CONYGAR

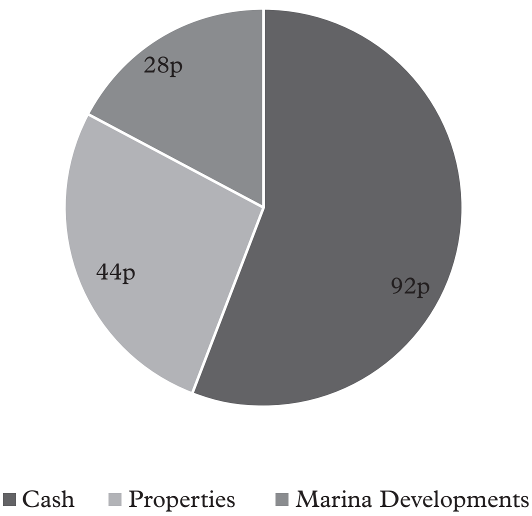
The Conygar Investment Company PLC

Report And Accounts
30 September 2008

YEAR ENDED 30 SEPTEMBER 2008
HIGHLIGHTS

- Net asset value per share increased 1.2% to 164p at 30 September 2008 from 162p the previous year
- Cash of £38 million with no debt whatsoever representing 92p of our net asset value
- £19 million of uncharged property assets which can be used to secure additional funding
- Three waterfront development projects with the potential to develop in excess of 1,000 marina berths with mixed use supporting development

Analysis of Net Asset Value – 164p



Further information can be found at www.conygar.com

If you would like to be included on our investor mailing list, please email your details to admin@conygar.com

Registered in England No. 4907617

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DIRECTORS AND ADVISERS

The Board of Directors
N J Hamway (Non-Executive Chairman)
R T E Ware (Chief Executive)
P A Batchelor (Finance Director)
S M Vaughan (Property Director)
M D Wigley (Non-Executive Director)

Company Secretary
P A Batchelor

Registered Office
Fourth Floor
Bond House
19-20 Woodstock Street
London W1C 2AN

Auditors
Rees Pollock
35 New Bridge Street
London EC4V 6BW

Nominated Adviser & Stockbroker
Oriel Securities Limited
125 Wood Street
London EC2V 7AN

Solicitors
Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

Registrars
Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Registered Number
4907617

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

Given the immense turmoil in financial and property markets it will come as no surprise that it has been a difficult year for the Group. The loss before taxation for the year ended 30 September 2008 was £103,000 compared with a profit of £8,173,000 in the previous year. Apart from a reduction in property disposals, the results were adversely impacted by a £2,477,000 write-down of property inventory to net realisable value, albeit this is an unrealised loss. Despite this disappointing result, the underlying operations remain robust with our net asset value per share increasing 1.2% to 164p as at 30 September 2008 from 162p the previous year.

As at 30 September 2008, the Group had cash of £38 million with no debt whatsoever which represents 92p of our net asset value and which underpins our financial strength. This is particularly important given the chaos of the last few months and the drying up of credit.

The property market continues to languish and in our view there is worse to come as banks unwind their positions in property lending. Indications are that a number of buying opportunities will arise for companies such as Conygar who have cash. However, we are in no rush to re-enter the market until the extent of the downturn becomes clearer.

In the meantime, the Group is continuing to press ahead with its various development projects so that we shall be extremely well positioned when markets begin to recover.

Fishguard Waterfront Development

We are pleased to announce that we have acquired the rights to develop a marina at Fishguard Waterfront in West Wales. We are now progressing plans with agreement from the Crown Estate for a 450 berth marina for which Pembrokeshire County Council have already resolved to grant planning consent. These proposals may include a mixed use supporting development and a potential joint venture with Stena Line to provide them with improved port facilities and the re-development of their surplus non-operational land. This is another exciting regeneration project which continues our strategy of expansion into waterfront projects. Negotiations and work on the detailed plans is progressing and should be finalised within the next twelve months.

Pembroke Dock Waterfront Development

In February 2008, we obtained approval for our planning application in respect of the Pembroke Dock Waterfront development. This is the result of many years of hard work by the team and, whilst an ambitious project, it has benefited from constructive support from the client group comprising Pembrokeshire County Council, the Welsh Assembly Government, the Crown Estate and The Milford Haven Port Authority. Following this approval, the Group acquired the minority interests in Martello Quays Limited, the developer of Pembroke Dock Waterfront, so that we now own 100% of the development. Although we shall not be commencing development in the current market we are continuing to deal with the various legal agreements and detailed planning matters in addition to costing the various construction and engineering solutions. The waterfront development is expected to create a 260 berth marina, 146 houses, 304 apartments with associated leisure and retail facilities and we remain committed to the project.

Holyhead Waterfront Development

Our joint venture with Stena Line Ports Limited will develop some half a mile of water frontage at Holyhead, Anglesey. This will be a regeneration project and is potentially larger than Pembroke Dock.

The strategy is to develop a mixed use scheme incorporating residential, leisure, tourist and retail facilities together with a marina development with associated commercial and marine engineering elements. The joint venture has accumulated all of the land necessary for the development and work is progressing on

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT (continued)

our designs and planning application. It is anticipated that this will be submitted within this financial year. The complex scheme will utilise all of the experience we acquired at Pembroke Dock as it requires the support of various local government bodies, but we have been encouraged by the initial support and all of the elements for success are present.

Trading Properties

In March 2008, we were particularly pleased to announce that the last Bedford Square property was sold at 43% over cost and more importantly some 13% over the September 2007 valuation. This is a significant achievement in the light of the downturn in the property market. The profit after finance to the Group from the Bedford Square portfolio is in excess of £9 million with an internal rate of return exceeding 61%, an excellent result for the Group.

In June 2008, we sold one of the remaining Buckingham Street properties for £2 million, being 11% ahead of the September 2007 valuation. We now have four properties remaining at Buckingham Street, London WC2 valued at £19.35 million. Three of the buildings are 86% let with an annual rent roll of £1.1 million and an estimated rental value of £1.4 million so there is no pressure to accept poor offers. The remaining Buckingham Street property is being refurbished after which it will be either sold or re-let depending upon market conditions. Our valuers are understandably cautious in this market but the assets are well let and we remain confident that these smaller West End London properties will be in demand.

Financing

At 30 September 2008, the Group had cash of £38 million or 92p per share. In addition we have £19 million of uncharged property assets which can be used to secure additional funding. This enables us to fully fund our existing commitments and provides us with a significant war chest to take advantage of the opportunities that will undoubtedly arise.

In March 2008, we issued 1,500,000 ordinary shares at 171.5p per share as part of the consideration to acquire the minority interests in Martello Quays Limited, the developer of Pembroke Dock Waterfront. We now own 100% of this potential £110 million development which now has planning permission at a total cost to the Group of £3.67 million.

As part of our joint venture with Stena Line Ports Limited to develop Holyhead Waterfront, we committed £7 million in funding of which £5.1 million has been spent to date leaving a commitment of £1.9 million. Of this commitment, £2.1 million is structured as an interest bearing loan secured on the joint venture property assets. The joint venture is therefore fully funded to the detailed planning stage and site accumulation is complete.

Triple Net Asset Value

As a trading Group, properties are carried at the lower of cost and net realisable value. In order to show a clearer position of our value we calculate a triple net asset value ("NNNAV") using an external valuation of our properties less any tax arising from those revaluations. It should be noted that the net present value of our three development projects are not included in this NNNAV. Whilst in our view, they have considerable potential value it is not possible to appraise them with any certainty at this stage so they remain at cost. Knight Frank LLP have valued the trading properties at £19.35 million and the land held for development at £7.3 million. As we have accounted for the net realisable value adjustment arising from this valuation, it is our view that the NNNAV is not materially different from our net asset value of 164p per share.

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT (continued)

Strategy and The Future

Our strategy for the next year remains clear and on course:

1. To seek further opportunities in the port and marina sectors together with general property opportunities.
2. Having successfully obtained planning permission at Pembroke Dock, we continue to progress with detailed legal and planning matters.
3. To submit a planning application for the Holyhead Waterfront development.
4. To submit a planning application for the Fishguard Waterfront development.
5. To continue the realisation of the Buckingham Street trading assets when appropriate.

Clearly we shall continue to monitor the market and will adjust our strategy should conditions dictate.

Prospects

The Board remains confident about the future prospects of the Group, which is well equipped to weather the various financial and economic crises. The Group continues to make progress with its pipeline of future projects despite the general market turmoil and we will use our cash position to take advantage of any opportunities as they arise. That said, the Board is content to conserve cash until such time as matters become clearer. The various developments can be progressed without committing significant funds and we remain convinced these projects will ultimately be a success for the Group. As ever, we shall keep shareholders informed of progress and look forward to meeting with many of you at our forthcoming AGM. Further information on the Group can be found on our website www.conygar.com.

N J Hamway
Chairman

R T E Ware
Chief Executive

3 December 2008

CORPORATE GOVERNANCE REPORT

The company is committed to high standards of corporate governance. The board is accountable to the company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the company and the company's compliance with the Code provisions set out in the Combined Code on Corporate Governance.

Statement by the Directors on Compliance with the Provisions of the Combined Code

The company complies with the provisions set out in Section 1 of the Combined Code to the extent appropriate for a company of its size and nature of business.

The Workings of the Board and its Committees

The Board

The board currently comprises the chief executive, the finance director, the property director and two independent non-executive directors of whom one is chairman. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company. The board is responsible to shareholders for the proper management of the company. A statement of the directors' responsibilities in respect of the financial statements and a statement on going concern is given on page 13.

The board has a formal schedule of matters specifically reserved to it. All directors have access to the advice and services of the company secretary who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. In addition, the company secretary ensures that the directors receive appropriate training as necessary. The appointment and removal of the company secretary is a matter for the board as a whole.

The board meets approximately ten times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining major acquisition possibilities and reporting to shareholders. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. The chairman ensures that the directors may take independent professional advice as required.

The following committees deal with specific aspects of the group's affairs.

Remuneration Committee

The company's remuneration committee is chaired by N J Hamway and its other member is M D Wigley. It is responsible for making recommendations to the board, within agreed terms of reference, on the company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive directors. The non-executive directors are not involved in any discussions or decisions about their own remuneration.

Further details of the company's policies on remuneration, service contracts and compensation payments are included in the Directors' Remuneration Report on pages 9 to 11.

Audit Committee

The audit committee is chaired by N J Hamway and its other member is M D Wigley, and meets not less than two times annually. The committee also provides a forum for reporting by the company's external auditors. Meetings are also attended, by invitation, by the chief executive and the finance director.

CORPORATE GOVERNANCE REPORT (continued)

The audit committee is responsible for reviewing a wide range of matters including the half-year and annual financial statements before their submission to the board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with external auditors. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

Relations with Shareholders

Communications with shareholders are given high priority. The Chairman's and Chief Executive's Statement on page 4 includes a detailed review of the business and future developments. There is regular dialogue with shareholders. The company's website is found at www.conygar.com.

The board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. Details of resolutions to be proposed at the Annual General Meeting on 6 February 2009 can be found in the notice of the meeting on page 39.

Internal Control

The directors acknowledge that they are responsible for the company's systems of internal control and for reviewing its effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve the company's strategic objectives, and can only provide reasonable not absolute assurance against material misstatement or loss.

The company's key risk management processes and system of internal control procedures include the following:

- Management structure: Authority to operate is delegated to executive management within limits set by the board. The appointment of executives to the most senior positions within the group requires the approval of the board.
- Identification and evaluation of business risks: The major financial, commercial, legal, regulatory and operating risks within the group are identified through annual reporting procedures.
- Information and financial reporting systems: The group's planning and financial reporting procedures include detailed operational budgets for the year ahead. The board reviews and approves them.
- Investment appraisal: A budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the board. Commercial, legal and financial due diligence work is carried out if a business is to be acquired.
- Audit Committee: The audit committee monitors the controls which are in place and any perceived weakness in the control environment. The audit committee also considers and determines relevant action in respect of any control issues raised by external auditors.

DIRECTORS' REMUNERATION REPORT

Information Not Subject to Audit

Remuneration Committee

The company's remuneration committee is chaired by N J Hamway and its other member is M D Wigley. The committee makes recommendations to the board, within agreed terms of reference, on an overall remuneration package for executive directors and any other senior executives.

Remuneration Policy and Review

The company's policy on directors' remuneration remains that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the group's objectives and thereby enhancing shareholder value. The package consists of a basic salary which is set below market rates with the potential for significant performance related bonuses (including share options) aligned to growth in shareholder value.

The details of individual components of the executive remuneration package and service contracts are summarised below.

Basic salary and benefits: The salary and benefits are reviewed annually at the complete discretion of the remuneration committee. No increase in basic salary was awarded during the year. At present the directors receive no benefits.

Profit sharing plan: The profit sharing plan is an annual plan in which executive directors will be entitled to an allocation of a profit sharing pool based upon an increase in the net asset value of the company adjusted for property revaluation, attributable taxation and fair value of debt ("adjusted net asset value"). In basic terms, the profit sharing pool is 20% of any increase in the adjusted net asset value but reduced by the percentage value of any unexercised share options held by the executive directors in order to ensure that the amounts earned by executive directors can never exceed 20% of the increase in net asset value. Payments under the plan are payable in cash and are based upon the company salary year which runs to 31 March. The remuneration committee has absolute discretion over participation, pool allocation and determination of performance conditions save in a limited number of circumstances covering change in control and breach of terms of employment on the part of the company.

Share options: The share options are awarded annually by the remuneration committee. The maximum number of options that can be awarded is currently limited to 15% of the company's issued share capital. The exercise price of options awarded is the higher of the nominal value of the shares and the market price on the date of award. No share options were awarded during the year.

Performance conditions in respect of grants of options are at the discretion of the remuneration committee and may be retested on an annual basis if not achieved on the second anniversary. The performance conditions are aimed to align directors' performance to shareholder value and are detailed below.

Pensions: The company made a £530,000 contribution to directors' personal pension schemes as part of a "salary sacrifice" arrangement. There was no additional cost to the company.

Service contracts: The company's policy is for all executive directors to have contracts of employment with provision for termination on no more than 12 months' notice.

Non-executive directors

None of the non-executive directors have service contracts. Letters of Appointment provide for a period of three years. The remuneration of the non-executive directors takes the form solely of fees, which are set by the board having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

DIRECTORS' REMUNERATION REPORT (continued)

Service contracts

The service contracts and letters of appointment of the directors include the following terms:

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Executive Directors			
R T E Ware	25 October 2007	–	12
P A Batchelor	25 October 2007	–	12
S M Vaughan	25 October 2007	–	12
Non-Executive Directors			
M D Wigley	25 October 2007	25	6
N J Hamway	25 October 2007	25	6

R T E Ware and M D Wigley retire by rotation and, being eligible, offer themselves for re-election.

Audited Information

Interests in Options

The company has a share option scheme by which executive directors and other senior executives are able to subscribe for ordinary shares in the company and acquire shares in the company. The interests of the directors were as follows:

		Exercise price	*At 1 October 2007 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2008 No.*
R T E Ware	(a)	£0.50	625,000	–	–	–	625,000
	(d)	£1.185	650,000	–	–	–	650,000
	(e)	£2.00	2,025,000	–	–	–	2,025,000
P A Batchelor	(a)	£0.50	312,500	–	–	–	312,500
	(c)	£0.69	62,500	–	–	–	62,500
	(d)	£1.185	425,000	–	–	–	425,000
	(e)	£2.00	550,000	–	–	–	550,000
S M Vaughan	(b)	£0.90	130,000	–	–	–	130,000
	(c)	£0.69	250,000	–	–	–	250,000
	(d)	£1.185	325,000	–	–	–	325,000
	(e)	£2.00	645,000	–	–	–	645,000

DIRECTORS' REMUNERATION REPORT (continued)

The options are exercisable between the following dates:

(a) 23 October 2005 and 23 October 2013

(b) 10 March 2006 and 10 March 2014

(c) 17 December 2006 and 17 December 2014

(d) 15 March 2008 and 15 March 2016

(e) 19 February 2009 and 19 February 2017

Share options are awarded annually by the remuneration committee based upon individual performance and dependent upon achieving demanding targets.

The directors may only exercise the options awarded to them in respect of (a), (b) and (c) if the company's share price has grown by 20% per annum compounded over the two year period measured from the date upon which the options are granted. These performance conditions have been achieved and accordingly the share options awarded in respect of (a), (b) and (c) have vested.

Options awarded under (d) and (e) may only be exercised if the annual percentage growth in the company's share price exceeds that of the FTSE Small Cap Index over the two year period measured from the date upon which the options are granted. This performance condition may be retested on an annual basis if it is not achieved on the second anniversary. These performance conditions have been achieved in respect of the share options awarded under (d) and accordingly they have vested.

The market price of the company's shares on 30 September 2008 was 127.5p per share. The highest and lowest market prices during the year for each share option that is unexpired at the end of the year are as follows:

	Highest	Lowest
Options in issue during the year	224.5p	127.5p

The interests of the directors to subscribe for or acquire ordinary shares have not changed since the year-end.

This report was approved by the Board on 3 December 2008 and signed on its behalf by:

P A Batchelor
Company Secretary

DIRECTORS' REPORT

Directors' Report

The directors present their report and the accounts of the company for the year ended 30 September 2008.

Principal Activities and Review of the Business

The principal activity of the company during the year was property trading, acquiring property assets with development and investment potential, and investing in companies with significant property assets.

A review of the company's activities and likely future developments during this year is dealt with in the Chairman's and Chief Executive's Statement.

Results and Dividends

The trading results for the year and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and Their Interests in the Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.05 each	
	At 30 September 2008	*At 1 October 2007*
R T E Ware	2,975,000	2,725,000
P A Batchelor	150,001	125,001
N J Hamway	247,000	167,000
S M Vaughan	125,000	125,000
M D Wigley	210,000	170,000

Details of the directors' options to subscribe for shares in the company are disclosed in the Directors' Remuneration Report.

Major Interests in Shares

At 3 December 2008, the directors had been notified of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Laxey Partners Limited	4,558,698	10.95
Gartmore Investment Management Limited	3,585,970	8.61
R T E Ware	2,975,000	7.14

Creditor Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

DIRECTORS' REPORT (continued)

At 30 September 2008, the company had an average of 79 days (2007 - 36 days) purchases outstanding in trade creditors.

Charitable Donations and Political Contributions

The company made no political donations during the year. The company made charitable donations of £4,187 (2007 – £250) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 21.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the group in accordance with the International Financial Reporting Standards as adopted by the European Union ('IFRS') and have elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all the applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Electronic Publication

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (continued)

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 234ZA of the Companies Act 1985.

Rees Pollock have expressed their willingness to continue in office and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 6 February 2009 at 10.00 am at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 39. In particular it is proposed that the Company adopts newly amended Articles of Association of the Company in order to reflect the changes brought about by the Companies Act 2006. In order to assist shareholders, an explanatory note is included on page 45.

In addition, there are resolutions to give a director's authority to disapply pre-exemption rights and allot equity securities together with a resolution to give a share buyback authority.

By Order of the Board

P A Batchelor
Company Secretary

INDEPENDENT AUDITORS' REPORT

REESPOLLOCK
Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

Independent Auditors' Report to the Members of the Conygar Investment Company PLC

We have audited the group and parent company financial statements (the 'financial statements') of The Conygar Investment Company PLC for the year ended 30 September 2008 which comprise the consolidated income statement, the consolidated and parent company statement of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as being audited.

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

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information in the chairman's and chief executive's statement that is cross referred from the business review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the unaudited part of the directors' remuneration report, the chairman's and chief executive's statement, the corporate governance report, the directors' and advisers' details. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to

INDEPENDENT AUDITORS' REPORT (continued)

the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 September 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2008;
- the financial statements and part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the financial statements.

Rees Pollock
Chartered Accountants
Registered Auditors
3 December 2008

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2008

	Note	*Year ended 30 Sep 08* £'000	*Year ended 30 Sep 07* £'000
Sales of properties		8,150	70,603
Rental income		1,225	3,492
Revenue		9,375	74,095
Direct costs of:			
Sales of properties		4,963	60,747
Rental income		522	517
Write-down of property inventory		2,477	–
Direct Costs		7,962	61,264
Gross Profit		1,413	12,831
Income from trading investments		–	233
Share of results of joint ventures		3	12
Other gains and losses	21	(137)	137
Administrative expenses		(3,615)	(3,149)
Operating (Loss)/Profit	2	(2,336)	10,064
Finance costs	5	–	(3,613)
Finance income	5	2,233	1,722
(Loss)/Profit Before Taxation		(103)	8,173
Taxation	6	(262)	(2,557)
(Loss)/Profit For The Period		(365)	5,616
Attributable to:			
– equity shareholders		(365)	5,616
– minority shareholders		–	–
Basic (loss)/earnings per share	7	(0.89)p	16.94p
Diluted (loss)/earnings per share	7	(0.89)p	14.36p

All of the activities of the Group are classed as continuing.

The notes on pages 23 to 38 form part of these accounts

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2008

	Attributable to the equity holders of the Company					
	Share Capital £'000	*Share Premium* £'000	*Retained Earnings* £'000	*Total* £'000	*Minority Interests* £'000	*Total Equity* £'000
Group						
At 1 October 2006	932	14,294	1,138	16,364	5	16,369
Profit for the period	–	–	5,616	5,616	–	5,616
Share based payment	–	–	710	710	–	710
Issue of share capital	1,075	41,322	–	42,397	–	42,397
Share issue costs	–	(124)	–	(124)	–	(124)
At 30 September 2007	2,007	55,492	7,464	64,963	5	64,968
At 1 October 2007	2,007	55,492	7,464	64,963	5	64,968
Loss for the period	–	–	(365)	(365)	–	(365)
Share based payment	–	–	1,069	1,069	–	1,069
Issue of share capital	75	2,498	–	2,573	–	2,573
Share issue costs	–	–	(35)	(35)	–	(35)
At 30 September 2008	2,082	57,990	8,133	68,205	5	68,210

	Share Capital £'000	*Share Premium* £'000	*Retained Earnings* £'000	*Total Equity* £'000
Company				
At 1 October 2006	932	14,294	277	15,503
Profit for the period	–	–	288	288
Share based payment	–	–	710	710
Issue of share capital	1,075	41,322	–	42,397
Share issue costs	–	(124)	–	(124)
At 30 September 2007	2,007	55,492	1,275	58,774
At 1 October 2007	2,007	55,492	1,275	58,774
Loss for the period	–	–	(367)	(367)
Share based payment	–	–	1,069	1,069
Issue of share capital	75	2,498	–	2,573
At 30 September 2008	2,082	57,990	1,977	62,049

The notes on pages 23 to 38 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2008

	Note	*30 Sep 08* £'000	*30 Sep 07* £'000
Non-Current Assets			
Property, plant and equipment	8	8	11
Investment in joint ventures	9	5,047	91
Goodwill	11	3,173	–
Deferred tax assets	17	304	243
		8,532	345
Current Assets			
Development and trading properties	12	22,895	30,848
Trade and other receivables	13	726	2,850
Tax receivable		134	–
Derivative financial instruments		–	137
Cash and cash equivalents		38,290	38,123
		62,045	71,958
Total Assets		70,577	72,303
Current Liabilities			
Trade payables and other payables	14	2,367	5,535
Tax liabilities		–	1,800
		2,367	7,335
Total Liabilities		2,367	7,335
Net Assets		68,210	64,968
Equity			
Called up share capital	15	2,082	2,007
Share premium account		57,990	55,492
Retained earnings		8,133	7,464
Equity Attributable to Equity Holders		68,205	64,963
Minority interests		5	5
Total Equity		68,210	64,968
Net Assets Per Share		164p	162p

The accounts on pages 17 to 38 were approved by the Board and authorised for issue on 3 December 2008 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 23 to 38 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2008

	Note	*30 Sep 08* £'000	*30 Sep 07* £'000
Non-Current Assets			
Investment in subsidiary undertakings	10	3,217	–
Property, plant and equipment	8	8	11
Deferred tax assets	17	304	243
		3,529	254
Current Assets			
Development and trading properties	12	3,046	–
Trade and other receivables	13	29,038	34,567
Cash and cash equivalents		26,652	24,569
		58,736	59,136
Total Assets		62,265	59,390
Current Liabilities			
Trade payables and other payables	14	173	208
Tax liabilities		43	408
		216	616
Total Liabilities		216	616
Net Assets		62,049	58,774
Equity			
Called up share capital	15	2,082	2,007
Share premium account		57,990	55,492
Retained earnings		1,977	1,275
Total Equity		62,049	58,774

The accounts on pages 17 to 38 were approved by the Board and authorised for issue on 3 December 2008 and are signed on its behalf of:

R T E WARE
P A BATCHELOR

The notes on pages 23 to 38 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2008

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Cash Flows From Operating Activities		
Operating (loss)/profit	(2,336)	10,064
Depreciation	5	5
Share of results of joint ventures	(3)	(12)
Other gains and losses	137	(137)
Share based payment charge	1,069	710
Cash Flows From Operations Before Changes In Working Capital	(1,128)	10,630
Change in trade and other receivables	2,150	549
Change in land, developments and trading properties	7,953	19,140
Change in trade and other payables	(3,168)	3,398
Cash Generated From Operations	5,807	33,717
Finance costs	–	(2,897)
Finance income	2,207	1,709
Dividends from joint ventures	90	200
Tax paid	(2,257)	(1,352)
Cash Flows From Operating Activities	5,847	31,377
Cash Flows Used in Investing Activities		
Investment in joint venture	(5,043)	–
Acquisition of minority interest	(600)	–
Purchase of plant and equipment	(2)	(9)
Cash Flows Used in Investing Activities	(5,645)	(9)
Cash Flows Used in Financing Activities		
Issue of shares	–	42,397
Issue cost of shares	(35)	(124)
Borrowings drawn down	–	29,000
Issue costs of borrowings	–	(205)
Borrowings repaid	–	(76,428)
Exit fees paid	–	(886)
Cash Flows Used in Financing Activities	(35)	(6,246)
Net increase in cash and cash equivalents	167	25,122
Cash and cash equivalents at 1 October	38,123	13,001
Cash and Cash Equivalents at 30 September	38,290	38,123

The notes on pages 23 to 38 form part of these accounts

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2008

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Cash Flows From Operating Activities		
Operating loss	(3,564)	(2,905)
Depreciation	5	5
Share based payment charge	1,069	710
Cash Flows From Operations Before Changes In Working Capital	(2,490)	(2,190)
Change in trade and other receivables	1,840	1,323
Change in land, developments and trading properties	(3,046)	–
Change in trade and other payables	(35)	48
Cash Used in Operations	(3,731)	(819)
Finance income	3,021	3,260
Dividends from joint ventures	90	200
Tax paid	(366)	(102)
Cash Flows Used in Operating Activities	(986)	2,539
Cash Flows Used in Investing Activities		
Purchase of fixed asset investment	(644)	–
Purchase of plant and equipment	(2)	(9)
Cash Flows Used in Investing Activities	(646)	(9)
Cash Flows From Financing Activities		
Issue of shares	–	42,397
Issue costs of shares	–	(124)
Loans to joint venture	(624)	–
Loans to subsidiaries	4,339	(26,501)
Cash Flows From Financing Activities	3,715	15,772
Net increase in cash and cash equivalents	2,083	18,302
Cash and cash equivalents at 1 October	24,569	6,267
Cash and Cash Equivalents at 30 September	26,652	24,569

The notes on pages 23 to 38 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 30 September 2008

1. Accounting policies and general information

1a General Information

The Conygar Investment Company PLC ("the Company") is a company incorporated and domiciled in England and Wales and registered at Companies House under registration number 4907617.

The Company's subsidiaries are shown in note 10. The Company and its subsidiaries are collectively referred to below as "the Group".

The Company's principal activity is property trading, acquiring property assets with development and investment potential, and investing in companies with significant property assets.

1b Basis of Preparation

The Company has prepared the accounts on the basis of all applicable IFRS, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 October 2007, together with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The consolidated financial information has been prepared on the historical cost basis except for derivatives which are accounted for at fair value.

1c Summary of Significant Accounting Policies

The principal accounting policies of the Group are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

Interpretations and Amendments to Published Standards Effective In The Accounts

For the purposes of the preparation of the accounts, the Group has applied all standards and interpretations that will be effective for the accounting periods commencing on or after 1 October 2007.

The following standards and interpretations have been adopted:

- IFRIC 10 "Interim financial reporting and impairment" (effective for annual periods beginning on or after 1 November 2006).
- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" (effective for accounting periods beginning on or after 1 March 2007).
- Amendments to IAS 39 and IFRS 7 "Financial instruments: disclosures" (effective from 1 July 2008).

Management has assessed the impact of these standards and interpretations on the Group and concluded they are not applicable to the Group's circumstances and do not require amendment of the Group's accounting policies.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Standards, Interpretations and Amendments to Published Standards That Are Not Yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2008 or later periods but which the Group has not adopted early as follows:

- IFRS 8 "Operating segments" (effective for accounting periods beginning on or after 1 January 2009).
- Amendment to IAS 23 "Borrowing costs" (effective for accounting periods beginning on or after 1 January 2009).
- Amendment to IAS 1 "Presentation of financial statements" (effective for accounting periods beginning on or after 1 January 2009).
- Amendment to IFRS 3 "Business combinations" (effective from 1 July 2009).
- Amendment to IAS 27 "Consolidated and separate financial statements" (effective from 1 July 2009).
- Amendment to IFRS 2 "Share based payments" – vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009).
- Amendments to IAS 32 "Financial instruments: presentation" and IAS 1 "Presentation of financial statements" – puttable financial instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009).
- Amendments to IFRS 1 "First time adoption of IFRS" and IAS 27 – "Cost of an investment in a subsidiary, jointly controlled entity of associate" (effective for accounting periods beginning on or after 1 January 2009).
- IFRIC 12 "Service concession arrangements" (effective for accounting periods beginning on or after 1 January 2008).
- Amendment to IAS 39 "Financial instruments: recognition and measurement" – eligible hedged items (effective for accounting periods beginning on or after 1 July 2009).
- IFRIC 13 "Customer loyalty programmes" (effective for accounting periods beginning on or after 1 July 2008).
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective for accounting periods beginning on or after 1 January 2008).
- IFRIC 15 "Agreements for the construction of real estate" (effective for accounting periods beginning on or after 1 January 2009).
- IFRIC 16 "Hedges of a net investment in a foreign operation" (effective for accounting periods beginning on or after 1 October 2008).

The Group's primary segment is property trading. Unless this position changes, management do not consider that IFRS 8 will alter the Group's segment reporting.

The amendment to IAS 23 will remove the option to expense interest costs that are directly attributable to construction of fixed assets. No retrospective application is required. As the Group is currently debt-free, it is not possible to assess the impact that this change may have in future periods. However, the effect may be considerable and management continue to monitor the position in this respect.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

The amendment to IAS 1 will lead to some small changes in the presentation of the group's financial statements in 2010. These will include the replacement of the statement of changes in equity with a statement of comprehensive income. Management will consider whether early adoption of this standard is appropriate based on market practice.

Management do not believe that the other amendments and interpretations listed above will have a material effect on the group's financial reporting.

Basis of Consolidation The Group accounts consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September each year. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of these interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

All intra group balances, transactions, income and expenses and profit and losses on transactions between the Company and its subsidiaries and between subsidiaries are eliminated.

Revenue Recognition Property revenue consists of gross rental income on an accruals basis, together with sales of trading and development properties. Rental income receivable in the period from lease commencement to the earlier of lease expiry and any tenant's option to break is spread evenly over that period. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied.

Revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Operating Profit Operating profit is stated after charging income from trading investments and after the share of results of joint ventures but before finance costs and finance income.

Pension Costs Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share Based Payments The Group provides equity-settled share-based payments in the form of share options.

IFRS 2 "Share-based payment" is applied to all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 October 2005. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares which will eventually vest and adjusted for the effect of non market-based vesting conditions. The Group uses an appropriate valuation model utilising a Monte Carlo simulation in order to arrive at a fair value at the date share options are granted.

Property, Plant and Equipment Property, plant and equipment is stated at cost less accumulated depreciation.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Depreciation Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight line method, on the following basis:

Plant and equipment – 25% per annum

Taxation The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or subsequently by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Investments In Joint Ventures Entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group are accounted for using the equity method of accounting. Under IFRS the Group's share of the results and of the net assets of the joint ventures are shown in the Income Statement and Consolidated Balance Sheet ("Balance Sheet") respectively.

Investment In Subsidiaries Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment.

Goodwill Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the Income Statement.

Development and Trading Properties Development and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value. Cost comprises the original purchase price of the property together with directly attributable acquisition costs. Where multiple properties are acquired as part of a single transaction the purchase price and directly attributable costs are allocated to the individual units based on independent valuations. Net realisable value represents the estimated selling price less all estimated costs of completion.

Cash and Cash Equivalents Cash and cash equivalents are carried in the Balance Sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and other short term liquid investments with original maturities of three months or less, net of bank overdrafts.

Trade Receivables Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Borrowing and Borrowing Costs Interest bearing bank loans and overdrafts are initially recorded at fair value, net of direct finance and other costs yet to be amortised. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis using the effective interest rate method and written off to the Income Statement over the length of the associated borrowings.

Trade Payables Trade payables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Derivative Financial Instruments The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate caps to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The Group does not apply the detailed hedging accounting provisions of IAS 39. Consequently, changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate.

Leasing Leases where the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Use of Estimates and Judgements To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the accounts. These estimates are based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

Investment in Joint Ventures

The net realisable value of properties held for development within the joint ventures requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and in particular during the early stages of the development process.

Deferred Tax Asset

The calculation and assessment of recoverability of the deferred tax asset involves various assumptions regarding the tax deductibility of the vested share options and the recoverability of that deduction.

Properties Held for Resale

The net realisable value of properties held for resale is calculated using a third party valuation provided by an external valuer.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Share Based Payments

The estimation of share based payment costs, which require the use of an appropriate valuation model, including estimations for inputs into the valuation model covering vesting period, expected life, the number of awards that will ultimately vest and judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees. Further details on share based payments are given in note 16.

Properties held for Development

The net realisable value of properties held for development requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Segmental Reporting

The Group's primary source of income is property trading income. In addition the Group has rental income which is ancillary to the property trading income. None of the secondary business segments meet the criteria under IAS 14 for separate disclosure. The aggregate of these secondary segments is also not reportable. As such the "unallocated" element of any segmental disclosure will not be material and the Group does not, therefore, present numerical segmental data.

2. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Audit services – fees payable to the parent Company Auditor for the audit of the Company and the consolidated financial statements	13	16
Non-audit services – fees payable to the Company Auditor for the audit of the Company's subsidiaries pursuant to legislation	14	12
Non-audit services – fees payable to the Company Auditor for tax services	12	11
Depreciation of owned assets	5	5
Operating lease rentals – land and buildings	76	76
Share based payments charge	1,069	710

NOTES TO THE ACCOUNTS (continued)

3. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Wages and salaries (including directors)	1,286	1,723
Social security costs	160	216
Pension costs	530	–
	1,976	1,939

The average monthly number of persons, including executive directors, employed by the Company during the year was five (2007 – five).

4. Directors' emoluments

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Emoluments (excluding pension contributions)	1,218	1,659
Pension contributions	530	–
Emoluments of highest paid director	408	675
Pension contributions of highest paid director	25	–

Emoluments include a £1.04 million payment under the profit sharing plan for the salary year ended 31 March 2008 (2007 – £1.2 million).

The board of directors comprises the only persons having authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly, directors' emoluments equate to the compensation of key management personnel as defined by IAS 24 "Related Party Disclosures".

5. Finance income/costs

Finance Income	*Year ended 30 Sep 08* £'000	*Year ended 30 Sep 07* £'000
Bank interest	2,048	1,598
Other interest	185	124
	2,233	1,722

Finance Costs

Bank loans and overdrafts repayable within 5 years	–	3,613

NOTES TO THE ACCOUNTS (continued)

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
UK Corporation tax based on the results for the period	323	2,703
Under provision in prior periods	–	96
Deferred tax	(61)	(242)
	262	2,557

(b) Factors affecting tax charge

The tax assessed on the profit for the year differs from the standard rate of corporation tax in the UK of 28% (2007 – 30%)

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
(Loss)/Profit before taxation	(103)	8,173
(Loss)/Profit multiplied by rate of tax	(29)	2,452
Effects of:		
Expense not deductible for tax purposes	72	9
Under provision in prior periods	–	96
Share based payment not deductible for tax purposes	219	–
Tax charge for the year	262	2,557

7. (Loss)/Earnings per share

The calculation of earnings per ordinary share is based on the loss after tax of £365,000 (2007 profit – £5,616,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 40,899,961 (2007 – 33,152,521). The diluted earnings per share is based on loss for the year of £365,000 (2007 profit – £5,616,000) and on 40,899,961 (2007 – 39,108,698) ordinary shares, calculated as follows:

	2008 £'000	*2007* £'000
Basic weighted average number of shares	40,899,961	33,152,521
Diluting potential ordinary shares:		
Employee share options	–	5,956,177
Total diluted	40,899,961	39,108,698

No adjustment is made for anti-dilutive potential ordinary shares.

NOTES TO THE ACCOUNTS (continued)

8. Tangible fixed assets

Group & Company	*Office Equipment* £'000
Cost	
At 1 October 2006	9
Additions	9
At 30 September 2007 and 1 October 2007	18
Additions	2
At 30 September 2008	20
Depreciation	
At 1 October 2006	2
Provided during the year	5
At 30 September 2007 and 1 October 2007	7
Provided during the year	5
At 30 September 2008	12
Net book value at 30 September 2008	8
Net book value at 30 September 2007	11

9. Investments

Joint Ventures

	30 Sep 08 £'000	*30 Sep 07* £'000
At 1 October 2007	91	445
Share of profit retained by joint ventures	3	12
Investment in joint venture	5,043	–
Other movements	–	(166)
Dividends received	(90)	(200)
At 30 September 2008	5,047	91

The group has a 50% interest in a joint venture, Conygar Stena Line Limited, which is a property development company. It also has a 50% interest in a joint venture, CM Sheffield Limited, which is a property trading company.

NOTES TO THE ACCOUNTS (continued)

9. Investments (continued)

The following amounts represent the group's 50% share of the assets and liabilities, and results of the joint ventures. They are included in the balance sheet and income statement:

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Assets		
Current assets	5,061	117
	5,061	117
Liabilities		
Current liabilities	(14)	(26)
	(14)	(26)
Net Assets	5,047	91
Operating loss	(1)	(1)
Finance income	5	15
Profit before tax	4	14
Tax	(1)	(2)
Profit after tax	3	12

10. Fixed asset investments

Subsidiaries

	Group		*Company*	
	30 Sep 08 £'000	*30 Sep 07* £'000	*30 Sep 08* £'000	*30 Sep 07* £'000
At 1 October 2007	–	–	–	–
Addition	–	–	3,217	–
At 30 September 2008	–	–	3,217	–

The addition in the year arises from the purchase of the 33.3% minority interest in Martello Quays Limited for total consideration of £3,172,500 satisfied by the issue of 1,500,000 ordinary shares at 171.5p per share together with £600,000 cash. Costs associated with this transaction amounted to £44,000.

NOTES TO THE ACCOUNTS (continued)

10. Fixed asset investments (continued)

The principal companies in which the Company's interest is more than 10% are as follows:

Company name	*Principal activity*	*Country of registration*	*% of Equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Martello Quays Limited	Property trading and development	England	100%
Conygar Wales PLC	Holding Company	England	60%*
Conygar Bedford Square Ltd	Property trading and development	England	100%*
Conygar Properties Ltd	Property trading and development	England	100%*
Conygar Developments Ltd	Property trading and development	England	100%*
Conygar Strand Ltd	Property trading and development	England	100%*
Conygar Hanover Street Ltd	Property trading and development	England	100%*
Conygar Stena Line Ltd	Property trading and development	England	50%*
CM Sheffield Ltd	Property trading and development	England	50%*

* Indirectly owned

Conygar Hanover Street Limited was incorporated on 2 November 2007.

11. Goodwill

	Group	
	30 Sep 08	*30 Sep 07*
	£'000	£'000
At 1 October 2007	–	–
Addition	3,173	–
At 30 September 2008	3,173	–

The goodwill arose upon the acquisition of the minority interests in Martello Quays Limited and represents the excess of the consideration over the fair value of the identifiable net assets acquired. As the Group had funded all development expenditure in Martello Quays Limited the entire amount of the consideration in note 10 is considered to represent goodwill.

12. Property inventories

	Group		*Company*	
	30 Sep 08	*30 Sep 07*	*30 Sep 08*	*30 Sep 07*
	£'000	£'000	£'000	£'000
Properties held for resale or development	25,372	30,848	3,046	–
Write-down of property inventory	(2,477)	–	–	–
	22,895	30,848	3,046	–

NOTES TO THE ACCOUNTS (continued)

13. Trade and other receivables

	Group		Company	
	30 Sep 08	*30 Sep 07*	*30 Sep 08*	*30 Sep 07*
	£'000	£'000	£'000	£'000
Amounts owed by group undertakings	–	–	28,963	32,678
Trade receivables	250	167	–	–
Other receivables	347	2,627	–	1,833
Prepayments and accrued income	129	56	75	56
	726	2,850	29,038	34,567

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

14. Trade payables and other payables

	Group		Company	
	30 Sep 08	*30 Sep 07*	*30 Sep 08*	*30 Sep 07*
	£'000	£'000	£'000	£'000
Social security and payroll taxes	32	1	32	1
Trade payables	112	51	–	–
Other payables	1,821	4,940	86	30
Accruals and deferred income	402	543	55	177
	2,367	5,535	173	208

15. Share capital

Authorised share capital:

	30 Sep 08	*30 Sep 07*
	£	£
100,000,000 (2007 – 100,000,000) Ordinary shares of £0.05 each	5,000,000	5,000,000

Allotted and called up:

	30 Sep 08		*30 Sep 07*	
	No	£	No	£
Ordinary shares of £0.05 each	41,647,906	2,082,395	40,147,906	2,007,395

On 31 March 2008 the Company issued 1,500,000 ordinary shares of £0.05 each for an aggregate consideration of £2,572,500 in connection with the acquisition of the minority interests in Martello Quays Limited as shown in note 10.

NOTES TO THE ACCOUNTS (continued)

16. Share based payments

Details of options granted over the Company's share capital are given in the Directors' Remuneration Report on page 10.

The inputs into the valuation model of the options were as follows

Date of Grant	*24 Oct 2003*	*11 Mar 2004*	*18 Dec 2005*	*16 Mar 2006*	*20 Feb 2007*
Share price at grant	50p	90p	69p	118.5p	230p
Exercise price	50p	90p	69p	118.5p	200p
Expected volatility	15.14%	15.38%	15.11%	24.22%	26.99%
Expected life	5 years	5 years	5 years	5 years	5 years
Risk free rate	4.98%	4.59%	4.52%	4.42%	5.21%
Fair value	4.15p	7.20p	5.18p	32.54p	88.06p

Fair values are spread over the vesting period of the awards. The expected vesting period is calculated using a Monte Carlo simulation where the performance conditions are met.

The Group and Company recognised total expenses of £1,069,000 (2007 – £710,000) in relation to equity settled share-based payment transactions.

17. Deferred tax asset

Deferred tax asset recognised in the accounts as follows:

Group and Company	*30 Sep 08*		*30 Sep 07*	
	Provided £'000	*Not Provided* £'000	*Provided* £'000	*Not Provided* £'000
Short term timing differences	–	–	30	–
Share based payments	304	–	213	898
	304	–	243	898

	Share Based Payments £'000	*Other Timing* £'000	*Total* £'000
At 1 October 2006	–	–	–
Credit to profit and loss account	213	30	243
At 30 September 2007	213	30	243
At 1 October 2007	213	30	243
Credit / (debit) to profit and loss account	91	(30)	61
At 30 September 2008	304	–	304

NOTES TO THE ACCOUNTS (continued)

18. Commitments

At 30 September 2008 the Group and Company had outstanding commitments for future minimum lease payments under non–cancellable operating leases, which fall due as follows:

	Year ended 30 Sep 08 £'000	*Year ended 30 Sep 07* £'000
Within one year	77	77
In the second to fifth years inclusive	138	215
	215	292

19. Related party transactions

The Company has made advances to the following subsidiaries in order to provide both long term and additional working capital funding. All amounts are repayable upon demand and will be repaid from the trading activities of those subsidiaries. No provisions have been made against the outstanding amounts.

	30 Sep 08 £'000	*30 Sep 07* £'000
Subsidiaries		
Conygar Bedford Square Limited	999	7,378
Conygar Strand Limited	22,363	20,436
Martello Quays Limited	500	387
	23,862	28,201

	30 Sep 08 *£'000*	*30 Sep 07* *£'000*
Joint Ventures		
Conygar Stena Line Limited	5,101	4,477

The loans to Conygar Stena Line Limited may be analysed as:

	30 Sep 08 £'000	*30 Sep 07* £'000
Secured interest bearing loan	2,081	4,477
Unsecured non–interest bearing shareholder loan	3,020	–
	5,101	4,477

During the year, the Company received £1,530,232 (2007 – £1,011,895) interest in respect of loans advanced to Conygar Strand Limited.

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2007 – £nil) in respect of management services.

NOTES TO THE ACCOUNTS (continued)

20. Profit of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £367,000 (2007 profit – £288,000).

21. Financial instruments

Treasury Policies

The objective of the Group's treasury policies is to manage the Group's financial risk, secure cost effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions, principally interest rate caps, to manage the interest rate risk arising from the Group's operations and its sources of finance. The Group does not trade in financial instruments. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the board for their management. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies.

The management of cash and similar instruments is monitored daily with summary cash statements produced on a fortnightly basis and discussed regularly in management and Board meetings. The approach is to provide sufficient liquidity to meet the requirements of the business in terms of funding developments and potential acquisitions whilst also earning a return sufficient to cover operating overheads. Surplus funds are invested with a broad range of institutions with a range of maturities up to 180 days. At any point in time, at least half of the Group's cash is held on instant access or short term deposit of less than 30 days.

Interest Rate Risk

The Group's policy is to manage the cost of borrowing using variable rate debt. Whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise. The Group's policy is to use derivative financial instruments to mitigate at least 50% of this risk in order to achieve a sensible and appropriate level of interest rate protection whilst maintaining flexibility to match the commercial trading strategy. The fair value of the group's interest rate caps at 30 September 2008 was £nil (2007 – £137,000) and the loss recorded during the period relating to fair value movements was £137,000 (2007 gain – £137,000).

At the year end, the Group held net cash balances.

Credit Risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in connection with property leases, the investment of surplus cash and transactions where the Group sells properties with an element of deferred consideration.

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary to terminate the lease. Deferred consideration terms are only agreed with counterparties approved by the board or where some additional security is available.

NOTES TO THE ACCOUNTS (continued)

21. Financial instruments (continued)

The Group policy has been to invest funds and enter into derivative transactions with a broad range of institutions having investment grade low risk credit ratings and a strong or superior ability to repay short term debt obligations. The unprecedented credit and banking market disruption of recent months has had a significant impact upon the ability to rely upon either credit ratings or the ability of financial institutions to honour their commitments and the widespread nature of the financial crisis has introduced considerable uncertainty into the process. As at 30 September 2008, the Group had a single balance of £522,000 where the counter-party had failed to honour a notice deposit. We are in discussions with the institution in order to recover the full amount together with accrued interest and the Group remains confident the funds will be recovered. As such, no impairment provision has been recorded against the balance.

There are no other receivables which are past due but not impaired.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans secured on the Groups properties.

At the year end the Group held net cash balances.

Price Risk

The Group's exposure to changing market prices on the value of financial instruments may have an impact on the carrying value of financial instruments and would arise principally as a result of entering into swaps or similar transactions to fix interest rates on the Group's borrowings. The Group's policies for managing this risk are to control the levels of fixed rate debt as set out under interest rate risk above.

Market Risk

The Group is exposed to market risk primarily related to interest rates. These exposures are actively monitored.

As the Group's assets and liabilities are all denominated in Pounds Sterling there is currently no exposure to currency risk.

The interest rate profile of the Group's cash and derivatives at the balance sheet date was as follows:

	30 Sep 08 £'000	*30 Sep 07* £'000
Fixed rate	12,346	1,796
Floating rate	25,422	36,327
Non-interest bearing	522	137
	38,290	38,260

Floating rate financial assets comprise cash and short term deposits at call and money market rates for up to thirty days and institutional cash funds.

The fair value of the Group's trade debtors and other receivables and trade creditors and other payables is not considered to vary from historic cost due to the short term nature of these financial assets and liabilities. As such, they are excluded from the disclosure above.

There are no differences between the book values and fair values of the Group's financial assets and liabilities.

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 6 February 2009 at 10.00 am for the following purposes:

Resolutions 1 to 6 are ordinary resolutions and resolutions 7, 8 and 9 are special resolutions.

Ordinary Business

Ordinary Resolutions

1 To receive the Company's annual accounts for the financial year ended 30th September 2008 together with the last directors' report, the last directors' remuneration report and the auditors report on those accounts and the auditable part of the remuneration report.

2 To approve the directors' remuneration report for the financial year ended 30th September 2008.

3 To reappoint Rees Pollock as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the directors of the Company.

4 To re-appoint the following director who retires by rotation:

Robert Thomas Ernest Ware

5 To re-appoint the following director who retires by rotation:

Michael Derek Wigley

6 That the directors be and are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £2,917,604.70 provided that this authority is for a period expiring at the next Annual General Meeting of the Company after the passing of this resolution but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities to the extent unused.

Special Resolutions

7 That subject to the passing of resolution 6 above, the directors of the Company be and are empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of section 94(2)) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £2,917,604.70;

and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the

NOTICE OF ANNUAL GENERAL MEETING (continued)

directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

8 That the Company be and is generally and unconditionally authorised for the purposes of section 166 of the Companies Act (the "Act") to make one or more market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange of ordinary shares of £0.05 each in the capital of the Company provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 6,247,185 (representing Fifteen per cent of the Company's issued ordinary share capital);

(b) the minimum price which may be paid for such shares is £0.05 per share;

(c) the maximum price which may be paid for an ordinary share shall not be more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 12 months from the date of passing this resolution, if earlier; and

(e) the Company may make a contract or contracts to purchase ordinary shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

Special Business

9 That:

(a) the amended Articles of Association of the Company produced to the Meeting and initialled by the Chairman for the purpose of identification as New Articles 'A' be adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of the existing Articles of Association, with effect from the end of the meeting;

(b) with effect from 00:01am on 1 October 2009, the amended Articles of Association of the Company produced to the Meeting and initialled by the Chairman for the purpose of identification as New Articles 'B' be adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the Articles of Association existing immediately prior to that time.

Registered Office	By order of the Board
Fourth Floor	P A Batchelor
Bond House	Company Secretary
19-20 Woodstock Street	
London	
W1C 2AN	3 December 2008

Notes

1 A member entitled to attend and vote at the meeting convened by the notice set out above may appoint a proxy to attend, speak and, on a poll, to vote in his place. A holder of more than one ordinary share may appoint different proxies in relation to each or any of those ordinary shares.

2 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy notice must be given to the Company's Registrars not less than 48 hours before the time appointed for the holding of the meeting.

3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out at note 2 of the

NOTICE OF ANNUAL GENERAL MEETING (continued)

proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

4 A form of proxy is enclosed. To be effective, it must be completed and signed and deposited at the registered office of the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion of the proxy does not preclude members from subsequently attending and voting at the meeting in person if they should so wish.

5 The amended Articles of Association, the register of interests of the directors and their families in the shares of the Company and copies of the contracts of service of directors with the Company will be available for inspection throughout the meeting and at the registered office of the Company during normal business hours on any week day (except Saturdays, Sundays and Public Holidays) from the date of this notice until the conclusion of the annual general meeting.

6 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 10.00 am on 4 February 2009 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register of members after 10.00 am on 4 February 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

being (a) member(s) of the Company, hereby appoint ....

of ....

or failing him the Chairman of the Meeting (see note 2) as my / our proxy to vote for me / us on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 6 February 2009 at 10.00 am and at any adjournment thereof. I / we request such proxy to vote on the following resolutions as indicated below:

Resolution Number	Resolution	For	Against	Vote Withheld
Ordinary Resolutions				
1.	To receive the Company's annual accounts for the financial year ended 30th September 2008.			
2.	To approve the directors' remuneration report for the financial year ended 30th September 2008.			
3.	To reappoint Rees Pollock as auditors at a remuneration to be determined by the directors of the Company.			
4.	To re-appoint the following director who retires by rotation: Robert Thomas Ernest Ware.			
5.	To re-appoint the following director who retires by rotation: Michael Derek Wigley.			
6.	To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £2,917,604.70.			
Special Resolutions				
7.	To give a director's authority to disapply pre-emption rights and allot equity securities.			
8.	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 6,247,185.			
9.	To adopt new articles of association.			

Names of jointholders (if any) ....

Date ....

Signed ....

Notes:

1. Please indicate with an "X" in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
   (a) on any resolution referred to above if no instruction is given in respect of that resolution; and
   (b) on any business or resolution considered at the meeting other than the resolutions referred to above.
2. If you wish to appoint someone other than the chairman of the meeting as your proxy please insert their name. If you insert no name then you will have appointed the chairman of the meeting as your proxy. A proxy need not be a member of the Company.
3. In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register.
5. To be effective, this Form of Proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof) must be lodged at the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.
6. Any alterations to this form of proxy should be initialled.
7. Completion of this form will not prevent you from subsequently attending and voting at the meeting in person, in which case any votes cast by proxy will be excluded.
8. This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL. In each case, the proxy appointment must be received not less than 48 hours before the time for the holding of the meeting or adjourned meeting together with any authority (or a notarially certified copy of such authority) under which it is signed.

EXPLANATORY NOTES ON THE COMPANIES ACT 2006

It is proposed that the Company adopts newly amended Articles of Association of the Company in order to reflect the changes in English company law brought about by the Companies Act 2006. Pursuant to this, it is proposed that the Company adopts each of the amended Articles of Association produced to the meeting initialled 'A' and 'B'. 'A' is to take effect at the end of the annual general meeting held on 6 February 2009 and 'B' is to take effect on 1 October 2009.

The principal changes to the Company's Articles of Association are as follows:

i) Articles which duplicate statutory provisions
Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

ii) Form of resolution
The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Further, the remainder of the provision is reflected in full in the Companies Act 2006.

iii) Convening extraordinary and annual general meetings
The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

iv) Votes of members
Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

v) Age of directors on appointment
Provisions limiting the age at which a director can be appointed could now fall foul of the Employment Equality (Age) Regulations 2006.

vi) Conflicts of interest
The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect.

EXPLANATORY NOTES ON THE COMPANIES ACT 2006 (continued)

The Companies Act 2006 also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively.

vii) Notice of board meetings
Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It has been replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

viii) Electronic and web communications
Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

ix) Directors' indemnities and loans to fund expenditure
The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

x) General
Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles.

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