</i>
	<i>Note</i>				
<b>Net cash inflow/(outflow) from operating activities</b>	6.21	(193)	640	88	668
<b>Returns on investments and servicing of finance</b>					
Interest received		6	39	39	80
Interest paid		—	—	—	(19)
<b>Net cash inflow for returns on investments and servicing of finance</b>		6	39	39	61
<b>Taxation</b>		—	144	(152)	(942)
<b>Capital expenditure</b>					
Payments to acquire intangible assets		—	—	(165)	—
Payments to acquire tangible assets		(44)	(70)	(41)	(51)
<b>Net cash outflow for capital expenditure</b>		(44)	(70)	(206)	(51)
<b>Equity dividends paid</b>		(113)	(562)	(237)	—
<b>Net cash outflow/inflow before management of liquid resources and financing</b>		(344)	191	(468)	(264)
<b>Financing</b>					
Issue of ordinary share capital		61	—	46	—
Purchase of own shares		—	—	—	(92)
Repayment of directors' loans		—	—	(40)	(10)
<b>Net cash inflow/(outflow) from financing</b>		61	—	6	(102)
<b>Increase/(decrease) in cash in the period</b>	6.22	(283)	191	(462)	(366)

## 6. Notes to the financial statements

### 6.1 Turnover analysis by geographical market

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
United Kingdom	1,992	3,790	4,317	5,124
Europe	299	236	380	89
	<u>2,291</u>	<u>4,026</u>	<u>4,697</u>	<u>5,213</u>

### 6.2 Operating profit/(loss)

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Operating profit/(loss) is stated after charging:				
Amortisation of intangible assets	—	—	165	—
Depreciation of tangible assets	44	101	88	137
Loss on foreign exchange transactions	9	—	—	—
Operating lease rentals	51	100	70	92
Auditors' remuneration – audit	19	35	33	33
Employee Benefit Trust	—	—	1,757	—
And after crediting:				
Profit on foreign exchange transactions	(7)	(16)	—	—
	<u>(7)</u>	<u>(16)</u>	<u>—</u>	<u>—</u>

The costs relating to the acquisition of £220,000 comprise professional adviser fees incurred to 31 October 2004.

### 6.3 Interest payable

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
On overdue tax	—	—	—	10
Other interest	—	—	—	9
	<u>—</u>	<u>—</u>	<u>—</u>	<u>19</u>

### 6.4 Taxation

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
<b>Domestic current tax</b>				
U.K corporation tax	19	10	(145)	153
Adjustment for prior years	—	—	—	16
<b>Current tax charge</b>	<u>19</u>	<u>10</u>	<u>(145)</u>	<u>169</u>
<b>Deferred tax</b>				
Deferred tax charge/(credit) current period	17	89	(81)	5
	<u>36</u>	<u>99</u>	<u>(226)</u>	<u>174</u>



#### 6.4 Taxation (continued)

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
<b>Factors affecting the tax charge for the period</b>				
Profit/(loss) on ordinary activities before taxation	(195)	235	(852)	406
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 per cent. (2004: 18.21 per cent., 2003, 2002: 30.00 per cent.)	(37)	43	(255)	122
Effects of:				
Non deductible expenses	58	17	25	33
Depreciation add back	8	19	26	41
Capital allowance	(9)	(21)	(31)	(39)
Tax losses	—	(49)	92	—
Adjustments to previous periods	—	—	—	15
Other tax adjustments	(1)	1	(2)	(4)
	56	(33)	110	46
<b>Current tax charge</b>	19	10	(145)	168

#### 6.5 Dividends

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Ordinary final proposed	—	—	675	237

#### 6.6 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	—
At 1 May 2001 and 1 May 2002	—
Additions	165
At 30 April 2003, 30 April 2004 and 31 October 2004	165
<b>Amortisation</b>	—
At 1 May 2001 and 1 May 2002	—
Charge for the year	165
At 30 April 2003, 30 April 2004 and 31 October 2004	165
<b>Net book value</b>	—
At 31 October 2004	—
At 30 April 2004	—
At 30 April 2003	—
At 30 April 2002	—

During the year ended 30 April 2003, Fitzroy Robinson International Limited purchased the business and assets of Mikhail Mandrigin Associates paying £164,500 for goodwill.

The directors are of the opinion that the goodwill arising on the acquisition has no future economic benefit and therefore this has been written off in the year ended 30 April 2003.

## 6.7 Tangible fixed assets

	<i>Land and buildings Leasehold £'00</i>	<i>Computer equipment £'000</i>	<i>Fixtures, fittings &amp; equipment £'000</i>	<i>Total £'000</i>
<b>Cost</b>				
At 1 May 2001	425	501	277	1,203
Additions	—	26	25	51
Disposals	—	—	—	—
At 1 May 2002	425	527	302	1,254
Additions	—	40	1	41
Disposals	—	(2)	—	(2)
At 1 May 2003	425	565	303	1,293
Additions	—	58	13	71
Disposals	—	(31)	(54)	(85)
At 1 May 2004	425	592	262	1,279
Additions	—	36	8	44
Disposals	—	—	—	—
At 31 October 2004	425	628	270	1,323
<b>Depreciation</b>				
At 1 May 2001	212	439	206	857
Charge for the year	26	75	36	137
At 1 May 2002	238	514	242	994
On disposals	—	(2)	—	(2)
Charge for the year	26	34	28	88
At 1 May 2003	264	546	270	1,080
On disposals	—	(31)	(53)	(84)
Charge for the year	26	49	26	101
At 1 May 2004	290	564	243	1,097
Charge for the period	13	24	7	44
At 31 October 2004	303	588	250	1,141
<b>Net book value</b>				
At 31 October 2004	122	40	20	182
At 30 April 2004	135	28	19	182
At 30 April 2003	161	19	33	213
At 30 April 2002	187	13	60	260

## 6.8 Holdings of 20 per cent. or more

The company holds more than 20 per cent. of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Fitzroy Robinson International Ltd	England & Wales	Ordinary	100
Fitzroy Robinson West & Midlands Ltd	England & Wales	Ordinary	100
Veretec Ltd (formerly Fitzroy Robinson (CDM) Ltd)	England & Wales	Ordinary	100

### Participating interests

Fitzroy Robinson International KFT*	Hungary	Ordinary	10
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\* 90 per cent. of the company's shareholding is held by a subsidiary undertaking.

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Fitzroy Robinson International Ltd	Management of overseas projects on behalf of Fitzroy Robinson Limited
Fitzroy Robinson West & Midlands Ltd	Architectural design and delivery services to major construction projects
Veretec Ltd	2003 Dormant; 2004 Architectural design
Fitzroy Robinson International KFT*	2003 Dormant; 2004 Struck off

All subsidiaries have been included in the consolidated Group figures.

## 6.9 Debtors

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Trade debtors	905	830	1,068	928
Amounts recoverable on long term contracts	458	493	274	131
Corporation tax	—	—	144	—
Called up share capital not paid	61	—	—	—
Other debtors	17	80	3	3
Employee Benefits Trust	—	—	—	1,757
Prepayments and accrued income	95	68	50	42
Deferred tax asset (see note below)	59	76	165	84
	<u>1,595</u>	<u>1,547</u>	<u>1,704</u>	<u>2,945</u>

£'000

### Deferred tax asset

Balance at 1 May 2001	89
Profit and loss account	(5)
Balance at 30 April 2002	84
Profit and loss account	81
Balance at 30 April 2003	165
Profit and loss account	(89)
Balance at 30 April 2004	76
Profit and loss account	(17)
Balance at 31 October 2004	<u>59</u>

Deferred taxation provided in the financial statements is as follows:

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Accelerated capital allowances	59	60	71	84
Tax losses	—	16	94	—
	<u>59</u>	<u>76</u>	<u>165</u>	<u>84</u>

6.10 *Creditors: amounts falling due within one year*

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Payments received on account	522	525	420	711
Trade creditors	249	141	69	112
Corporation tax	28	10	—	153
Taxes and social security costs	328	408	246	241
Other creditors	151	254	32	190
Accruals and deferred income	177	131	272	525
Proposed dividend	—	112	675	237
	<u>1,455</u>	<u>1,581</u>	<u>1,714</u>	<u>2,169</u>

6.11 *Creditors: amounts falling due after more than one year*

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Directors' loans	—	—	—	40
	<u>—</u>	<u>—</u>	<u>—</u>	<u>40</u>

At 30 April 2002, the directors' loans of £40,000 were owed in equal amounts by the company to the following directors: R M Curiel, J N E Thompson, A J Murdoch and J M Blake.

6.12 *Pension costs*

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
<b>Defined contribution</b>				
Contributions payable by the company for the period	51	80	98	281
	<u>51</u>	<u>80</u>	<u>98</u>	<u>281</u>

6.13 *Share capital*

	31 October 2004 £	30 April 2004 £	30 April 2003 £	30 April 2002 £
<b>Authorised</b>				
100,200 Ordinary shares of £1 each	100,200	100,200	100,200	100,000
200 Redeemable shares of £1 each	—	—	—	200
	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	50,000	45,000	45,000	40,000
Redeemable shares of £1 each	—	—	—	20
	<u>50,000</u>	<u>45,000</u>	<u>45,000</u>	<u>40,020</u>

During the year ended 30 April 2002, the company repurchased from W P Tulloch, 10,000 ordinary shares and 5 redeemable shares of £1 each of the company held by him for a consideration of £91,835 and £5 respectively.

On 22 July 2002, the company redeemed all the issued Redeemable Preference Shares from the directors. The company also issued 5,000 Ordinary Shares of £1.00 to Stephen Peter Atkinson, one of the directors, at a premium of £8.18 per share.

On the same day, the company issued special resolutions to re-designate all of the 200 authorised but unissued Redeemable Preference Shares of £1.00 each as Ordinary Shares of £1.00 each, carrying the rights set out in the new Articles of Association of the Company.

During the 6 months ended 31 October 2004, 5,000 Ordinary shares of £1 each were allotted and partly paid for by cash consideration, leaving £61,000 unpaid as shown in note 6.9. The premium on the issue was £117,000 and is reflected in the share premium account as shown in note 6.14.

#### 6.14 Statement of movements on reserves

	<i>Share premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Profit and loss account £'000</i>
Balance at 1 May 2001	—	—	2,256
Retained profit for the year	—	—	(5)
Purchase of own shares	—	10	(92)
Balance at 1 May 2002	—	10	2,159
Retained loss for the year	—	—	(1,301)
Premium on shares issued during the year	41	—	—
Balance at 1 May 2003	41	10	858
Retained profit for the year	—	—	136
Balance at 1 May 2004	41	10	994
Retained loss for the period	—	—	(231)
Premium on shares issued during the period	117	—	—
Balance at 31 October 2004	<u>158</u>	<u>10</u>	<u>763</u>

#### 6.15 Reconciliation of movements in shareholders' funds

	<i>31 October 2004 £'000</i>	<i>30 April 2004 £'000</i>	<i>30 April 2003 £'000</i>	<i>30 April 2002 £'000</i>
(Loss)/profit for the financial period	(231)	136	(626)	232
Dividends	—	—	(675)	(237)
	(231)	136	(1,301)	(5)
Proceeds from issue of shares	122	—	46	—
Purchase of own shares	—	—	—	(92)
Net addition to/(depletion in) shareholders' funds	(109)	136	(1,255)	(97)
Opening shareholders' funds	1,090	954	2,209	2,306
Closing shareholders' funds	<u>981</u>	<u>1,090</u>	<u>954</u>	<u>2,209</u>

### 6.16 Financial commitments

The group had annual commitments under non-cancellable operating leases as follows.

	<i>Land and buildings</i>			
	<i>31 October</i>	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Expiry date:</b>				
Within one year	—	—	—	—
Between two and five years	15	15	15	13
After five years	71	71	71	70
	<u>86</u>	<u>86</u>	<u>86</u>	<u>83</u>
	<i>Other</i>			
	<i>31 October</i>	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Expiry date:</b>				
Within one year	—	11	11	34
Between two and five years	27	27	31	—
After five years	—	—	—	—
	<u>27</u>	<u>38</u>	<u>42</u>	<u>34</u>

### 6.17 Capital commitments

	<i>31 October</i>	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Contracted for but not provided in the financial statements	155	—	17	—
	<u>155</u>	<u>—</u>	<u>17</u>	<u>—</u>

### 6.18 Directors' emoluments

	<i>31 October</i>	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Emoluments for qualifying services	213	425	392	444
Company pension contributions to money purchase schemes	—	1	6	198
	<u>213</u>	<u>426</u>	<u>398</u>	<u>642</u>

Emoluments disclosed above include the following amounts paid to each director:

	<i>31 October</i> 2004 £'000	<i>30 April</i> 2004 £'000	<i>30 April</i> 2003 £'000	<i>30 April</i> 2002 £'000
<b>R M Curiel</b>				
Salary	42	84	76	56
Benefits in kind	1	1	1	3
Bonus	—	—	3	—
	<u>43</u>	<u>85</u>	<u>80</u>	<u>59</u>
Pension	—	—	—	86
<b>J N E Thompson</b>				
Salary	42	84	76	110
Benefits in kind	—	1	1	7
Bonus	—	—	6	—
	<u>42</u>	<u>85</u>	<u>83</u>	<u>117</u>
Pension	—	—	—	25
<b>A J Murdoch</b>				
Salary	42	84	76	72
Benefits in kind	—	1	1	2
Bonus	—	—	5	—
	<u>42</u>	<u>85</u>	<u>82</u>	<u>74</u>
Pension	—	—	—	67
<b>J M Blake</b>				
Salary	42	84	75	124
Benefits in kind	1	1	1	3
Bonus	—	—	—	—
	<u>43</u>	<u>85</u>	<u>76</u>	<u>127</u>
Pension	—	—	—	10
<b>S P Atkinson</b>				
Salary	42	84	70	—
Benefits in kind	1	1	1	—
Bonus	—	—	—	—
	<u>43</u>	<u>85</u>	<u>71</u>	<u>—</u>
Pension	—	1	6	—
<b>W P Tulloch</b>				
Salary	—	—	—	64
Benefits in kind	—	—	—	3
Bonus	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>67</u>
Pension	—	—	—	10

## 6.19 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	31 October 2004	30 April 2004	30 April 2003	30 April 2002
Technical	57	56	45	55
Administrative	17	16	17	18
	<u>74</u>	<u>72</u>	<u>62</u>	<u>73</u>
<b>Employment costs</b>				
	£'000	£'000	£'000	£'000
Wages and salaries	1,369	2,414	2,400	3,005
Social security costs	124	252	246	277
Other pension costs	51	80	98	281
	<u>1,544</u>	<u>2,746</u>	<u>2,744</u>	<u>3,563</u>

## 6.20 Related party transactions

J N E Thompson, a shareholder and director, received an interest free loan of £245,000 from the Fitzroy Robinson employee benefit trust on 12 June 2001. The loan was repaid in full by 30 January 2002.

## 6.21 Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Operating profit/(loss)	19	196	(891)	345
Costs relating to acquisition	(220)	—	—	—
Depreciation of tangible assets	44	101	88	137
Amortisation of intangible assets	—	—	165	—
(Increase)/decrease in debtors	(4)	(76)	1,466	2,831
Decrease in creditors	(32)	419	(740)	(2,645)
Net cash (outflow)/inflow from operating activities	<u>(193)</u>	<u>640</u>	<u>88</u>	<u>668</u>

## 6.22 Reconciliation of net cash flows to movements in net debt

	31 October 2004 £'000	30 April 2004 £'000	30 April 2003 £'000	30 April 2002 £'000
Increase/(decrease) in cash in the year	(283)	191	(462)	(366)
Cash outflow from decrease in debt	—	—	40	10
<b>Movement in net funds in the year</b>	<u>(283)</u>	<u>191</u>	<u>(422)</u>	<u>(356)</u>
Opening net funds	942	751	1,173	1,529
<b>Closing net funds</b>	<u>659</u>	<u>942</u>	<u>751</u>	<u>1,173</u>



6.23 Analysis of changes in net funds

	1 May 2001 £'000	Cash flow £'000	30 April 2002 £'000
<b>Net cash:</b>			
Cash and bank in hand	<u>1,579</u>	<u>(366)</u>	<u>1,213</u>
Debts falling due after one year	<u>(50)</u>	<u>10</u>	<u>(40)</u>
Net funds	<u><u>1,529</u></u>	<u><u>(356)</u></u>	<u><u>1,173</u></u>
	1 May 2002 £'000	Cash flow £'000	30 April 2003 £'000
<b>Net cash:</b>			
Cash and bank in hand	<u>1,213</u>	<u>(462)</u>	<u>751</u>
Debts falling due after one year	<u>(40)</u>	<u>40</u>	<u>—</u>
Net funds	<u><u>1,173</u></u>	<u><u>(422)</u></u>	<u><u>751</u></u>
	1 May 2003 £'000	Cash flow £'000	30 April 2004 £'000
<b>Net cash:</b>			
Cash and bank in hand	<u>751</u>	<u>191</u>	<u>942</u>
Debts falling due after one year	<u>—</u>	<u>—</u>	<u>—</u>
Net funds	<u><u>751</u></u>	<u><u>191</u></u>	<u><u>942</u></u>
	1 May 2004 £'000	Cash flow £'000	31 October 2004 £'000
<b>Net cash:</b>			
Cash and bank in hand	<u>942</u>	<u>(283)</u>	<u>659</u>
Debts falling due after one year	<u>—</u>	<u>—</u>	<u>—</u>
Net funds	<u><u>942</u></u>	<u><u>(283)</u></u>	<u><u>659</u></u>

Yours faithfully

UHY Hacker Young

## PART IV

### Unaudited Pro Forma Statement of Net Assets of the Enlarged Group

#### 1. Unaudited pro forma statement of net assets

The following unaudited pro forma statement of net assets of the Enlarged Group following completion of the acquisition of Fitzroy Robinson has been prepared for illustrative purposes only, to provide information about the impact of the acquisition of Fitzroy Robinson on the Group, and because of its nature may not give a true reflection of the financial position of the Enlarged Group. It has been prepared on the basis that the acquisition of Fitzroy Robinson was undertaken as at 30 September 2004 and on the basis set out in the notes.

	<i>Aukett</i> <i>(Note 1)</i> <i>£'000</i>	<i>Adjustment</i> <i>Fitzroy</i> <i>Robinson</i> <i>(Note 2)</i> <i>£'000</i>	<i>Adjustment</i> <i>(Note 3)</i> <i>£'000</i>	<i>Adjustment</i> <i>(Note 4)</i> <i>£'000</i>	<i>Pro Forma</i> <i>Enlarged</i> <i>Group</i> <i>£'000</i>
<b>Fixed assets</b>					
Intangible assets	204	—	—	—	204
Tangible assets	363	182	—	—	545
Investments	78	—	—	—	78
	<u>645</u>	<u>182</u>	<u>—</u>	<u>—</u>	<u>827</u>
<b>Current assets</b>					
Debtors	5,514	1,595	—	—	7,109
Cash at bank and in hand	404	659	—	—	1,063
	<u>5,918</u>	<u>2,254</u>	<u>—</u>	<u>—</u>	<u>8,172</u>
<b>Current liabilities</b>					
Bank loans and overdrafts	(1,729)	—	—	1,350	(379)
Other creditors	(4,260)	(1,455)	(160)	—	(5,875)
	<u>(5,989)</u>	<u>(1,455)</u>	<u>(160)</u>	<u>1,350</u>	<u>(6,254)</u>
<b>Net current assets/(liabilities)</b>	<u>(71)</u>	<u>799</u>	<u>(160)</u>	<u>1,350</u>	<u>1,918</u>
<b>Total assets less current liabilities</b>	<u>574</u>	<u>981</u>	<u>(160)</u>	<u>1,350</u>	<u>2,745</u>
<b>Creditors: amounts falling due after more than one year</b>					
Loan Stock	—	—	(200)	—	(200)
Bank loans	—	—	—	(1,350)	(1,350)
Other creditors	(53)	—	—	—	(53)
	<u>(53)</u>	<u>—</u>	<u>(200)</u>	<u>(1,350)</u>	<u>(1,603)</u>
<b>Net assets</b>	<u><u>521</u></u>	<u><u>981</u></u>	<u><u>(360)</u></u>	<u><u>—</u></u>	<u><u>1,142</u></u>

Notes:

- The net assets of Aukett as at 30 September 2004 have been extracted without material adjustment from the comparative table set out in Part II of this document.
- The net assets of Fitzroy Robinson as at 31 October 2004 have been extracted without material adjustment from the accountants' report set out in Part III of this document.
- The adjustments have been made to reflect the costs of acquisition of Fitzroy Robinson being £200,000 incurred as covered by the Loan Stock and further accrued fees of £160,000.
- The adjustment has been made to reflect the drawing down of a bank loan facility of £1.35 million.
- No adjustments have been made to reflect the trading results, capital expenditure or movements in working capital of Aukett since 30 September 2004, or of Fitzroy Robinson since 31 October 2004.

## 2. Report by UHY Hacker Young

The Directors  
Aukett Group Plc  
2 Great Eastern Wharf  
Parkgate Road  
London, SW11 4TT  
and

The Directors  
Beaumont Cornish Limited  
Georgian House  
63 Coleman Street  
London, EC2R 5BB  
and

The Directors  
Navigator Corporate Finance Limited  
Adam House  
7-10 Adam Street  
London, WC2N 6AA



8 March 2005

Dear Sirs,

### **Aukett Group Plc (“Aukett”) and its subsidiaries (“Aukett Group” or “the Group”)**

We report on the unaudited pro forma statement of net assets of the Aukett Group set out in Part IV of the Listing Particulars dated 8 March 2005, which has been prepared, for illustrative purposes only, to provide information about how the acquisition of Fitzroy Robinson Limited might have affected the balance sheet of the Aukett Group at 30 September 2004.

### **Responsibilities**

It is the responsibility solely of the Directors of Aukett and the proposed Directors of the Enlarged Group to prepare the pro forma statement of net assets of the Aukett Group.

It is our responsibility to form an opinion on the pro forma statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma statement of net assets of the Aukett Group beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets of the Aukett Group with the Directors of Aukett and the proposed Directors of the Enlarged Group.

### **Opinion**

In our opinion:

- the pro forma statement of net assets has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of the Aukett Group; and
- the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

**UHY Hacker Young**

## PART V

### Additional Information

#### 1. The Company

- 1.1 The Company was incorporated in England and Wales on 19 August 1987 as a private limited company under the Act with the name Bandcross Public Limited Company and registered number 2155571.
- 1.2 On 2 November 1987, the Company's name was changed to Aukett Associates plc. On 24 January 2001, the Company's name was changed to Aukett Group Plc.
- 1.3 The principal objects of the Company include the carrying on of the business as architects and designers. The objects of the Company are set out in full in clause 4 of the Company's Memorandum of Association.

#### 2. Share capital

- 2.1 As at 7 March 2005 (being the latest practicable date prior to publication of this document) the authorised, issued and fully paid share capital of the Company was, and immediately following Completion of the Acquisition (assuming no Ordinary Shares are issued before Completion and that the New Ordinary Shares are issued to the Vendors at Completion) will be, as follows:

	<i>As at 7 March 2005</i>		<i>Following the Completion of Acquisition</i>	
	<i>Nominal Amount</i>	<i>Number</i>	<i>Nominal Amount</i>	<i>Number</i>
Authorised share capital:				
Ordinary Shares	£1,454,160	145,416,000	£1,464,677.81	146,467,781
Issued and fully paid:				
Ordinary Shares	£ 724, 214	72,421,394	£1,448,138	144,813,825

- 2.2 Pursuant to an ordinary resolution passed at a general meeting of the Company held on 27 January 2004, the Directors were granted authority for the purposes of Section 80 of the Act to allot shares up to an aggregate nominal amount of £241,404.
- 2.3 Pursuant to a special resolution passed at a general meeting of the Company held on 27 January 2004, the Directors were empowered pursuant to Section 95 of the Act to allot shares as if Section 89(1) of the Act did not apply to such allotments. This power is limited to, amongst other things, the allotment of shares for cash up to an aggregate nominal amount of £36,211.
- 2.4 These authorities will be superseded by the resolutions to be passed at the EGM.
- 2.5 The resolutions to be proposed at the EGM of the Company convened by the notice of meeting incorporated within this document propose that, amongst other things:
- the proposed Acquisition be approved;
  - approve the waiver from the Panel (referred to in paragraph 15 of Part I of this document) in relation thereto of any obligation for the Concert Party to make a general offer to Shareholders under Rule 9 which may otherwise arise shortly following Completion be approved;
  - the Company be permitted to proceed with the Acquisition and the issue of the New Ordinary Shares in accordance with Rule 21 of the City Code in the circumstances where the Company has been and remains in receipt of an approach made by a third party which may or may not lead to a formal offer for the Company;
  - the articles of association of the Company be amended to remove the restriction on borrowing;
  - subject to the approval of the resolutions detailed in (a) (b) and (c) above and subject to Admission, the authorised share capital of the Company be hereby increased from £1,454,160 to £1,464,677.81 by the creation of an additional 1,051,781 Ordinary Shares;

- (f) subject to the approval of the resolutions detailed in (a) (b) and (c) above and subject to Admission, in substitution for any existing authority, the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot the New Ordinary Shares and any other relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £740,620.63 (representing approximately 102.27 per cent. of the ordinary share capital of the Company in issue at the date of this Document), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2005 and provided that the Company may, before such expiry date, 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 pursuant to such an offer or agreement if the authority conferred had not expired;
  - (g) subject to the approval of the resolutions detailed in (a) (b) and (c) above and subject to Admission, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 96 of the Act) for cash pursuant to the authority conferred by resolution (f) above as if Section 89(1) of the Act did not apply to any such allotment PROVIDED THAT the power be limited to:
    - (i) the allotment of the New Ordinary Shares;
    - (ii) the allotment (other than pursuant to (i)) of Ordinary Shares pursuant to certain option agreements described in paragraph 4 of this Part V; and
  - (h) subject to the approval of the resolutions detailed in (a) (b) and (c) above and subject to Admission, to approve the Name Change.
- 2.6 The Company's issued share capital of 72,421,394 Ordinary Shares has remained unchanged for the three years preceding the date of this document. Other than the disposals referred to in paragraphs 12.1.5 to 12.1.7 of this Part V, there have been no material changes in the capital of any member of the Group or the number and classes of shares of which it is composed.
- 2.7 The Ordinary Shares are in registered form and are listed on the London Stock Exchange. The New Ordinary Shares will be in registered form and will be transferable in certificated form.
- 2.8 Other than as regards consideration for the Acquisition or as may be required under the Share Option Schemes, the Directors and Proposed Directors have no present intention to issue Ordinary Shares.

### 3. Articles of Association

The articles of association of the Company (the "Articles") which were adopted on 4 March 1997, as amended by special resolution passed on 24 January 2001, contain (amongst others) certain rights attaching to ordinary shares.

#### 3.1 *Votes of members*

- 3.1.1 Subject to any rights or restrictions attached to any class of shares, on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy at any general meeting shall have one vote and, on a poll, every member shall have one vote for each share of which he is the holder.
- 3.1.2 No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

#### 3.2 *Variation of class rights and changes of capital*

- 3.2.1 The rights attached to any class of share may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of the Articles relating to the holding of general meetings shall apply, but so that the necessary quorum shall be at least two persons holding or representing by proxy one-third of the issued shares of the relevant class and that any holder of shares of the class present in person or by proxy may demand a poll. Every such holder shall, on a poll, have one vote for every share of the class held by him.

- 3.2.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any part of its share capital to shares of larger nominal value, sub-divide its shares into shares of smaller nominal value (subject to the provisions of the Act) and cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 3.2.3 Subject to any consent required by law, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.
- 3.3 *Transfer of Shares*  
The instrument of transfer of any share shall be in the usual form or in such other form as may be approved by the Directors and shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid or any transfer of shares (whether fully paid or not) in favour of more than four persons jointly or on which the Company has a lien provided that, where any such share is listed on the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The Articles contain no other restrictions on the free transferability of fully paid shares provided that the transfer is in respect of any one class of shares, is duly stamped, is accompanied by the share certificate and any other evidence of title required by the Directors and the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.
- 3.4 *Dividends*  
3.4.1 The Company in general meeting may declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified. Subject to the rights of the persons holding shares with special dividend rights, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the share during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- 3.4.2 Any dividend unclaimed for a period of 12 years from the date such dividend is payable shall revert to the Company.
- 3.5 *Distribution of assets on liquidation*  
If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company in such manner as he shall think fair. The liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the contributors.
- 3.6 *Conversion of shares into stock*  
The Company may by ordinary resolution convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination. The holders of stock may transfer stock in the same manner and subject to the same restrictions as apply to the transfer of shares in the Company. The holders of stock will have the right as regards dividends, voting at meetings and other matters, as if they held the shares from which the stock arose.
- 3.7 *Directors' voting when interested*  
3.7.1 A Director shall not vote at a meeting of Directors in respect of any contract or arrangement in which he (together with a connected person under Section 346 of the Act) has a material interest (other than an interest in shares, debentures or other securities of, in or through the Company). If a Director is debarred from voting he shall not be counted in the quorum in relation to that resolution.
- 3.7.2 A Director shall be entitled to vote and be counted in the quorum on any of the following matters: the giving of any guarantee, security or indemnity in respect of

obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries; the giving of any guarantee, security or indemnity in respect of obligations of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or part; any proposal concerning an offer of shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange if the Director is interested in the underwriting or sub-underwriting of the offer; a proposal concerning any other company in which he is interested provided that he does not hold an interest in shares representing one per cent. or more of the equity share capital of any class of that company or of the voting rights (in which case such interest will be a material interest); any proposal concerning the adoption, modification or operation of a pension or superannuation scheme or retirement, death or disability benefits scheme or employee share scheme provided that such scheme does not afford to such Director any privilege or benefit not afforded generally to those to whom the scheme relates; and any proposal concerning insurance which the Company is empowered to maintain for persons including the Director under which he may benefit.

### 3.8 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking and property and uncalled capital or any part of it and (subject to the Act) to issue debentures and other securities whether outright or as collateral security for any debt or liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company in relation to its subsidiary undertakings so as to secure (or, as regards subsidiary undertakings, so far as they can so secure) that no money shall be borrowed if the aggregate principal amount, including any premium payable on final repayment outstanding of all moneys borrowed by the Company and its subsidiary undertakings and owing to persons outside the Company, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed two times the adjusted share capital and reserves.

## 4. Share Option Schemes

By resolutions of the shareholders passed on 12 November 1987 the Executive Option Scheme (the “No. 1 Scheme”) and the Executive Share Option Scheme (No. 2) (the “No. 2 Scheme”) were adopted by the Company. On 23 February 1988 the No.1 Scheme and the No. 2 Scheme were approved by the Inland Revenue under the provisions set out in the No. 1 Scheme and the No. 2 Scheme, respectively. On 19 June 2000 the No.1 Scheme and the No. 2 Scheme were amended. The principal terms of the No.1 Scheme and the No. 2 Scheme can be summarised as follows:

### 4.1 *The No. 1 Scheme*

#### *Grant of Options*

- 4.1.1 The Directors of the Company at their discretion have been able to grant options to eligible employees at any time within 6 weeks following the date of announcement of the Company’s final or interim results. The No.1 Scheme has now closed to new members.
- 4.1.2 No consideration shall be payable for the grant of an option; options will be personal to the participant to whom they are granted and may not be assigned.
- 4.1.3 Any full-time director or employee of a company in the Group (provided that such person has not less than two years’ employment to complete before retirement) is eligible to participate in the No.1 Scheme. Full-time for this purpose means employment for substantially the whole of the working hours of a participant but in any event for at least 20 hours (or, in the case of a Director, 25 hours) a week.

#### *Limitations*

- 4.1.4 The number of Ordinary Shares in respect of which options may be granted by the Company under the No.1 Scheme is limited so that (i) the number of Ordinary Shares issued or capable of being issued pursuant to options granted under the No.1

Scheme and any other employee share option scheme operated by the Company (other than the No. 2 Scheme or a savings related share option scheme) in any 10 year period shall not exceed 5 per cent. of the issued share capital of the Company for the time being, subject to an overriding maximum of 1,000,000 Ordinary Shares; and (ii) the number of Ordinary Shares issued under any employee share scheme operated by the Company (other than an employee share option scheme) and the number of shares issued or capable of being issued pursuant to options that have been granted under the No.1 Scheme or under any other employee share option scheme operated by the Company in any 10 year period shall not exceed 10 per cent. of the issued share capital of the Company for the time being, subject to an overriding maximum of 2,000,000 Ordinary Shares.

- 4.1.5 The number of Ordinary Shares over which an option may be granted to an eligible employee shall be subject to the limit that the aggregate of the amounts payable by an optionholder on the exercise of options outstanding at any time under the No.1 Scheme and any other share option scheme approved by the Inland Revenue shall not exceed the grant of (i) four times his or her relevant emoluments (as defined in the No.1 Scheme) for the current or preceding year of assessment (whichever of those years gives the greater amount), or (ii) 25 per cent. of the amount specified as the limit as shall be in force for the time being.

In addition, the number of Ordinary Shares over which the option may be granted shall be subject to the further limit that the aggregate of the amounts paid or payable by an optionholder during any 10 year period in respect of options granted to him or her under the No.1 Scheme and any other employee share option scheme operated by the Company (other than the No. 2 Scheme or savings related share option scheme) shall not exceed four times his or her annual earnings.

#### *Exercise and Lapse of Options*

- 4.1.6 Subject to paragraph 5.1.8 below, no option may be exercised prior to the expiry of three years from the date of grant of the option except (i) if the participant has ceased to be employed by reason of his death, injury, disability, redundancy or retirement, or (ii) the company by which he is employed has ceased to be owned by the Group, or (iii) by reason of the provisions referred to in paragraph 4.1.14 below.
- 4.1.7 Subject to the provisions referred to in paragraph 4.1.14 below being applicable, an option may be exercised until (i) the tenth anniversary of the date of grant of the option, or (ii) (if earlier) where the option becomes exercisable pursuant to paragraph 4.1.6(i) above the later of the expiry of 12 months from the cessation of employment and the expiry of three and a half years from the date of grant of the option, or (iii) if the participant ceases to be employed by the Group for any other reason the date of such cessation or (at the Directors' absolute discretion) the later of 12 months from him or her so ceasing to be employed and the expiry of three and a half years from the date of grant of the option, provided that in the event of a participant's death an option (which has not already lapsed) shall, unless it lapses at an earlier date under (i) above, lapse 12 months after the date of death.
- 4.1.8 No option may be exercised by virtue only of the expiry of three years from the date of grant of the option unless during any three year period (not commencing earlier than the announcement of the Company's final results immediately before the date of grant) there has been a real growth (after allowing for inflation) in the earnings per share of the Company over such three year period.

#### *Share capital provisions*

- 4.1.9 Shares issued as a result of the exercise of any options will rank *pari passu* with the other issued Ordinary Shares of the Company, save that they will only rank for dividends by reference to a record date falling on or after the date of allotment.



- 4.1.10 The Company is required at all times to keep available sufficient unissued Ordinary Shares to satisfy in full all options which have neither lapsed nor been fully exercised.
- 4.1.11 The Company will apply to the Council of the Stock Exchange for the shares allotted pursuant to the exercise of any option to be admitted to the Official List.
- 4.1.12 In the event of any capitalisation or rights issue or any consolidation, sub-division or reduction of capital by the Company prior to the exercise of an option, the No.1 Scheme provides for an adjustment in the limits referred to in paragraph 4.1.4 above and the number of shares under option and the subscription price subject to (i) the auditors confirming in writing that in their opinion such adjustment is fair and reasonable and (ii) the approval of the Inland Revenue.

*Takeover or Reconstruction or Voluntary Winding Up*

- 4.1.13 Special provisions dealing with the exercise of options apply in the event of a general offer being made for the whole of the issued share capital of the Company, the sanction by the Court of a compromise or arrangement proposed for the purpose of a scheme of reconstruction of the Company and the voluntary winding up of the Company.
- 4.1.14 The Directors shall use reasonable endeavours to notify all participants of any event of which they have actual notice which relates to any matter arising within the provisions of paragraph 4.1.13 above and which may concern participants.

*Amendment*

- 4.1.15 The Directors may alter the No.1 Scheme in any respect except that (save to the extent necessary to obtain or maintain approval of the Board of Inland Revenue as specified by the No.1 Scheme) no alteration to the advantage of participants will be made without the previous sanction of the Company in general meeting, and no alteration will be made to the definitions of persons who may participate in the No.1 Scheme, the subscription price and relevant emoluments or to the provisions of the No.1 Scheme referred to in paragraphs 4.1.1, 4.1.2 and 4.1.4 to 4.1.14 above or in this paragraph 4.1.15 itself.

4.2 *The No. 2 Scheme*

The No. 2 Scheme is identical to the No.1 Scheme except that, *inter alia*:

- 4.2.1 Subject to paragraph 4.2.2 below, options may not, in normal circumstances, be exercised prior to the expiry of five years from the date of grant.
- 4.2.2 No option may be exercised by virtue only of the expiry of five years from the date of grant of the option unless during any five year period (not commencing earlier than the announcement of the Company's final results immediately before the date of grant) the growth in earnings per share of the Company has been such as would place the Company in the top 25 per cent. of those companies listed at the end of such five year period in the Financial Times Stock Exchange 100 Share Index for which earnings per share figures are recorded by reference to growth in earnings per share as calculated pursuant to the No. 2 Scheme.

4.3 *The Company Scheme*

By resolutions of the shareholders passed on 14 July 1998 the Company Share Option Scheme (the "Company Scheme") was adopted by the Company. On 21 July 1998 the Company Scheme was approved by the Inland Revenue under the provisions set out in the Company Scheme. The principal terms of the Company Scheme may be summarised as follows:

*Grant of Options*

- 4.3.1 The Directors of the Company or the Trustee of the Trust may at their discretion grant options to eligible employees at any time within 6 weeks following the date of announcement of the Company's final or interim results.

- 4.3.2 No consideration shall be payable for the grant of an option. Options will be personal to the participant to whom they are granted and may not be assigned.
- 4.3.3 Any employee or full-time director of a company in the Group (provided that such person has not less than two years' employment to complete before retirement) is eligible to participate in the Company Scheme. Full-time for this purpose means employment for substantially the whole of the working hours of a participant but in any event for at least 25 hours a week.

#### *Limitations*

- 4.3.4 The number of unissued Ordinary Shares in respect of which options may be granted by the Company under the Company Scheme is limited so that (i) the number of Ordinary Shares issued or capable of being issued pursuant to options granted under the Company Scheme when aggregated with the number of Ordinary Shares issued or capable of being issued pursuant to options granted during the preceding ten years under the Company Scheme or any other employee share option scheme operated by the Company shall not exceed 10 per cent. of the issued share capital of the Company for the time being; and (ii) the number of Ordinary Shares issued or capable of being issued pursuant to options granted under the Company Scheme, when aggregated with the number of shares issued or capable of being issued pursuant to options that have been granted during the preceding three years under the Company Scheme or under the Scheme, shall not exceed 3 per cent. of the issued share capital of the Company for the time.
- 4.3.5 The number of Ordinary Shares over which an option may be granted to an eligible employee shall be subject to the limit that the aggregate of the market values at the relevant dates of grant of shares over which options have been granted outstanding at any time under the Company Scheme and any other share option scheme approved by the Inland Revenue shall not exceed £30,000 or such other limit as stated in paragraph 28(I) of Schedule 9 to the Income and Corporation Taxes Act 1988.

In addition, the number of Ordinary Shares over which the option may be granted shall be subject to the further limit that the aggregate of the market values at the relevant dates of grant of shares over which options have been granted and not exercised or lapsed during any 10 year period in respect of options granted to him or her under the Scheme and any other employee share option scheme operated by the Company (other than a savings related share option scheme) shall not exceed four times his or her annual earnings.

#### *Exercise and Lapse of Options*

- 4.3.6 Subject to paragraph 4.4.7 below, no option may be exercised prior to the expiry of three years from the date of grant of the option except (i) if the participant has ceased to be employed by reason of his death, injury, disability, redundancy or retirement or (ii) the company by which he is employed has ceased to be owned by the Group or (iii) by reason of the provisions referred to in paragraph 4.4.14 below or (iv) the participant ceasing to be in employment for a reason other than retirement or reasons mentioned in (i) and (ii) above if the Directors in their absolute discretion shall determine within 30 days of such cessation.
- 4.3.7 Subject to the provisions referred to in paragraph 4.4.12 below being applicable, an option may be exercised until (i) the tenth anniversary of the date of grant of the option; or (ii) one year from the date of the participant's death or (iii) (if earlier) where the option becomes exercisable pursuant to paragraph 4.3.6(i) above the later of the expiry of 12 months from the cessation of employment and the expiry of three and a half years from the date of grant of the option, or (iv) if the participant ceases to be employed by the Group for any other reason the date of such cessation or (at the Directors' absolute discretion) the later of 12 months from him or her so

ceasing and the expiry of three and a half years from the date of grant of the option or three and a half years from the date of a previous exercise of a discretionary option prior to cessation which qualified for relief from income tax.

#### *Share capital provisions*

- 4.3.8 Shares issued as a result of the exercise of any options will rank pari passu with the other issued Ordinary Shares of the Company, save that they will only rank for dividends by reference to a record date falling on or after the date of allotment.
- 4.3.9 The Company is required at all times to keep available sufficient Ordinary Shares to satisfy in full all options which have neither lapsed nor been fully exercised.
- 4.3.10 The Company will apply to the UKLA for the shares allotted pursuant to the exercise of any option to be admitted to the Official List of the UKLA and to the London Stock Exchange to be admitted to trading on the London Stock Exchange's market for listed securities.
- 4.3.11 In the event of any capitalisation or rights issue or any consolidation, sub-division or reduction of capital by the Company prior to the exercise of an option, the Company Scheme provides for an adjustment in the limits referred to in paragraph 4.3.4 above and the number of shares under option and the subscription price subject to (i) the auditors confirming in writing that in their opinion such adjustment is fair and reasonable and (ii) the approval of the Inland Revenue.

#### *Takeover or Reconstruction or Voluntary Winding Up*

- 4.3.12 Special provisions dealing with the exercise of options apply in the event of a general offer being made for the whole of the issued share capital of the Company, the sanction by the Court of a compromise or arrangement proposed for the purpose of a scheme of reconstruction of the Company and the voluntary winding up of the Company.
- 4.3.13 The Directors shall use reasonable endeavours to notify all participants of any event of which they have actual notice which relates to any matter arising within the provisions of paragraph 4.3.12 above and which may concern participants.

#### *Amendment*

- 4.3.14 The Directors may alter the Scheme in any respect except that (save to the extent necessary to obtain or maintain approval of the Board of Inland Revenue as specified by the Company Scheme) no alteration to the advantage of participants will be made, without the previous sanction of the Company in general meeting, to the definitions of persons who may participate in the Company Scheme, subscriptions price and relevant emoluments or to the provisions of the Company Scheme referred to in paragraphs 4.3.1, 4.3.2 and 4.3.4 to 4.3.13 above or in this paragraph 4.3.14 itself.

#### 4.4 *The LTIP*

By resolutions of the shareholders passed on 24 January 2001 the Long Term Incentive Plan (the "LTIP") was adopted by the Company. The principal terms of the LTIP may be summarised as follows:

- 4.4.1 The LTIP is intended to allow the Company to grant qualifying options ("EMI Options") within the meaning of Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5").
- 4.4.2 The LTIP is governed by its rules and is administered by the Remuneration Committee of the Board (the "Committee").
- 4.4.3 The Committee may grant EMI Options under the LTIP to any executive Director of the Company or key senior executive of the Group who, in either case, is required to devote substantially the whole of his working time to his duties with the Company or the Group, as the case may be. No option may be granted under the LTIP to any Director or employee within the period of two years prior to his normal retirement date.

- 4.4.4 Options may be granted during the period of 42 days following (a) the date of commencement of the LTIP; (b) the day immediately following an announcement of results to the London Stock Exchange; or (c) a date on which the Committee considers it appropriate. No option may be granted after the fifth anniversary of the date of commencement of the LTIP. No option may be assigned or transferred in any way, although the executors or personal representatives of a deceased option holder may in certain circumstances exercise options held by him. No consideration is payable for the grant of an option.
- 4.4.5 There will be no consideration payable for each Ordinary Share on exercise of an option granted under the LTIP.
- 4.4.6 No person may at any time hold EMI Options granted under the LTIP in any one financial year over Ordinary Shares which have a total market value at the time of grant in excess of 75 per cent. of his basic annual salary for that year.
- 4.4.7 No option may be granted on any date if, as a result, the total number of Ordinary Shares issued or issuable pursuant to options granted in the previous ten years under the LTIP, and under all other share schemes of the Company, would exceed ten per cent. of the Company's issued ordinary share capital immediately prior to that date. In determining whether the above limits have been complied with no account is taken of any option which has lapsed or been disclaimed.
- 4.4.8 Options granted under the LTIP, subject to the achievement of relevant performance criteria, may be exercised at the earliest after three years from their grant.
- Options granted under the LTIP shall lapse on the earliest of:
- 4.4.8.1 the tenth anniversary of the date of grant of the option;
- 4.4.8.2 the expiry of the period allowed for the satisfaction of any condition of exercise;
- 4.4.8.3 twelve months after the death of an option holder;
- 4.4.8.4 the date of cessation of employment or directorship (unless such cessation is by reason of (a) injury, disability, or retirement; or (b) at the discretion of the Committee, for any other reason, in which case the options will lapse six months after such cessation);
- 4.4.8.5 six months after the date any take-over, change of control or reconstruction or the passing of a resolution for the voluntary winding up of the Company; and
- 4.4.8.6 the date on which a resolution is passed for the compulsory winding up of the Company.
- 4.4.9 In the event of a takeover of the Company, the Committee may, with the consent of the acquiring company, require the option holder to release options granted under the LTIP in consideration for the grant of new options over shares in the acquiring company which have the same value as the options released.
- 4.4.10 In the event of any capitalisation, or rights issue, consolidation, sub-division, reduction or other variation of the share capital of the Company, the number of Ordinary Shares subject to each option and the price payable on exercise shall be adjusted in such manner as the Company's auditors confirm to be fair and reasonable.
- 4.4.11 The Committee may from time to time alter or add to all or any of the rules of the LTIP. No alteration or addition may be made which would materially or adversely affect the rights of any option holder as regards an option granted prior to the alteration or addition. Amendments or alterations to the advantage of option holders that are approved by the Committee following Admission will require shareholder approval.

- 4.4.12 All ordinary shares will rank *pari passu* with all other Ordinary Shares other than in relation to dividends which have a record date prior to the date of issue. The benefits derived from the LTIP do not constitute pensionable earnings of any individual.
- 4.4.13 The ability of participants to exercise their options is subject to performance criteria set by the Committee to encourage participants to achieve outstanding performance. The performance criteria establish the maximum number of shares that a participant can acquire in respect of the exercise of a particular option and this is dependant on the per annum compound growth in fully diluted earnings per share of the Company.
- 4.4.14 All option holders are required to indemnify their employing company in respect of PAYE and national insurance contributions (including class 1 contributions) arising in relation to options.
- 4.5 Total options outstanding under each of the Share Option Schemes are as follows:

**The No. 1 Scheme**

<i>Date of Grant</i>	<i>Subscription price</i>	<i>Number of shares</i>
24 December 1996	7p	19,598
8 August 1997	3.25p	375,000
Total outstanding		<u>394,598</u>

**The No. 2 Scheme**

<i>Date of Grant</i>	<i>Subscription price</i>	<i>Number of shares</i>
24 December 1996	7p	35,274
8 August 1997	3.25p	375,000
Total outstanding		<u>410,274</u>

**The Company Scheme**

<i>Date of Grant</i>	<i>Subscription price</i>	<i>Number of shares</i>
7 January 1999	7.25p	197,028
6 July 1999	14p	47,028
7 January 2000	18.25p	342,586
12 January 2001	18.25p	186,764
13 July 2001	8.75p	75,678
Total outstanding		<u>849,084</u>

**The LTIP**

No options are currently in issue under the LTIP.

## 5. Information on the Concert Party

- 5.1 The holdings of shares in Fitzroy Robinson by the members of the Concert Party at the date of this document are as follows:

<i>Name</i>	<i>Ordinary shares of £1 each in the capital of Fitzroy Robinson</i>	<i>% of ordinary share capital in the capital of Fitzroy Robinson</i>
Nicholas Thompson	10,500	21%
Raul Curiel	7,500	15%
Andrew Murdoch	10,000	20%
Jeremy Blake	9,000	18%
Stephen Atkinson	7,500	15%
John Vincent	4,000	8%
Geoff Cohen	1,500	3%
Total	<u>50,000</u>	<u>100%</u>

- 5.2 The names of the members of the Concert Party and their holdings of Ordinary Shares as they will be following the issue of the New Ordinary Shares pursuant to the Acquisition Agreement are as set out in the table below. Each member of the Concert Party is a shareholder and, other than John Vincent and Geoff Cohen, a director of Fitzroy Robinson. There is no other director of Fitzroy Robinson.

<i>Name</i>	<i>Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>	<i>Loan Stock £</i>
Nicholas Thompson	15,202,411	10.5%	42,000
Raúl Curiel	10,858,865	7.5%	30,000
Andrew Murdoch	14,478,486	10%	40,000
Jeremy Blake	13,030,638	9%	36,000
Stephen Atkinson	10,858,865	7.5%	30,000
John Vincent	5,791,394	4%	16,000
Geoff Cohen	2,171,772	1.49%	6,000
Total	<u>72,392,431</u>	<u>49.99</u>	<u>200,000</u>

Note: The Loan Stock neither is convertible into Ordinary Shares nor carries votes in any circumstances.

The address of each member of the Concert Party is: 14 Devonshire Street, London W1G 7AE.

Short biographies of each of the Proposed Directors are set out in paragraph 11 of Part I of this document and in paragraph 7 of this Part V:

*Stephen Atkinson B.Sc.(hons), B.Arch., RIBA, FRSA.* Stephen joined Fitzroy Robinson in 1988 as project architect for office buildings in the City and West End. He established the Bristol office of Fitzroy Robinson and was appointed a director of the company in 1993, since when he has been responsible for the major regeneration at Temple Quay and the new headquarters building for HBOS at Harbourside.

*Andrew Murdoch* graduated in architecture from Cambridge University in 1971. He joined Fitzroy Robinson in 1984 and was the partner in charge of the Cambridge office prior to Jeremy Blake. Andrew has been a main board director of Fitzroy Robinson since its incorporation and was Chairman for 3 years. He is on the Board of Management of the British Council of Offices.

*Geoff Cohen B.A., B.Arch, RIBA.* Geoff graduated from the University of Liverpool in 1979. He worked in Italy for four years with Renzo Piano Building Workshop on projects in Europe and Japan between 1990 and 1994 before joining RMJM in London to lead a team working on university projects and corporate offices. In 2002, he joined Fitzroy Robinson and was promoted to design director in 2003 (although he does not sit on Fitzroy Robinson's board).

*John Vincent Dip Arch (Hons), RIBA.* John, a chartered architect, joined Fitzroy Robinson in 1980 and is now a director of the company. John has specialised in Workplace, Interiors and Low Energy buildings and is responsible for major projects in the Fitzroy Robinson practice.

*Jeremy Blake, BA, BArch, RS, AABC, RIBA.* Jeremy graduated from Newcastle upon Tyne University and was a Rome Scholar 1977-78. He joined Fitzroy Robinson's Cambridge office in 1987 and became a director in charge of the Cambridge office in 1993. He has worked in the London office of Fitzroy Robinson since 2000 heading up the Hospitality and Heritage sectors.

- 5.3 On Completion, the Concert Party would together own 72,392,431 Ordinary Shares, representing approximately 49.99 per cent. of the Enlarged Share Capital.
- 5.4 There have been no dealings in Ordinary Shares in the Company by the members of the Concert Party (includes directors of Fitzroy Robinson) or by persons connected with them during the 12 months prior to the publication of this document and, save as disclosed in paragraph 5.2 above, no member of the Concert Party owns or controls, or will own or control, any Ordinary Shares. No member of the Concert Party has any arrangement with any other person in relation to any Ordinary Shares.
- 5.5 Save for the Acquisition Agreement, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Company or any member of the Concert Party or any other person connected with them and any of the Directors, shareholders, recent directors or recent shareholders of the Company which has any connection with or dependence upon the Acquisition.
- 5.6 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the New Ordinary Shares to be acquired by a member of the Concert Party pursuant to the Acquisition Agreement will be transferred to any other person.
- 5.7 No payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.
- 5.8 The following table shows the closing middle market quotations for the Existing Ordinary Shares as derived from the Daily Official List on the first dealing day of each month from the six months immediately preceding the date of this document and on 29 November 2004 the last trading day before the shares are suspended on the London Stock Exchange's Market for Listed Securities:

<i>Date</i>	<i>Price</i>
1 September 2004	3.125p
1 October 2004	2.750p
1 November 2004	2.875p
29 November 2004	2.870p

*Note: Trading in the Existing Ordinary Shares was suspended on the London Stock Exchange's Market for Listed Securities on 30 November 2004.*

- 5.9 Save for José Luis Ripoll, Gerald Deighton, Paul Newman, Stephen Embley and Patrick Carter (as described at page 15 above), none of the current Shareholders have given irrevocable undertakings to vote in favour of the Resolutions.
- 5.10 Save as disclosed in paragraph 6.4 below, neither the Company, nor any of the Directors, nor any member of their immediate families, nor any person acting in concert with the Company, nor any person who has given an irrevocable undertaking to vote in favour of any of the Resolutions, was interested in any relevant securities on 7 March 2005 nor has any such person dealt for value therein during the disclosure period and no bank, stockbroker, financial or other professional adviser (other than an exempt market-maker) to the Company (nor any person controlling, controlled by or under the same control as such bank, stockbroker, financial or other professional adviser) nor any pension fund of the Company, nor any person whose investments are managed on a discretionary basis by a fund manager

(other than an exempt fund manager) which is controlled by, controls or is under the same control as the Company or any bank, stockbroker, financial or other professional adviser, to the Company, owned or controlled by any relevant securities on 7 March 2004 nor has any such person dealt for the value therein during the disclosure period.

- 5.11 Save as disclosed in this paragraph 5, none of the members of the Concert Party, nor any person acting in concert with any of the members of the Concert Party, nor any of their respective associates, was interested in any relevant securities on 7 March 2004 nor has any such person dealt for value therein during the disclosure period.
- 5.12 Neither the Company nor any of the members of the Concert Party, nor any of their respective associates nor any person acting in concert with the Company or any of the members of the Concert Party or any of their respective associates has any arrangement in relation to relevant securities.
- 5.13 References in this paragraph 5 to:
- (i) “relevant securities” means securities issued by the Company or Fitzroy Robinson and securities convertible into, or exchangeable for, rights to subscribe for, and options (including traded options) in respect of such securities and derivatives referenced thereto;
  - (ii) “disclosure period” means the period commencing on 7 March 2004 and ending on 7 March 2005 (the latest practicable date prior to publication of this document);
  - (iii) “arrangement” includes, in addition to indemnity and option arrangements, any arrangement, agreement or undertaking, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing;
  - (iv) an “associate” are to:
    - (1) subsidiaries and associates companies of the Company or Fitzroy Robinson and companies of which any such subsidiaries or associated companies are associated companies;
    - (2) banks, financial and other professional advisers (including stockbrokers) to the Company or (as the case may be) or a company in sub-paragraph (1) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
    - (3) the Directors and the Proposed Directors (as the case may be) and the directors of any company covered in sub-paragraph (1) above (together in each case with their immediate families and related trusts);
    - (4) any pension funds of the Company or Fitzroy Robinson or any company covered in sub-paragraph (1) above; and
    - (5) an investment company, unit trust or other person whose investments an associate (as defined in this paragraph 5) manages on a discretionary basis, in respect of the relevant investment accounts; and
  - (v) a “bank” does not apply to a bank whose sole relationship with the Company or Fitzroy Robinson or a company covered in sub-paragraph 5.13(iv)(5) above is the provision of normal commercial banking services.
- 5.14 For the purposes of this paragraph 5, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holding, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding(s) give(s) *de facto* control.



## 6. Directors' and Proposed Directors' shareholdings and other interests

6.1 As at 7 March 2005 (being the latest practicable date prior to the publication of this document) and on Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors and Proposed Directors and their immediate families in the share capital of the Company which (i) have been notified to the Company pursuant to Sections 324 or 328 of the Act; or (ii) are required to be entered in the register maintained by the Company pursuant to Section 325 of the Act; or (iii) are (so far as is known to or could with reasonable due diligence be ascertained by the relevant Director) interests of a person connected (within the meaning of Section 346 of the Act) with a Director which would require to be disclosed under (i) or (ii) above if they were interests of that Director were (or will be, on Admission, as applicable) as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>		<i>Percentage of issued Existing Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Percentage of Enlarged Share Capital including share options (see paragraph 6.2 below)</i>
	<i>As at 4 March 2005</i>	<i>On Admission</i>			
José Luis Ripoll*	10,765,192	10,765,192	14.86%	7.43%	7.43%
Patrick Carter	41,500	41,500	0.06%	0.03%	0.05%
Paul Newman**	436,585	436,585	0.60%	0.30%	0.41%
Stephen Embley***	21,500	21,500	0.03%	0.01%	0.12%
Gerald Deighton****	1,000,000	1,000,000	1.38%	0.69%	0.69%
Lutz Heese	—	—	—	—	—
<i>Proposed Director</i>					
Nicholas Thompson	—	15,202,411	—	10.5%	10.5%
Raúl Curiel	—	10,858,865	—	7.5%	7.5%

\* José Luis Ripoll's interest is held by Imagina Management SL.

\*\* Paul Newman's interest is held by Pershing Keen Nominees Limited.

\*\*\* Stephen Embley's interest is held through Willbro Nominees Limited.

\*\*\*\* Gerald Deighton's interest is held by Rathbone Nominees Limited in the name of The Gerald Deighton Trust.

6.2 The Directors' interests in share options are as follows:

<i>Director</i>	<i>Number of options over Ordinary Shares</i>		<i>Exercise price</i>	<i>Earliest exercisable date</i>	<i>Expiry Date</i>
	<i>As at 7 March 2005</i>	<i>On Admission</i>			
Patrick Carter	31,354	—	8.75p	13 July 2004	13 July 2011
Stephen Embley	75,000	—	3.25p	8 August 2000	8 August 2007
	75,000	—	3.25p	8 August 2002	8 August 2007
Paul Newman	75,000	—	3.25p	8 August 2000	8 August 2007
	75,000	—	3.25p	8 August 2002	8 August 2007

6.3 Save for the interests of the Concert Party, details of which are set out in paragraph 5 above, as at 7 March 2005 (being the latest practicable date prior to the publication of this document), in so far as the Company is aware, there were no interests representing three per cent. or more of the issued ordinary share capital of the Company, other than the following:

<i>Shareholder</i>	<i>As at 7 March 2005</i>		<i>Percentage of Enlarged Share Capital</i>
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>	
Imagina Management SL*	10,765,192	14.86%	7.43%
Pershing Keen Nominees Limited	6,901,919	9.53%	4.77%
Barclayshare Nominees Limited	3,297,905	4.55%	2.28%
Mr R.H. Warner	2,689,012	3.71%	1.86%
TD Waterhouse Nominees (Europe) Limited	2,587,917	3.57%	1.79%

\* Controlled by José Luis Ripoll

6.4 Save for the disposal by the Company referred to in paragraph 12.1.6 in this Part V to which José Luis Ripoll is a party, no Director has nor has had any interest in any transaction which is or was unusual in its nature or conditions or which was significant to the business of the Enlarged Group, was effected by any member of the Enlarged Group during the current or immediate preceding financial year or during an earlier financial year which remains in any respect outstanding or unperformed.

Save for the Acquisition, no Proposed Director has nor has had any interest in any transaction which is or was unusual in its nature or conditions or which was significant to the business of the Enlarged Group, was effected by any member of the Enlarged Group during the current or immediate preceding financial year or during an earlier financial year which remains in any respect outstanding or unperformed.

6.5 The Company is not aware of any person who can directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

6.6 There are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of the Directors.

## 7. Directors

7.1 The Directors of the Company and their respective principal functions are as follows:

José Luis Ripoll	(Executive Chairman)
Patrick Carter	(Finance Director and Company Secretary)
Paul Newman	(UK Managing Director)
Stephen Embley	(Executive Director)
Gerald Deighton	(Non-Executive Director)
Lutz Heese	(Non-Executive Director)

7.2 The Proposed Directors and their proposed roles if the Acquisition becomes or is declared unconditional in all respects are:

Nicholas Thompson	(Chief Executive Officer)
Raúl Curiel	(Director of European Operations)

7.3 José Luis Ripoll has been an architect since 1990. Since then he has worked as an architect in the US and Europe. He is a director of the “Imagina” group of companies which he founded and has been Chairman and Chief Executive of the Company since March 2004.

7.4 Patrick Carter is a chartered accountant and barrister and has been a main board member of the Company and a number of its subsidiaries since 2002.

7.5 Paul Newman has been an architect since 1988 and has been a main board member of the Company since July 2003 and Managing Director of UK operations since May 2004.

7.6 Stephen Embley has been an architect since 1983 and has been a main board member of the Company since June 2003. Prior to that he was a director of UK operations and headed up the hotels division and business unit for the Group.

7.7 Gerald Deighton has been an architect since 1961. He re-joined the Company as non-executive Director in March 2004. Prior to that he was a director of the property division of Burton Group plc and executive chairman of the Company on its flotation.

7.8 Lutz Heese has been an architect since 1977. He holds the presidency of the Bavarian Chamber of Architects in Germany. He is a director of ABH-Architecturoburo Heese GmbH and became a non-executive director of the Company in May 2004.

7.9 Nicholas Thompson has been a chartered management accountant since 1981 and has held an MBA since 1991. He has been a director of Fitzroy Robinson since January 1994, and became Managing and Finance Director in May 2002.

7.10 Raúl Curiel has been an architect since 1979. Thereafter he was project architect, associate, partner of the Fitzroy Robinson practice and became a director of the company upon its incorporation. Raúl has been a main board director of Fitzroy Robinson since its incorporation and its chairman for the past 2½ years. Raúl is also chairman of Fitzroy Robinson International.

7.11 The business address of all the Directors is the registered office of the Company.

7.12 The registered office of Fitzroy Robinson and the business address of all the Proposed Directors is 14 Devonshire Street, London W1G 7AE.

7.13 The names of the companies and partnerships of which the Directors and the Proposed Directors are currently or have been a director or partner at any time in the previous five years preceding the date of this document are as follows:

<i>Name of Director</i>	<i>Current directorships or partnerships</i>	<i>Past directorships or partnerships</i>
José Luis Ripoll	MGN Imagina SL Imagina Management SL Grupo Ryc SL	Imagina Acquitectos SL Imagina Ingenieros SL
Patrick Carter	Aukett Limited Aukett (UK) Limited Aukett BV Aukett Polska Sp Zoo	Aukett & Garretti Srl
Paul Newman	Aukett Limited Aukett (UK) Limited	
Stephen Embley	Aukett Limited Aukett doo	
Gerald Deighton	Arrogant Behaviour Limited	Aukett Limited
Lutz Heese	Aukett & Heese GmbH Aukett & Heese Frankfurt GmbH ABH Architektburo GmbH	
<i>Name of Proposed Director</i>	<i>Current directorships or partnerships</i>	<i>Past directorships or partnerships</i>
Nicholas Thompson	Fitzroy Robinson Limited The Wren Insurance Association Limited Thompson & Newman Limited Fitzroy Robinson West & Midlands Limited Fitzroy Robinson International Limited Veretec Limited	
Raúl Curiel	Fitzroy Robinson Limited Fitzroy Robinson International Limited	

7.14 None of the Directors or Proposed Directors has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) ever been declared bankrupt or been the subject of an individual voluntary arrangement;
- (iii) ever been a director with an executive function of a company which entered into receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors at the date of or within the 12 months preceding such event;

- (iv) ever been a partner in a partnership which while he was a partner or within 12 months of his ceasing to be a partner entered into compulsory liquidation, administration or a partnership voluntary arrangement;
- (v) owned any asset or been a partner in a partnership which owned any asset which, while he or the partnership owned that asset within 12 months after him or the partnership ceasing to own that asset entered into receivership;
- (vi) been the subject of any public criticism by any statutory or regulatory authority (including designated professional bodies); or
- (vii) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## **8. Directors' and Proposed Directors' service contracts and other remuneration**

- 8.1 Nicholas Thompson is currently employed by Fitzroy Robinson but this service contract will terminate on Completion. Nicholas Thompson is to be employed by the Company pursuant to a Service Agreement to be executed on the date of Completion. His employment is to continue until terminated by not less than 12 months' notice by the Company or until he reaches the age of 65. If the Company terminates the Service Agreement within the period of 24 months from Completion and decides to pay him in lieu of his notice period, it must make a severance payment to Nicholas Thompson equal to the average of his remuneration in respect of the three financial years of the Company prior to the termination of his employment which includes salary, benefits and dividends paid by Fitzroy Robinson and any payments made pursuant to clause 3.7 of the shareholders' agreement dated 22 July 2002 between Fitzroy Robinson and A J Murdoch and others regulating the conduct and affairs of Fitzroy Robinson. Nicholas Thompson, whose current annual basic salary is £84,000, from 1 May 2005 is to be entitled to an annual basic salary of £102,500 and to other benefits as set out below.
- 8.2 Raúl Curiel is currently employed by Fitzroy Robinson but this service contract will terminate on Completion. Raúl Curiel is to be employed by the Company pursuant to a Service Agreement to be executed on the date of Completion. His employment is to continue until terminated by not less than 12 months' notice by the Company or until he reaches the age of 65. If the Company terminates the Service Agreement within the period of 24 months from Completion and decides to pay him in lieu of his notice period, it must make a severance payment to Raúl Curiel equal to the average of his remuneration in respect of the three financial years of the Company prior to the termination of his employment which includes salary, benefits and dividends paid by Fitzroy Robinson and any payments made pursuant to clause 3.7 of the shareholders' agreement dated 22 July 2002 between Fitzroy Robinson and A J Murdoch and others regulating the conduct and affairs of Fitzroy Robinson. Raúl Curiel, whose current annual basic salary is £84,000, from 1 May 2005 is to be entitled to an annual basic salary of £90,000 and to other benefits as set out below.
- 8.3 José Luis Ripoll does not have a service agreement with the Company. He was appointed Executive Chairman of the Company on 26 March 2004 and his employment continues until terminated by either party on giving reasonable notice to the other. José Luis Ripoll is entitled to an annual basic salary of £156,921 and non-cash benefits of life and permanent health insurance cover. Mr Ripoll is resident in Spain and will not become resident for tax purposes in the UK. Mr Ripoll's appointment includes attending board meetings in the UK and general UK business and supporting the Group's European operations. Payment in respect of his UK duties is paid (net) directly to him and payment for his overseas services is paid (gross) to his service company in Spain, Imagina Management SL.
- 8.4 Stephen Embley is employed by the Company pursuant to a Service Agreement dated 27 June 1990. His employment continues until terminated by not less than 12 months' notice by him or the Company or until he reaches the age of 65. Stephen Embley is entitled to an annual basic salary of £68,500 and to other benefits as set out below.

- 8.5 Paul Newman is employed by the Company pursuant to a Service Agreement dated 19 August 1990. His employment continues until terminated by not less than 12 months' notice by him or the Company or until he reaches the age of 65. Paul Newman is entitled to an annual basic salary of £77,000 and to other benefits as set out below.
- 8.6 Patrick Carter is employed by the Company pursuant to a Service Agreement dated 21 December 2003. His employment continues until terminated by not less than 12 months' notice by him or the Company or until he reaches the age of 65 and any payment in lieu of notice would include his salary. Patrick Carter is entitled to an annual basic salary of £66,000 and to other benefits as set out below.
- 8.7 The remuneration of each executive Director and Proposed Director consists of the following elements:
- A. *Annual pay and other benefits*
- Annual pay reflects the responsibilities, market value and sustained performance level of executive Directors. Pay is reviewed by the remuneration committee annually.
- Non-cash benefits principally include the provision of company cars, fuel for company cars, life assurance, private medical insurance, permanent disability insurance and the value of shares obtained under the Share Option Schemes. Other cash benefits include cash allowances paid in lieu of a company car and a supplement in respect of any tax liability incurred from payments to funded unapproved pension arrangements.
- B. *Bonuses*
- Bonus payments are determined by the remuneration committee and awarded where justified by performance. The executive Directors are eligible to receive an annual incentive bonus of up to 75 per cent. of their annual pay. The amount payable is based upon the achievement of financial performance targets for the period, which are agreed in advance by the committee and relate to trading profit and profit before tax, exceptional items and goodwill. No financial performance targets have been agreed for the current financial period.
- C. *Pensions*
- Stephen Embley, Paul Newman and Patrick Carter participate in the Company's defined contribution pension scheme, to which the Company currently contributes 13 per cent. of annual pay. No element of remuneration other than annual pay is treated as pensionable.
- Gerald Deighton and Lutz Heese are each engaged under non-executive letters of appointment for an initial term of one year commencing on 26 March 2004 and 25 May 2001 respectively. Gerald Deighton receives an annual fee of £20,000 per annum and Lutz Heese receives an annual fee of £10,000 per annum. Neither of them participate in the pension schemes, the bonus scheme or Share Option Schemes.
- D. *Estimate of remuneration*
- The aggregate of the remuneration payable and benefits in kind to be granted to the Directors in respect of the last financial period was £516,000.
- The aggregate of the remuneration payable and benefits in kind to be granted to the Directors and the Proposed Directors by the Enlarged Group in respect of the financial period ending 30 September 2005 under the arrangements in force at the date of this document is estimated to be approximately £514,000.
- 8.8 There will be no variation to the Directors' emolument receivable by the Directors in consequence of the Acquisition. There have been no amendments in the service contracts or other arrangements of the Directors within the six months preceding the date of this document.

## 9. Litigation

### The Group

- 9.1 Neither the Company nor any other member of the Group is or has been engaged in any legal or arbitration proceedings, nor (so far as the Company is aware) are any legal or arbitration proceedings pending or threatened, which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Group, except that the Board is aware of the existence of 3 potential claims against contractors to which the Group may be joined in as a party. The excess on the professional indemnity policy under which any such claim will be dealt with is £100,000 for each claim. The Directors do not currently expect that the Group will suffer a material liability in connection with such matters and accordingly no provision has been made in the accounts.

### Fitzroy Robinson Group

- 9.2 Neither Fitzroy Robinson nor any other member of the Fitzroy Robinson Group is or has been engaged in any legal or arbitration proceedings, nor (so far as the Company is aware) are any legal or arbitration proceedings pending or threatened, which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Fitzroy Robinson Group, except that the directors of Fitzroy Robinson and the Proposed Directors are aware of the existence of three potential claims to which Fitzroy Robinson may be joined in as a party. The excess on the professional indemnity policy under which any such claim will be dealt with is £30,000 for each claim. The directors of Fitzroy Robinson and the Proposed Directors do not currently expect that Fitzroy Robinson will suffer a material liability in connection with such matters, but have in any case provided for the amount of the excess in Fitzroy Robinson's accounts.

### The Enlarged Group

- 9.3 Save as disclosed in paragraphs 9.1 and 9.2 above, no member of the Enlarged Group is or has been engaged in any legal or arbitration proceedings nor are any legal or arbitration proceedings pending or threatened, which may have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Enlarged Group.

## 10. Taxation

**The following statements are intended only as a general guide to the current tax position under UK taxation law and practice as they apply to Shareholders who are resident or ordinarily resident in the UK for tax purposes. An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.**

### 10.1 *Dividends*

Individual Shareholders whose income is within the lower or basic rate bands are liable to tax at the Schedule F ordinary rate (which is currently 10 per cent.) on their gross dividend income. Individual Shareholders are entitled to a tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual Shareholder whose income is within the lower or basic rate bands so they have no further tax to pay. However, Shareholders liable to higher rate tax have a liability to income tax at the Schedule F upper rate (which is currently 32.5 per cent.) less the amount of the tax credit, leaving a net income tax charge of effectively 25 per cent. of the net dividend received.

A corporate Shareholder resident for tax purposes in the UK will not be chargeable to UK corporation tax on any dividend received from the Company and will not be entitled to a refund of all or part of the tax credit.

UK resident trustees of a discretionary or accumulation trust are liable to income tax on UK company dividends at the Schedule F upper rate of 32.5 per cent. and will be entitled to deduct the amount of the tax credit from the tax payable leaving a net income tax charge of effectively 25 per cent. of the dividend received.

A non-UK resident Shareholder may be subject to local tax in their place of residence. The Shareholder may be able to claim all or part of the tax credit attaching to the dividend received depending on the provision of any double tax treaty which may exist between their place of residence and the UK. Such shareholder should consult their own tax advisers on this matter.

Under current UK taxation legislation, the Company is not required to withhold tax at source from dividends.

#### 10.2 *Stamp Duty and Stamp Duty Reserve Tax*

Under current UK legislation relating to stamp duty and stamp duty reserve tax (“SDRT”):

- (a) no liability to stamp duty or SDRT will arise on the allotment or issue of New Ordinary Shares by the Company;
- (b) any subsequent transfer or sale of Ordinary Shares will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration. Stamp duty and SDRT is usually paid by a purchaser. Where an agreement to transfer such shares is not completed by a duly stamped instrument of transfer, a charge of SDRT (generally at the same rate) may arise; however, if within six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, the stamp duty paid will normally cancel or give rise to a repayment of SDRT; and
- (c) special rules apply to market-makers, broker-dealers and certain other persons.

### 11. **The Acquisition Agreement and Loan Stock Instrument**

11.1 The consideration for the Acquisition will be £2,277,663 which is to be satisfied by the issue of (i) the New Ordinary Shares and (ii) the Loan Stock. The New Ordinary Shares once issued will represent approximately 49.99 per cent. of the Enlarged Share Capital of the Company following Completion.

11.2 Pursuant to the terms of the Acquisition Agreement under which the Company will, conditional upon, *inter alia*, Shareholder approval and Admission, acquire the whole of the issued share capital of Fitzroy Robinson, the Vendors have provided customary warranties and tax indemnities to the Company in connection with the Acquisition. The Acquisition Agreement provides that claims under the warranties (other than taxation warranties) must be made no later than the later of the first anniversary of Completion or the first full audit of the financial statements of the Enlarged Group. Claims in relation to the tax warranties and the tax indemnities must be made prior to the sixth anniversary of Completion. The Vendors will only be liable for claims made by the Company under the warranties and tax indemnities in the Acquisition Agreement when such claims, each exceeding £100,000, exceed £2,000,000 in aggregate and will then only be liable for the excess up to £277,663, being the difference between the £2,000,000 threshold and the value of the aggregate consideration received by the Vendors under the Acquisition Agreement.

11.3 If at any time before Completion an event occurs which affects or is likely to have a material adverse affect on the financial position, business or prospects of Fitzroy Robinson or any member of the Fitzroy Robinson Group then the Company shall be entitled to terminate the Acquisition Agreement. Similarly if at any time before Completion an event occurs which affects or is likely to have a material adverse affect on the financial position, business or prospects of the Company or any member of the Group then the Vendors shall be entitled to terminate the Acquisition Agreement.

- 11.4 On Completion, the Company shall execute the Loan Stock Instrument. The Loan Stock will be an unconditional, unsecured and, at present, unsubordinated obligation of the Company. Interest will be payable annually at the rate of 5 per cent. per annum until such time as the Loan Stock has been paid in full. If any interest on the Loan Stock or principal monies outstanding on the Loan Stock are not paid on their due date then default interest will become payable at the rate of 10 per cent. per annum. Subject to any earlier Event of Default (as defined in the Loan Stock Instrument) occurring (such as insolvency of the Company) the principal amount outstanding on the Loan Stock will be payable on or after the tenth anniversary of Completion.
- 11.5 The Vendors have undertaken that during the period of two years after Completion, they shall not without the prior written consent of the Purchaser dispose of or create any encumbrance over any of the New Ordinary Shares, or agree to do so except where:
- (i) such disposal is made in the acceptance of any offer made in accordance with the City Code by any third party to all the holders of any ordinary share capital of the Company for the whole or part of the ordinary share capital of the Company (other than any ordinary share capital owned by the offeror or any concert party of any member of the Group);
  - (ii) such disposal is made pursuant to a compromise or arrangement between the Purchaser and its members or any class of them which is agreed to by the requisite majority of members and sanctioned by the Court under sections 425 to 427A of the Act;
  - (iii) such disposal is made in the execution of an irrevocable commitment to accept any offer made in accordance with the City Code for the whole or part of the ordinary share capital of the Company (other than any ordinary share capital owned by the offeror or any concert party of the offeror);
  - (iv) such disposal is made pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all holders of ordinary shares in the Company;
  - (v) (whether *inter vivos* or by testamentary disposition or on intestacy) the disposal is made to a member of his family or to trustees of any trust, the principal beneficiaries of which are exclusively himself and/or members of his family, provided that in each case such disposal is made after notification to the Company and the transferee of the shares agrees in writing with the Company (in terms reasonably acceptable to the Company) to be bound by the the same obligations as the transferor in respect of the residue of the two year restriction on disposal of the New Ordinary Shares set out in this paragraph;
  - (vi) such disposal is pursuant to a Court Order or required by law or any competent authority (under Part I of FSMA);
  - (vii) such Vendor's employment within the Group following Completion is terminated by the relevant employer (including in circumstances where such Vendor is found to be constructively dismissed) other than in circumstances where such Vendor is summarily dismissed; or
  - (viii) any disposal of New Ordinary Shares to the extent that the sale proceeds (net of incidental costs) are required to meet any liability of the Vendors to the Company arising out of this Agreement or a Tax Covenant, provided such disposal is made with the Company's consent.

New Ordinary Shares shall, for the purposes of this paragraph 11.5, include any shares held by the Vendors arising out of the consolidation, conversion or sub-division of New Ordinary Shares or in exchange or substitution for any such New Ordinary Shares.



## 12. Material contracts

### The Group

12.1 The following contracts (other than those contracts entered into in the ordinary course of business) (i) have been entered into by the Group within the two years immediately preceding the date of this document and are or may be material, or (ii) have been entered into at any time by any member of the Group and contain an obligation or entitlement which is material to the Group as at the date of this document:

12.1.1 the Acquisition Agreement referred to in paragraph 11 of this Part V;

12.1.2 the Loan Stock Instrument referred to in paragraph 11 of this Part V;

12.1.3 an agreement between the Company and Fitzroy Robinson dated 2 December 2004 whereby Fitzroy Robinson have agreed to fund (by way of a loan not to exceed £307,000) the reasonable costs of the Company's advisers' fees in relation to the Acquisition (the "Costs Agreement"). On Completion the loan becomes repayable (as an intercompany loan) in cash on demand two years following Completion.

In the event that the Acquisition does not complete due to a withdrawal by the Company or a failure by it to negotiate in good faith, subject to certain exceptions, the amount of the drawn-down loan is repayable by the Company, to be satisfied either by the issue of shares to Fitzroy Robinson (subject to obtaining Shareholder approval) or in cash (over 36 months) or a combination of the two, as the Company may in its discretion decide;

12.1.4 the bank facility letter issued by the Company's bankers (the "Bank"), conditional upon Admission, in respect of a new loan of £1.35 million (the "Loan") and an overdraft of £1.25 million (the "Overdraft") as detailed in paragraph 10 above of Part I. The conditions precedent to both these facilities comprise the resolution of the directors of the relevant companies in the Group and the Fitzroy Robinson Group to enter into the new facilities, and the execution of the facility documents (and documents granting security to the bank) by the relevant companies; completion of the Bank's administrative procedures in respect of the relevant companies and the new facilities; payment to the bank of its arrangement fees (being £10,125 in respect of the Loan and £9,375 in respect of the Overdraft); and Completion (including Admission). The only condition precedent remaining to be satisfied at the date of this document is Completion of the Acquisition. The Loan is to be repaid on the tenth anniversary of the date of Completion and carries interest at a rate of 3.5 per cent. above the Bank's base rate in the first year, decreasing thereafter. Certain companies of the Group and the Fitzroy Robinson Group have provided customary warranties, covenants and indemnities to the Bank in connection with the Loan. The Overdraft is repayable on demand, carries interest at a rate of 2.75 per cent. above the Bank's base rate where the overdraft is £1 million or less and at a rate of 4 per cent. above the Bank's base rate where the overdraft is in excess of £1 million.

12.1.5 an agreement between the Company and certain of its subsidiaries and DIGIT & Associati Architettura Ingegneria ("DIGIT") dated 2 December 2004 whereby the Group agreed to dispose of 49 per cent. of the Company's 50 per cent. holding in Aukett & Garretti Srl, together with the settlement of all debts owing to the Company, in consideration for €220,000 payable in cash to the Company and the assumption by DIGIT of all liabilities of Aukett & Garretti Srl. The Company has not given any warranties in respect of such sale. Aukett & Garretti Srl has the right to use the Group's intellectual property for a period of three years, subject to the Company's right to terminate on each anniversary or otherwise at any time provided reasonable justification is given in writing;

12.1.6 an agreement between the Company, Imagina Management S.L., José Luis Ripoll and María Dolores Ripollés Aguilar dated 15 July 2003 whereby the Company agreed to dispose of its interest in the share capital of Aukett Imagina SL in

consideration for €1, together with the assignment of debts outstanding in the sum of €40,000 and the assumption by Imagina Management S.L. of all liabilities of Aukett Imagina SL. The Company has not given any warranties in respect of such sale;

- 12.1.7 heads of terms and an agreement between the Company and Art & Build Selarl and certain parties including Steven Beckers, a former director of the Company, dated 3 and 7 June 2004, respectively whereby the Company agreed to dispose of its interest in the share capital of Aukett Art & Build in consideration for €1, together with the assignment of all inter-company debts outstanding in the name of Aukett Art & Build and the assumption by the partners of Aukett Art & Build of all liabilities. The Company has not given any warranties in respect of sale;
- 12.1.8 heads of agreement between the Company, Aukett Limited, Aukett Art & Build and certain partners, including Steven Beckers, (undated) with regard to a profit sharing arrangement on the Strasburg European Parliament Building carried on by Aukett Art & Build. Under such arrangement, the Company is to receive 50 per cent. of all profits generated on the project, payable on practical completion. The Company is not required to contribute to the costs of the project or assume any liability in respect of such project;
- 12.1.9 notice by the Company to Co-Partnership Developments Limited dated 17 December 2004 giving 12 months' notice to vacate its London premises at Great Eastern Wharf in accordance with its lease contracts. This gave rise to an obligation to pay a penalty of six months rent amounting to £230,000 on exit from the property;
- 12.1.10 A deed of re-admission dated 8 March 2005 between (1) the Company; (2) Beaumont Cornish; and (3) the Directors and the Proposed Directors whereby Beaumont Cornish agrees to act as Sponsor to the Company in connection with the proposed re-admission of the Ordinary Shares to the Official List. The agreement is on standard terms and contains, *inter alia*, certain standard warranties given by the Directors and the Company to Beaumont Cornish regarding the affairs of the Enlarged Group.

### **The Fitzroy Robinson Group**

12.2 The following contracts (other than those contracts entered into in the ordinary course of business) (i) have been entered into by a member of the Fitzroy Robinson Group within the two years immediately preceding the date of this document and or may be material, or (ii) have been entered into at any time by members of the Fitzroy Robinson Group and contain an obligation or entitlement which is material to the Fitzroy Robinson Group as at the date of this document:

- 12.2.1 the Acquisition Agreement referred to in paragraph 11 of this Part V;
- 12.2.2 the Loan Stock Instrument referred to in paragraph 11 of this Part V;
- 12.2.3 the Costs Agreement referred to in paragraph 12.1.3 of this Part V;
- 12.2.4 an agreement dated 25 April 2003 between Mikhail Mandrigin ("MM"), Fitzroy Robinson International Limited ("Fitzroy Robinson International") and Fitzroy Robinson, pursuant to which Fitzroy Robinson International purchased the business of Mikhail Mandrigin Associates for a total consideration of £161,000 at completion of the agreement and a further goodwill payment (to be made by 1 September 2005) of up to £100,000, such amount calculable by reference to the revenue income invoiced and received in respect of the Mikhail Mandrigin Associates business for the two year period from 25 April 2003. Fitzroy Robinson International and MM agreed to indemnify each other from and against all liabilities or losses howsoever incurred resulting from any failure by the other party to fully and promptly carry out any of its obligations under the agreement. MM also

provided a covenant restricting him from competing with the Mikhail Mandrigin Associates business within the UK for a period of eighteen months from 30 April 2003 or, if later, twelve months after MM ceases to be associated with the Fitzroy Robinson Group;

- 12.2.5 a mortgage debenture dated 22 September 1997 between Fitzroy Robinson and National Westminster Bank plc (“Natwest”) granting Natwest a legal charge over all property and assets (including goodwill and book debts and all intellectual property rights), and a floating charge over all property, assets and rights of Fitzroy Robinson;
- 12.2.6 an annual overdraft facility of £500,000 provided by Natwest to Fitzroy Robinson granted by letter dated 10 January 2005. There are no outstanding pre-conditions to draw-down under such facility;
- 12.2.7 arrangements with a former employee on 28 April 2003 in relation to Fitzroy Robinson’s employee benefit trust. The arrangements comprised the payment of US\$2,420,448.49 to the former employee by the trust but US\$605,112.12 of this has been retained by the trust to indemnify Fitzroy Robinson and/or the trust for any tax payable as a result of the payment. To the extent that this amount is not used to indemnify Fitzroy Robinson and/or the trust for such tax liability, such amount as remains is to be passed to the employee.

### **The Enlarged Group**

12.3 The following contracts (other than those entered into in the ordinary course of business) (i) have been entered into by a member of the Enlarged Group within the two years immediately preceding the date of this document and are or may be material, or (ii) have been entered into at any time by any member of the Enlarged Group and contain an obligation or entitlement which is material to the Enlarged Group as at the date of this document:

- 12.3.1 the Acquisition Agreement referred to in paragraph 11 of this Part V;
- 12.3.2 the Loan Stock Instrument referred to in paragraph 11 of this Part V;
- 12.3.3 the Costs Agreement referred to in paragraph 12.1.3 of this Part V;
- 12.3.4 the bank facility letter referred to in paragraph 12.1.4 of this Part V;
- 12.3.5 the agreement with DIGIT referred to in paragraph 12.1.5 of this Part V;
- 12.3.6 the agreement in relation to Aukett Imagina SL referred to in paragraph 12.1.6 of this Part V;
- 12.3.7 the agreement in relation to Art & Build Selarl referred to in paragraph 12.1.7 of this Part V;
- 12.3.8 the heads of agreement in relation to Aukett Art & Build referred to in paragraph 12.1.8 of this Part V;
- 12.3.9 the notice of termination referred to in paragraph 12.1.9 of this Part V;
- 12.3.10 the agreement in relation to Mikhail Mandrigin Associates referred to in paragraph 12.2.4 of this Part V;
- 12.3.11 the mortgage debenture referred to in paragraph 12.2.5 of this Part V;
- 12.3.12 the overdraft facility referred to in paragraph 12.2.6 of this Part V;
- 12.3.13 the arrangement in relation to the employee benefit trust referred to in paragraph 12.2.7 of this Part V; and
- 12.3.14 the deed of re-admission referred to in paragraph 12.1.10 of this Part V.

### **13. Working capital**

The Directors and Proposed Directors are of the opinion that, after taking into account available bank facilities, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

#### 14. Principal subsidiaries

The Company is the ultimate parent of a group of companies. Its subsidiary undertakings are as follows:

<i>Name</i>	<i>Issued and fully paid share capital</i>	<i>Principal Activity</i>	<i>Registered Office</i>
Aukett Limited	100 per cent. ordinary	Design consultancy in the United Kingdom	2 Great Eastern Wharf Parkgate Road London SW11 4TT United Kingdom
Aukett SRO	100 per cent. ordinary issued share capital of CZK 100,000	Design consultancy in the Czech Republic	Jilska 2 110 00 Prague 1 Czech Republic
Aukett Slovensko Sro	100 per cent. ordinary issued share capital of Aukett SRO 200,000	Design consultancy in Slovakia	Laurinska 11 811 01 Bratislava Slovakia
Aukett BV	100 per cent. ordinary issued share capital of 120 Dfl 1,000 shares	Design consultancy in the Netherlands	Pelgrimsstraat 5b 3029 BH Rotterdam The Netherlands
Aukett Polska sp. z.o.o.	100 per cent. ordinary issued share capital of 1,500 PLN 100 shares	Design consultancy in Poland	ul. Wspolna 62 00-684 Warsaw Poland
Aukett d.o.o.	100 per cent. ordinary issued share capital of 20,000 Kuna	Design consultancy in Croatia	Alexandera von Humboldta 4/6 10000 Zagreb Croatia

In addition, on Admission:

<i>Name</i>	<i>Issued and fully paid share capital</i>	<i>Principal Activity</i>	<i>Registered Office</i>
Fitzroy Robinson Limited	100 per cent. ordinary issued share capital of £50,000	Architectural design and related services	13-14 Devonshire Street, London, United Kingdom

The Company has the following interests in joint venture companies:

<i>Name</i>	<i>Issued and fully paid share capital</i>	<i>Principal Activity</i>	<i>Registered Office</i>
Aukett + Garretti srl	1 per cent. issued share capital of Euro 20,000	Design consultancy in Italy	Via Trieste, 9 20146 Milan Italy
Aukett & Heese Frankfurt GmbH	50 per cent. issued share capital of Euro 60,000	Design consultancy in Germany	Mainzerlandstraße 82-84 (Platz der Republik) 60327 Frankfurt-am-Main Germany

<i>Name</i>	<i>Issued and fully paid share capital</i>	<i>Principal Activity</i>	<i>Registered Office</i>
Aukett & Studio 100	50 per cent. issued share capital of 3 million Forint	Design consultancy in Hungary	1024 Budapest Keleti Karoly u. 15/c Hungary
Aukett & Heese GmbH	25 per cent. issued share capital of DM 120,000	Design consultancy in Germany	Budapester Strasse 43, 10787 Berlin Germany

Fitzroy Robinson is the ultimate parent of a group of companies. Its subsidiary undertakings are as follows:

<i>Name</i>	<i>Issued and fully paid share capital</i>	<i>Principal Activity</i>	<i>Registered Office</i>
Fitzroy Robinson International Limited	£2	Architectural design and related services	13-14 Devonshire Street, London W1G 7AE United Kingdom
Fitzroy Robinson West & Midlands Limited	£10,000	Architectural design and related services	13-14 Devonshire Street, London W1G 7AE United Kingdom
Veretec Limited	£100	Architectural design and related services	13-14 Devonshire Street, London United Kingdom
ZAO MMA & Fitzroy Robinson International	5,000 Roubles	Architectural design and related services	1st Brestskaya ul. 13/14 Moscow 125190 Russia (operational office)

Save as disclosed above, there are no undertakings which have a significant effect on the Company's assets and liabilities, financial position or profits and losses.

## 15. Principal premises of the Enlarged Group

15.1 Details of the Enlarged Group's principal premises are set out below.

<i>Location</i>	<i>Size</i>	<i>Tenure</i>	<i>Use</i>
2 Great Eastern Wharf, Parkgate Road, London United Kingdom	22,500 sq ft	Leasehold	Offices
13-14 Devonshire Street, London United Kingdom	10,000 sq ft	Leasehold	Offices
16 Narrow Quay, Bristol United Kingdom	1,205 sq ft	Leasehold	Offices

## 16. Significant change

### The Group

16.1 Save in respect of the notice to terminate the lease and in respect of the disposal of the Group's 49 per cent. interest in Aukett & Garretti Srl as referred to in paragraph 8.24 of Part II of this document there has been no significant or material change in the trading or financial position of the Group since 30 September 2004, the date to which the financial information contained in Part II of this document is presented.

## **Fitzroy Robinson Group**

- 16.2 There has been no significant or material change in the trading or financial position of the Fitzroy Robinson Group since 31 October 2004, the date to which the financial information contained in the Accountants' Report set out in Part III of this document was made up.

## **The Enlarged Group**

- 16.3 Save in respect of the Acquisition and in respect of the notice to terminate the lease and in respect of the disposal of the Group's 49 per cent. interest in Aukett & Garretti Srl as referred to in paragraph 8.24 of Part II of this document, there has been no significant or material change in the trading or financial position of the Enlarged Group since 30 September 2004, the date to which the financial information contained in Part II of this document is presented.

## **17. General Information**

- 17.1 The registered office of the Company, which is also its head office, is at 2 Great Eastern Wharf, London SW11 4TT.
- 17.2 UHY Hacker Young has given and not withdrawn its written consent to and authorised for the purposes of Regulation 6(1)(e) of The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001, its report set out in Part III of this document and its letter set out in Part IV of this document in the form and context in which they are included.
- 17.3 Navigator Corporate Finance Limited has given and not withdrawn its written consent to the inclusion of its name in this document and the references to it in the form and context in which it appears.
- 17.4 Temporary documents of title will not be issued and pending despatch of share certificates or crediting through CREST, transfers will be certified against the share register. It is expected that share certificates will be despatched within 10 business days of Admission.
- 17.5 None of the New Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for admission to the Official List. No application has been made to admit any Ordinary Shares to listing on any other stock exchange.
- 17.6 In accordance with the Uncertificated Securities Regulations 1995, the Board resolved on 24 February 1997 to apply to CRESTCo for title to the Ordinary Shares, in issue and to be issued, to be transferred by means of the CREST paperless system. CREST is a voluntary system and, subject to certain limitations, holders of Ordinary Shares may choose to receive share certificates or hold Ordinary Shares in uncertificated form.
- 17.7 The total costs and expenses payable by the Enlarged Group in connection with the Acquisition are expected to amount to approximately £360,000 (exclusive of any applicable value added tax).
- 17.8 The New Ordinary Shares are being issued at a price of 2.87p representing a premium of 1.87p per share over the nominal value of 1p per share.
- 17.9 Simmons Gainsford LLP Chartered Accountants and Registered Auditors of 7/10 Chandos Street, Cavendish Square, London W1G 9DQ audited the financial statements of the Fitzroy Robinson Group for the six months ended 31 October 2004 and the years ended 30 April 2004 and 30 April 2003, and Simmons Gainsford Chartered Accountants and Registered Auditors of 7/10 Chandos Street, Cavendish Square, London W1G 9DQ audited the financial statements of the Fitzroy Robinson Group for the year ended 30 April 2002.

## **18. Documents available for inspection**

- 18.1 Copies of the following documents may be inspected at the registered office of the Company and at the offices of Speechly Bircham, 6 St Andrew Street, London EC4A 3LX during usual business hours on any weekday (public holidays excepted) up to and including the date of the EGM and thereafter until 8 April 2005 and will also be available for inspection at the EGM for at least 15 minutes prior to and during the meeting:

- (a) the Memorandum and Articles of Association of the Company and of Fitzroy Robinson;
- (b) the audited consolidated accounts of the Group and Fitzroy Robinson for the two financial years preceding the date of this document;
- (c) the accountant's report set out in Part III of this document and the statement of adjustments (and reasons therefor) made in arriving at the figures set out in their report;
- (d) the rules of the Share Option Schemes;
- (e) the Directors' service contracts and a memorandum of terms in relation to José Luis Rippoll's appointment, each referred to in paragraph 7 above;
- (f) the material contracts referred to in paragraph 12 above relating to the Group and Fitzroy Robinson, together with translations, where appropriate;
- (g) the consent letters referred to in paragraph 17 above;
- (h) the irrevocable undertakings referred to in paragraph 5.9 above;
- (i) this document.

Dated 8 March 2005

# AUKETT GROUP PLC

(the Company)

(Company Number: 2155571)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Company will be held at the offices of Speechly Bircham, 6 St. Andrew Street, London EC4A 3LX on 30 March 2005 at 11.00 a.m. to consider and, if thought fit, to pass (with or without modifications) the following resolutions of which resolutions 1, 2, 3, 5 and 6 will be proposed as ordinary resolutions and resolution 2 taken on a poll and resolutions 4, 7 and 8 will be proposed as special resolutions.

THAT:

1. The acquisition of the entire issued share capital of Fitzroy Robinson Limited by the Company on the terms of the Acquisition Agreement (as defined in the Circular of the Company dated 8 March 2005) (the "Circular") (and the entry into of that agreement) (the "Proposed Acquisition") be approved and the board of the Company (or a committee) be and is hereby authorised to procure that the Company and/or any of its subsidiary undertakings enter into, amend (to the extent that such amendment is not material) and/or perform any agreement or arrangement relating to the Proposed Acquisition which it may consider in its absolute discretion necessary or desirable in connection with the Proposed Acquisition.
2. The waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party (as defined in the Circular) to make a general offer to the Shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue of New Ordinary Shares (as defined in the Circular) to them pursuant to the Proposed Acquisition be and is hereby approved.
3. The Company be permitted in accordance with Rule 21 of the City Code to proceed with the Acquisition and the issue of New Ordinary Shares (as defined in the Circular) in the circumstances where the Company has been and remains in receipt of an approach made by a third party which may or may not lead to a formal offer for the Company, or another transaction subject to the City Code, as further described in the Circular.
4. The Articles of Association of the Company be and are hereby amended as follows:
  - 4.1 By the deletion of the following wording in the first line of the current Article 123.1 "as hereinafter provided and . . ."
  - 4.2 By deleting the current Articles 123.2 to 123.5 inclusive
  - 4.3 By the renumbering of the current Article 123.1 as Article 123.

and, THAT, subject to the approval of resolutions 1, 2 and 3 above and subject to Admission (as defined in the Circular):

5. The authorised share capital of the Company be and is hereby increased from £1,454,160 to £1,464,677.81 (representing an increase of approximately 0.73 per cent. of the authorised share capital of the Company) by the creation of an additional 1,051,781 new ordinary shares of 1p. The authorised share capital of the Company needs to be increased to ensure that there are sufficient authorised but unissued ordinary shares of 1p each available following the allotment of the New Ordinary Shares (as defined in the Circular) in the event that the directors of the Company are required to allot equity securities pursuant to the exercise of any options governed by any option scheme of the Company or any option agreement to which the Company is a party.
6. In substitution for any existing authority, the directors of the Company be generally and unconditionally authorised pursuant to Section 80 ("Section 80") of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot:



- 6.1 the New Ordinary Shares (as defined in the Circular) being relevant securities (within the meaning of section 80) of the Company having an aggregate nominal amount equal to £723,924.31 (representing approximately 99.96 per cent. of the ordinary share capital of the Company in issue at the date of the Circular); and
- 6.2 further relevant securities (within the meaning of section 80) of the Company up to an aggregate nominal amount equal to £16,539.56 (representing approximately 2.28 per cent. of the ordinary share capital of the Company in issue at the date of the Circular)
- this authority to expire at the conclusion of the next annual general meeting of the Company in the calendar year 2005 unless renewed, varied or revoked by the Company in general meeting, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities of the Company to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
7. Pursuant to Section 95 of the Act, the directors of the Company be and are hereby empowered to make allotments of equity securities (as defined in Section 94 of the Act), pursuant to the general authority conferred upon them by paragraph 6 of this resolution, as if Section 89(1) of the Act did not apply to any such allotments, provided, however, that the power conferred by this resolution shall be limited:
- 7.1 to the allotment of the New Ordinary Shares (as defined in the Circular); and
- 7.2 to the allotment of equity securities pursuant to the exercise of any options governed by any option scheme of the Company or any option agreement to which the Company is a party
- this power to expire at the conclusion of the next annual general meeting of the Company in the calendar year 2005 except to the extent that the same is renewed or is extended prior to or on such date.
8. The name of the Company be changed to Aukett Fitzroy Robinson Plc.

DATED this 8 day of March 2005

By Order of the Board

.....  
*Secretary/Chairman/Director*

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. Any such proxy need not be a member of the Company.
2. A form of proxy is enclosed. The appointment of a proxy will not prevent you from subsequently attending and voting at the meeting in person.
3. To be effective the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Company's registered office not less than 48 hours before the time for holding the meeting.
4. In order to comply with the City Code on Takeovers and Mergers, Resolution 2 will be taken on a poll.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the Register of the Company as at 6.00 p.m. on 29 March 2005 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries after 6.00 p.m. on 29 March 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Resolution 3 is to enable the Company in making the Acquisition to comply with the requirements of Rule 21 of the City Code on Takeovers and Mergers.

