CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2007

HIGHLIGHTS

- Significant growth in net asset value and profit before tax
- Pro forma NAV increased by 45% to 170p per share from 117p at 30 September 2006
- Two successful share placings raised £42.3 million net of expenses
- Entered into a joint venture with Stena Line Ports in order to develop Holyhead Waterfront
- Submitted planning application on the £100 million Pembroke Dock Waterfront marina development proposal
- Group has £38.1 million of cash at the year end. All bank debt repaid
- Properties valued at £36.9 million at year end
- Property trading continued apace with the sale of £70.6 million of properties

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

The Conygar Investment Company PLC

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

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Auditors
Rees Pollock
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Solicitors
Wragge & Co
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B3 2AS

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

Registrars
Share Registrars Limited
Craven House
Farnham
Surrey
GU9 7EN

Registered Number
4907617

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We are pleased to be able to report another excellent year for the Group with significant progress made on all fronts. Net asset value per share increased 83% to 162p as at 30 September 2007 from 88p the previous year. Net asset value per share on a pro forma basis is 170p compared to 117p at 30 September 2006. Profit before tax for the year ended 30 September 2007 increased to £8,173,000 from £1,037,000 the previous year. Having raised some £42.3 million through two successful share placings, our market capitalisation is now over £70 million. With £38.1 million of cash and no indebtedness we are well placed to further expand the business and take advantage of the opportunities which will undoubtedly arise in an increasingly difficult economic environment.

Conygar Stena Line Limited

In October 2007, we were pleased to announce the creation of a joint venture, Conygar Stena Line Limited, with Stena Line Ports Limited ("Stena") in order to develop surplus land previously owned by Stena at Holyhead, Anglesey, Wales. It is intended that the land, which has in excess of half a mile of water frontage, will be redeveloped as a mixed use scheme incorporating residential, leisure, tourist and retail facilities together with an expanded marina development with associated commercial and marine engineering elements. We believe this will be an exciting regeneration scheme which will complement our multi-use Pembroke Dock Waterfront development and further continue our strategy of expansion into waterfront projects.

We have committed £7 million to the joint venture company comprising £4.9 million of additional and adjacent development land already acquired and £2.1 million in cash which will fund the planning application and other associated costs. Stena will contribute its land in exchange for 50% of the joint venture. Work has already commenced on the project plans and planning application process.

Trading Properties

In October 2006, we announced the acquisition of eight properties in Buckingham Street, London WC2 for £33.91 million. The Royal Bank of Scotland plc provided a non-recourse structured facility of £29 million and the Group invested £3.46 million of the equity which entitles us to 70% of any profit realised. The properties comprise approximately 54,000 square feet of freehold single and multi-let office accommodation. To date, three properties have been sold for a total consideration of £13.81 million. We are currently in the process of re-letting a number of the remaining properties and undertaking some refurbishment work prior to sale.

With regard to Bedford Square, we can report that all but one of the properties have now been sold for a total of £66.97 million representing a gross surplus of £11.71million over cost in eighteen months. All associated bank debt has been repaid.

Pembroke Dock

A major focus for the Group is the proposed Pembroke Dock Waterfront marina scheme. This is a £100 million development of the Pembroke Dock Waterfront in West Wales. It is a partnership between Conygar, Welsh based developers and Vinci Project Development Limited (part of the Vinci Group). Following a competitive tender, the Conygar group was appointed as developer by a client group comprising Pembrokeshire County Council, the Welsh Assembly Government, the Crown Estate and The Milford Haven Port Authority.

Whilst we are pleased to report that most of the planning issues have been successfully dealt with, it is somewhat frustrating that we are unable to report that our planning application has been approved. We are not aware of any major issues outstanding and remain confident of a positive result notwithstanding the lengthy planning process.

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

Financing

In October 2006, we placed 1,000,000 ordinary shares at 140p per share raising £1.39 million after expenses and in January 2007, we placed 20,498,500 ordinary shares at 200p per share raising £40.88 million after expenses. These placings broadened the shareholder base, provided funding for Pembroke Dock Waterfront and will enable us to pursue other opportunities.

As at 30 September 2007, the Group had cash of £38.12 million and no indebtedness. The disposals during the year together with funds raised enabled us to repay £76.43 million of bank debt. The balance sheet is looking robust and provides an excellent platform to move forward.

International Financial Reporting Standards ("IFRS")

This is the first year that the Group has prepared its financial statements under IFRS. The principal changes from previous financial statements prepared under UK GAAP are set out in note 23.

Pro-forma 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 have calculated a pro-forma net asset value using a Knight Frank LLP valuation of the portfolio. Knight Frank LLP have valued the remaining trading properties at £32.28 million and the land held for development at £4.70 million totalling £36.98 million.

	NAV £'000	*Pence per Share*
Net asset value per accounts at 30 September 2007	64,968	161.8
Group share of increase after tax in property valuation	3,500	8.7
Pro-forma net asset value at 30 September 2007	68,468	170.5

Pembroke Dock Waterfront remains valued at cost but will be revalued at the period end following the outcome of the planning application. Holyhead Waterfront development will be valued every six months.

Strategy and The Future

Our strategy for the next year:

1. To finalise the planning permissions at Pembroke Dock and to commence development;
2. To commence the planning permission process at Holyhead;
3. To complete the realisation of the Bedford Square and Buckingham Street trading assets;
4. To carry on appraising our continuing pipeline of transactions including ports, marinas and general property opportunities; and
5. To raise additional finance as necessary.

In terms of progress, the Bedford Square portfolio now consists of one property whilst three out of the eight Buckingham Street properties have been sold. The planning application for Pembroke Dock Waterfront continues to make progress albeit at a frustrating pace. The joint venture with Stena for Holyhead Waterfront development is the culmination of many months work but is potentially much larger than Pembroke Dock. Finally, we have raised a considerable amount of new finance which puts us on an extremely secure footing.

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

Prospects

The sub-prime credit crisis in the US seems to have been the catalyst for significant credit and property market concerns which are ongoing. As of today these markets are extremely volatile with numerous stories, reported and hearsay, depicting a significant crash. History shows that such prophesies can be self-fulfilling and accordingly we believe that it will take several months to quantify the true extent of the crisis. However, we have an excellent pipeline of opportunities and are well positioned financially to take advantage of the situations that will undoubtedly arise from the current credit and property market difficulties. As ever, we shall keep shareholders informed of progress.

N J Hamway
Chairman

R T E Ware
Chief Executive

10 December 2007

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. To enable the board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed by the company secretary to all directors in advance of board meetings. The chairman ensures that the directors 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.

CORPORATE GOVERNANCE REPORT (continued)

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 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.

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 30 January 2008 can be found in the notice of the meeting on page 38.

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 other senior executives.

Remuneration Policy and Review

During the year the remuneration committee reviewed the company's policy on executive director remuneration packages. Following that 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 revised 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. To this end, an annual profit sharing plan has been created which will exist alongside the existing share option scheme.

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. At present the directors receive no benefits.

Profit sharing plan: The profit sharing plan has been introduced with effect from 1 April 2007. It 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. Accordingly there have been no payments made under the plan in the current year. 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. Share options awarded during the year are detailed below.

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 makes no contributions to any pension schemes.

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 provided for an initial period of three years, and these have been extended for a further three-year period. The remuneration of

DIRECTORS' REMUNERATION REPORT (continued)

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.

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	36	6
N J Hamway	25 October 2007	36	6

P A Batchelor and N J Hamway 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 2006 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2007 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. This performance condition may be retested on an annual basis if it is not achieved on the second anniversary.

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.

The market price of the company's shares on 30 September 2007 was 214.5 p 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 awarded during the year	244.0 p	119.0 p
Options in issue during the year	244.0 p	119.0 p

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 10 December 2007 and signed on its behalf by:

P A Batchelor
Company Secretary

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 30 September 2007.

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.

Events Since the Balance Sheet Date

On 22 October 2007, the company entered into a joint venture with Stena Line Ports Limited ("Stena") in order to develop surplus land currently owned by Stena at Holyhead, Anglesey, Wales. The company has committed £7 million to the joint venture comprising £4.9 million of additional and adjacent development land already acquired by the company before the year end and £2.1 million in cash. Stena will contribute its land in exchange for 50% of the joint venture.

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 2007	*At 1 October 2006*
R T E Ware	2,725,000	2,500,000
P A Batchelor	125,001	100,001
N J Hamway	167,000	147,000
S M Vaughan	125,000	100,000
M D Wigley	170,000	130,000

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

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 28 November 2007, the directors were aware of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Rulegale Nominees Limited (JAMCLT)	6,152,730	15.33
Laxey Partners Limited	4,558,698	11.35
Gartmore Investment Management Limited	3,585,970	8.93
R T E Ware	2,725,000	6.79
Nutraco Nominees Limited	2,000,000	4.98

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.

At 30 September 2007, the company had an average of 36 days (2006 - 67 days) purchases outstanding in trade creditors.

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 have elected to prepare financial statements for the group in accordance with the International Financial Reporting Standards as adopted by the European Union ('IFRS') and have also 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 statement'. 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

DIRECTORS' REPORT (continued)

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.

Charitable Donations and Political Contributions

The company made no political donations during the year. The company made a charitable donation of £250 (2006 – £nil) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 22.

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.

By Order of the Board

P A Batchelor
Company Secretary

10 December 2007

INDEPENDENT AUDITORS' REPORT

REESPOLLOCK
Chartered Accountants

35 New Bridge Street
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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 2007 which comprise the consolidated income statement, the consolidated statement of changes in equity, the parent company statement of changes in equity, the group and parent company balance sheets, the group 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 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 the amounts and disclosures in the financial statements and the part of the directors' remuneration report to

INDEPENDENT AUDITORS' REPORT (continued)

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 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 2007 and of its profit 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 2007;
- 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
10 December 2007

CONSOLIDATED INCOME STATEMENT
for the year ended 30 September 2007

	Note	*Year ended 30 Sep 07* £'000	*Year ended 30 Sep 06* £'000
Sales of properties		70,603	9,225
Rental income		3,492	831
Revenue		74,095	10,056
Direct costs of:			
Sales of properties		60,747	7,664
Rental income		517	28
Direct Costs		61,264	7,692
Gross Profit		12,831	2,364
Income from trading investments		233	–
Share of results of joint ventures		12	13
Other gains and losses		137	–
Administrative expenses		(3,149)	(465)
Operating Profit	2	10,064	1,912
Finance costs	5	(3,613)	(1,232)
Finance income	5	1,722	357
Profit Before Taxation		8,173	1,037
Taxation	6	(2,557)	(353)
Profit For The Period		5,616	684
Attributable to:			
– equity shareholders		5,616	684
– minority shareholders		–	–
Basic earnings per share	7	16.94p	4.72p
Diluted earnings per share	7	14.36p	4.50p

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

The notes on pages 23 to 37 form part of these accounts

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2007

	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 2005	486	4,427	319	5,232	–	5,232
Profit for the period	–	–	684	684	–	684
Share based payment	–	–	135	135	–	135
Issue of share capital	446	9,909	–	10,355	–	10,355
Share issue costs	–	(42)	–	(42)	–	(42)
Other movement	–	–	–	–	5	5
At 30 September 2006	932	14,294	1,138	16,364	5	16,369
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

	Share Capital £'000	*Share Premium* £'000	*Retained Earnings* £'000	*Total Equity* £'000
Company				
At 1 October 2005	486	4,427	(145)	4,768
Profit for the period	–	–	287	287
Share based payment	–	–	135	135
Issue of share capital	446	9,909	–	10,355
Share issue costs	–	(42)	–	(42)
At 30 September 2006	932	14,294	277	15,503
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

The notes on pages 23 to 37 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2007

	Note	*30 Sep 07* £'000	*30 Sep 06* £'000
Non-Current Assets			
Property, plant and equipment	8	11	7
Investment in joint ventures	9	91	445
Deferred tax assets	17	243	–
		345	452
Current Assets			
Development and trading properties	11	30,848	49,988
Trade and other receivables	12	2,850	3,536
Derivative financial instruments		137	–
Cash and cash equivalents		38,123	13,001
		71,958	66,525
Total Assets		72,303	66,977
Current Liabilities			
Trade payables and other payables	13	5,535	2,827
Tax liabilities		1,800	353
		7,335	3,180
Non-Current Liabilities			
Borrowings	14	–	47,428
		–	47,428
Total Liabilities		7,335	50,608
Net Assets		64,968	16,369
Equity			
Called up share capital	15	2,007	932
Share premium account		55,492	14,294
Retained earnings		7,464	1,138
Equity Attributable to Equity Holders		64,963	16,364
Minority interests		5	5
Total Equity		64,968	16,369
Net Assets Per Share		162p	88p

The accounts on pages 17 to 37 were approved by the Board and authorised for issue on 10 December 2007 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 23 to 37 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2007

	Note	*30 Sep 07* £'000	*30 Sep 06* £'000
Non-Current Assets			
Property, plant and equipment	8	11	7
Deferred tax assets	17	243	–
		254	7
Current Assets			
Trade and other receivables	12	34,567	9,389
Cash and other equivalents		24,569	6,267
		59,136	15,656
Total Assets		59,390	15,663
Current Liabilities			
Trade payables and other payables	13	208	160
Tax liabilities		408	–
		616	160
Total Liabilities		616	160
Net Assets		58,774	15,503
Equity			
Called up share capital	15	2,007	932
Share premium account		55,492	14,294
Retained earnings		1,275	277
Total Equity		58,774	15,503

The accounts on pages 17 to 37 were approved by the Board and authorised for issue on 10 December 2007 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 23 to 37 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2007

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06* £'000
Cash Flows From Operating Activities		
Operating profit	9,927	1,912
Depreciation	5	2
Share of results of joint ventures	(12)	(13)
Share based payment charge	710	135
Cash Flows From Operations Before Changes In Working Capital	10,630	2,036
Change in trade and other receivables	549	(3,640)
Change in land, developments and trading properties	19,140	(49,988)
Change in trade and other payables	3,398	2,002
Cash Used In/Generated From Operations	33,717	(49,590)
Finance costs	(2,897)	(452)
Finance income	1,709	357
Dividends from joint ventures	200	200
Tax paid	(1,352)	–
Cash Flows From Operating Activities	31,377	(49,485)
Cash Flows From Investing Activities		
Purchase of plant and equipment	(9)	(5)
Cash Flows From Investing Activities	(9)	(5)
Cash Flows From Financing Activities		
Issue of shares	42,397	10,355
Issue costs of shares	(124)	(42)
Borrowings drawn down	29,000	52,750
Issue costs of borrowings	(205)	(471)
Borrowings repaid	(76,428)	(4,940)
Exit fees paid	(886)	–
Cash Flows From Financing Activities	(6,246)	57,652
Net increase in cash and cash equivalents	25,122	8,162
Cash and cash equivalents at 1 October	13,001	4,839
Cash and Cash Equivalents at 30 September	38,123	13,001

The notes on pages 23 to 37 form part of these accounts

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2007

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06* £'000
Cash Flows From Operating Activities		
Operating loss	(2,905)	(459)
Depreciation	5	2
Share based payment charge	710	135
Cash Flows From Operations Before Changes In Working Capital	(2,190)	(322)
Change in trade and other receivables	1,323	(3,152)
Change in trade and other payables	48	(78)
Cash Used In/Generated From Operations	(819)	(3,552)
Finance income	3,260	649
Dividends from joint ventures	200	200
Tax paid	(102)	–
Cash Flows From Operating Activities	2,539	(2,703)
Cash Flows From Investing Activities		
Purchase of plant and equipment	(9)	(5)
Cash Flows From Investing Activities	(9)	(5)
Cash Flows From Financing Activities		
Issue of shares	42,397	10,355
Issue costs of shares	(124)	(42)
Loans to subsidiaries	(26,501)	(6,177)
Cash Flows From Financing Activities	15,772	4,136
Net increase in cash and cash equivalents	18,302	1,428
Cash and cash equivalents at 1 October	6,267	4,839
Cash and Cash Equivalents at 30 September	24,569	6,267

The notes on pages 23 to 37 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 30 September 2007

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.

The Company and the Group previously prepared company and group accounts under applicable law and United Kingdom Accounting Standards (together 'United Kingdom Generally Accepted Accounting Practice'). Details of the changes required on adoption of IFRS are detailed in note 23.

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 2006, together with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Group's date of transition to IFRS for the purposes of the accounts was 1 October 2005, and the consolidated financial information has been prepared in accordance with the first time adoption provisions set out in IFRS 1, "First Time Adoption of International Financial Reporting Standards".

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 2006.

The Group has adopted IFRS 7 "Financial Instruments: Disclosures" which is mandatory for accounting periods commencing on or after 1 January 2007 but which can be adopted for accounting periods commencing before that date. IFRS 7, and a consequent amendment to IAS 1, "Presentation of Financial Statements: Capital Disclosures", introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, and sensitivity analysis to market risk. It replaces IAS 30, "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and disclosure requirements in IAS 32, "Financial Instruments: Disclosure and Presentation". It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. IFRS 7 and the amendment to IAS 1 have led to additional disclosures relating to the sensitivity analysis to market risk and capital disclosures.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

In addition, the following standards and interpretations have been adopted:

- IFRIC 7 "Applying the restatement approach under IAS 29, "Financial Reporting in Hyper-inflationary Economies" (effective for annual periods beginning on or after 1 March 2006).
- IFRIC 8 "Scope of IFRS 2" (effective for annual periods beginning on or after 1 March 2006).
- IFRIC 9 "Reassessment of embedded derivatives" (effective for annual periods beginning on or after 1 June 2006).

Management has assessed the impact of these standards and interpretation 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.

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 2007 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 IAS23 "Borrowing costs" (effective for accounting periods beginning on or after 1 January 2009).
- 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).
- IFRIC 12 "Service concession arrangements" (effective for accounting periods beginning on or after 1 January 2008).
- 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).

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 "Borrowing costs" will remove the option to expense borrowing costs associated with bringing assets into operational use where certain conditions are met. As the amendment does not require retrospective amendment it is not yet possible to assess the potential impact of the effect of this amendment.

As the Group has no group or treasury share arrangements, service concession arrangements, customer loyalty schemes or defined benefit schemes, management have concluded that IFRIC Interpretations 10-14 will not be relevant to the Group.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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 consist 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 tenants 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.

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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:

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.

In the event the planning application for Pembroke Dock Waterfront is unsuccessful, the reduction in net assets will be £397,000. The land at Holyhead held for development has been independently valued by Knight Frank LLP in excess of carrying value by £204,000. By way of comparison, a 10% reduction in fair value would reduce net assets by £489,000.

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.

NOTES TO THE ACCOUNTS (continued)

2. Operating Profit

Operating profit is stated after charging:

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06* £'000
Audit services – fees payable to the parent Company Auditor for the audit of the Company and the consolidated financial statements	16	11
Non-audit services – fees payable to the Company Auditor for the audit of the Company's subsidiaries pursuant to legislation.	12	4
Non-audit services – fees payable to the Company Auditor for tax services	11	3
Depreciation of owned assets	5	2
Operating lease rentals – land and buildings	76	6
Payroll costs	739	163
Bonus payment	1,200	–
Share based payments charge	710	135

3. Particulars of employees

The aggregate payroll costs were:

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06* £'000
Wages and salaries	1,723	148
Social security costs	216	15
	1,939	163

The average monthly number of persons, including executive directors, employed by the Company during the year was five (2006 – four).

4. Directors' emoluments

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06* £'000
Emoluments	1,659	115
Emoluments of highest paid director	675	45

Includes £1.2 million bonus payment awarded in respect of exceptional performance during 2006 and 2007.

NOTES TO THE ACCOUNTS (continued)

4. Directors' emoluments (continued)

The board of directors comprise 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

Operating profit is stated after charging:

Finance Income	*Year ended 30 Sep 07 £'000*	*Year ended 30 Sep 06 £'000*
Bank interest	1,598	343
Other interest	124	14
	1,722	357

Finance Costs

Bank loans and overdrafts repayable within 5 years	3,613	1,232

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06 £'000*
UK Corporation tax based on the results for the period	2,703	353
Under provision in prior periods	96	–
Deferred tax	(242)	–
	2,557	353

(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 30% (2006 – 30%)

	Year ended 30 Sep 07 £'000	*Year ended 30 Sep 06 £'000*
Profit before taxation	8,173	1,037
Profit multiplied by rate of tax	2,452	311
Effects of:		
Expense not deductible for tax purposes	9	46
Under provision in prior periods	96	–
Marginal rate relief	–	(4)
Tax charge for the year	2,557	353

NOTES TO THE ACCOUNTS (continued)

7. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax of £5,616,000 (2006 – £684,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 33,152,521 (2006 – 14,491,437). The diluted earnings per share is based on profit for that year of £5,616,000 (2006 – £684,000) and on 39,108,698 (2006 – 15,203,895) ordinary shares, calculated as follows:

	2007 £'000	*2006* £'000
Basic weighted average number of shares	33,152,521	14,491,437
Diluting potential ordinary shares:		
Employee share options	5,956,177	712,458
Total diluted	39,108,698	15,203,895

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

8. Tangible fixed assets

Group & Company	*Office Equipment* £'000
Cost	
At 1 October 2005	4
Additions	5
At 30 September 2006 and 1 October 2006	9
Additions	9
At 30 September 2007	18
Depreciation	
At 1 October 2005	–
Provided during the year	2
At 30 September 2006 and 1 October 2006	2
Provided during the year	5
At 30 September 2007	7
Net book value at 30 September 2007	11
Net book value at 30 September 2006	7

NOTES TO THE ACCOUNTS (continued)

9. Investments

Joint Ventures

	30 Sep 07 £'000	*30 Sep 06* £'000
At 1 October 2006	445	464
Share of profit retained by joint ventures	12	13
Other movements	(166)	168
Dividends received	(200)	(200)
Investment in joint ventures	91	445

10. Fixed asset investments

Subsidiaries

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%
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%*
Ingleby (1740) Ltd	Property trading and development	England	100%*
CM Sheffield Ltd	Property trading and development	England	50%*
Martello Quays Limited	Property trading and development	England	50%

* Indirectly owned

Ingleby (1740) Limited was incorporated on 31 July 2007.

11. Property Inventories

	Group		*Company*	
	30 Sep 07 £'000	*30 Sep 06* £'000	*30 Sep 07* £'000	*30 Sep 06* £'000
Properties held for resale or development	30,848	49,988	–	–

NOTES TO THE ACCOUNTS (continued)

12. Trade and other receivables

	Group		*Company*	
	30 Sep 07	*30 Sep 06*	*30 Sep 07*	*30 Sep 06*
	£'000	£'000	£'000	£'000
Amounts owed by group undertakings	–	–	32,678	6,177
Trade receivables	167	–	–	–
Other receivables	2,627	3,524	1,833	3,200
Prepayments and accrued income	56	12	56	12
	2,850	3,536	34,567	9,389

Other debtors includes £192,000 (2006 – £237,000) held by managing agent, £287,000 (2006 – £3,200,000) held by solicitors and £2,121,000 in respect of secured loans. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13. Trade and other payables

	Group		*Company*	
	30 Sep 07	*30 Sep 06*	*30 Sep 07*	*30 Sep 06*
	£'000	£'000	£'000	£'000
Social security and payroll taxes	1	896	1	–
Trade payables	51	–	–	–
Other payables	4,940	618	30	57
Accruals and deferred income	543	1,313	177	103
	5,535	2,827	208	160

14. Borrowings

	Group		*Company*	
	30 Sep 07	*30 Sep 06*	*30 Sep 07*	*30 Sep 06*
	£'000	£'000	£'000	£'000
Bank loans	–	47,428	–	–
	–	47,428	–	–

NOTES TO THE ACCOUNTS (continued)

15. Share capital

Authorised share capital:

	30 Sep 07 £	*30 Sep 06* £
100,000,000 (2006 – 40,000,000) Ordinary shares of £0.05 each	5,000,000	2,000,000

Allotted and called up:

	30 Sep 07 No	£	*30 Sep 06* No	£
Ordinary shares of £0.05 each	40,147,906	2,007,395	18,649,406	932,470

On 2 November 2006 the Company issued 1,000,000 ordinary shares of £0.05 each for an aggregate consideration of £1,400,000.

On 1 February 2007 the Company issued 20,498,500 ordinary shares of £0.05 each for an aggregate consideration of £40,997,000.

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 input 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 £710,000 (2006 – £135,000) in relation to equity settled share-based payment transactions.

NOTES TO THE ACCOUNTS (continued)

17. Deferred tax asset

Deferred tax asset recognised in the accounts as follows:

Group and Company	*30 Sep 07* Provided £'000	*30 Sep 07* Not Provided £'000	*30 Sep 06* Provided £'000	*30 Sep 06* Not Provided £'000
Short term timing differences	30	–	–	–
Share based payments	213	898	–	40
	243	898	–	40

	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

18. Commitments

At 30 September 2007 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 07 £'000	*Year ended 30 Sep 06* £'000
Within one year	77	72
In the second to fifth years inclusive	215	292
	292	364

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 07 £'000	*30 Sep 06* £'000
Conygar Bedford Square Limited	7,378	6,039
Conygar Strand Limited	20,436	–
Ingleby (1740) Limited	4,477	–
Martello Quays Limited	387	138
	32,678	6,177

NOTES TO THE ACCOUNTS (continued)

20. Events since the balance sheet date

On 22 October 2007, the Company entered into a joint venture with Stena Line Ports Limited ("Stena") in order to develop surplus land currently owned by Stena at Holyhead, Anglesey, Wales. The Company has committed £7 million to the joint venture comprising £4.9 million of additional and adjacent development land already acquired by the Company before the year end and £2.1 million in cash. Stena will contribute its land in exchange for 50% of the joint venture.

21. 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 profit for the year amounts to £288,000 (2006 – £287,000).

22. 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's 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 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.

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 uses 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.

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. Funds may be invested and derivative transactions contracted only with banks and financial institutions with a high credit rating.

NOTES TO THE ACCOUNTS (continued)

22. Financial instruments (continued)

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.

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

The disclosures below exclude short term debtors and creditors.

The interest rate profile of the Group's financial liabilities was as follows:

	30 Sep 07 £'000	*30 Sep 06* £'000
Floating rate borrowings	–	47,428
Less: cash balances	(38,123)	(13,001)
Net (cash)/borrowings	(38,123)	34,427

The interest rate profile of the Group's financial assets was as follows:

	30 Sep 07 £'000	*30 Sep 06* £'000
Fixed rate	1,796	–
Floating rate	36,327	13,001
Non-interest bearing	137	–
	38,260	13,001

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 maturity profile of the Group's financial liabilities was as follows:

	30 Sep 07 £'000	*30 Sep 06* £'000
In one year or less	–	–
In more than one year but not more than two	–	–
In more than two years but not more than five	–	47,428
In more than five years	–	–
	–	47,428

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

NOTES TO THE ACCOUNTS (continued)

23. Transition to International Financial Reporting Standards ("IFRS")

This is the first year that the Group has presented its accounts under IFRS. There were no adjustments required to the transition balance sheet at 1 October 2005. The major adjustments from UK GAAP are as follows:

	Notes	*Year ended 30 Sep 07 £'000*	*Year ended 30 Sep 06 £'000*
Equity under UK GAAP		64,804	16,364
IFRS Adjustments:			
Fair value of interest rate caps	(b)	137	–
Lease incentives and letting costs	(c)	22	–
IFRS Adjustments		159	–
Equity under IFRS		64,963	16,364

	Notes	*Year ended 30 Sep 07 £'000*	*Year ended 30 Sep 06 £'000*
Profit after tax under UK GAAP		5,954	819
IFRS Adjustments:			
Share based payments	(a)	(497)	(135)
Fair value of interest rate caps	(b)	137	–
Lease incentives and letting costs	(c)	22	–
IFRS Adjustments		(338)	(135)
Profit after tax under IFRS		5,616	684

The principal reasons for the adjustments shown in the reconciliations between UK GAAP and the IFRS are:

(a) Under IFRS share based payments to directors and employees such as under the Group's share option scheme are required to be measured at fair value and recognised as an expense in the income statement with an equivalent increase in equity.

(b) Under IFRS the fair value of interest rate derivative instruments is included in the balance sheet and, when the instrument is not considered to be an effective hedge, changes in fair value are included in the income statement.

(c) Under UK GAAP, the Group wrote off letting costs when incurred and rent free periods are generally allocated over the period to the first rent review. Under IFRS rent free periods are letting costs are allocated over the period until the first break option or, if it is reasonable certain that the break option will not be exercised, over the full lease term.

The only adjustments required to the cash flow statement for the year ended 30 September 2006 were presentational. Accordingly a reconciliation of the cash flow is not provided.

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 30 January 2008 at 11.00 am for the following purposes:

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

Ordinary Business

Ordinary Resolution

1. To receive the Company's annual accounts for the financial year ended 30th September 2007 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 2007.
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:

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

   Nigel Hamway.
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 £2,992,604.70 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 Resolution

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 £2,992,604.70;

   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 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 6,022,186 (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.

Registered Office	By order of the Board
Fourth Floor	P A Batchelor
Bond House	Company Secretary
19-20 Woodstock Street	
London	
W1C 2AN	10 December 2007

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 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, Craven House, West Street, Farnham, Surrey, GU9 7EN 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 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 11.00 am on 28 January 2008 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 11.00 am on 28 January 2008 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 30 January 2008 at 11.00 am and at any adjournment thereof. I/we request such proxy to vote on the following resolutions as indicated below:

	For	Against	Vote Withheld
Ordinary Business			
Ordinary Resolutions			
1. To receive the Company's annual accounts for the financial year ended 30 September 2007.			
2. To approve the directors' remuneration report for the financial year ended 30 September 2007.			
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: Peter Batchelor.			
5. To re-appoint the following director who retires by rotation: Nigel Hamway.			
6. To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £2,992,604.70.			
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 6,022,186.			

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, Craven House, West Street, Farnham, Surrey, GU9 7EN, 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, Craven House, West Street, Farnham, Surrey, GU9 7EN. 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.

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