CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2006

Registered in England No. 4907617

CONTENTS

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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Fourth Floor
Bond House
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London
W1C 2AN

Auditors
Rees Pollock
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London
EC4V 6BW

Stockbrokers
Bridgewell Securities Limited
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128 Queen Victoria Street
London
EC4V 4BJ

Solicitors
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55 Colmore Row
Birmingham
B3 2AS

Nominated Adviser
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Registrars
Share Registrars Limited
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Surrey
GU9 7EN

Registered Number
4907617

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

Profit before tax for the year ended 30 September 2006 increased 123% to £1,177,000 from £527,000 the previous year with undiluted earnings per share increasing 54% from 3.66p to 5.65p. Net asset value per share increased from 54p to 88p as at 30 September 2006.

Business and Transactions

We are delighted to report an increase in profit, the development of both the business and balance sheet over the last twelve months has been significant and transforming.

Pembroke Dock

Last December we announced the acquisition of 50% of the share capital of Martello Quays Limited ("Martello") for a nominal sum. Martello, which is a partnership between Conygar, Welsh based developers and Vinci Project Development Limited, a Vinci PLC subsidiary, has been appointed as preferred developer by a client group comprising Pembrokeshire County Council, the Welsh Assembly Government, the Crown Estate and The Milford Haven Port Authority to obtain planning permission and develop an area known as Pembroke Dock Waterfront. As stated at the time, it was anticipated that the planning application would include 450 houses and apartments, 300 marina berths and associated car parking, a factory outlet, a pub, restaurant, shop, hotel and multiplex cinema.

Conygar is committed to fund the planning application costs which will be in the order of £350,000. Costs incurred to the year end amount to £153,190. We are pleased to report that the scheme was recently presented to The Design Commission for Wales, who have responded that they support the proposed use, choice of site and our proposal to create a strong and robust design code for ensuring a quality development. This positive reaction from the Commission is welcomed, which together with our excellent working relationship with the client group takes us a significant step forward in the planning process.

Whilst we are dealing with a myriad of planning issues that are typical of such a major development proposal in an historic and environmentally sensitive area we remain on track for the submission of a planning application early in the New Year.

Bedford Square

In April we announced the acquisition of a terrace of fourteen office properties in Bedford Square, London WC1 for £58.3 million. The Royal Bank of Scotland plc provided a non-recourse structured finance facility of £52.75 million and the Company invested £5.4 million which entitles us to 75% of any profit realised. The balance of the consideration was satisfied by a third party. The properties comprise approximately 95,516 square feet of freehold office accommodation and at the time of the acquisition three of the buildings were empty which offered us refurbishment opportunities. Our intention is to add value through active asset management and realise the value created within a two year period. We are delighted to be able to report that at the year end two properties have been sold realising £9.22 million with a further property under exchange for £4.7 million, and that after the year end a further two properties have been exchanged for sale for £19.05 million. Assuming the post balance sheet exchanged contracts complete our share of profit before tax will amount to £3.68 million.

We have decided that each six months our trading properties will be re-valued by an independent firm of valuers, so that shareholders will have a better idea as to the current value. Knight Frank LLP have valued the remaining Bedford Square properties at the year end at £60.35 million which, after attributable tax, would be an increase in net asset value of £5.44 million.

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

Buckingham Street

After the year end we announced the acquisition of eight properties in Buckingham Street, London WC2 for £33.9 million. The Royal Bank of Scotland plc provided a non-recourse structured facility of £29 million and the Company invested £3.46 million which entitles us to 70% of any profit realised. The balance of the consideration was satisfied by a third party. The properties comprise approximately 54,000 square feet of freehold single and multi-let office accommodation, of which 36,000 square feet is currently let. The properties offer significant active management potential which we intend to exploit and realise over the next two years. We are pleased to report that as of today's date, three properties have been exchanged for sale amounting to £13.8 million and negotiations are underway on several others. Assuming all exchanged contracts complete, our share of profit realised before attributable tax since acquisition amounts to £3.08 million. Any remaining properties will be independently valued as at the end of March in line with our new policy.

Share Placings and Board Restructuring

Last March we placed 8,927,405 new 5p ordinary shares at 116 pence per share and after expenses of some £42,000, raised just over £10.3 million. In order to reflect a more appropriate board structure once the fundraising had completed Nigel Hamway, our Senior Non-Executive Director became Chairman and Robert Ware moved from Chairman to Chief Executive.

At the end of October, in order to satisfy investor demand, we placed an additional one million 5p ordinary shares at 140p per share and after expenses of £5,000 raised £1,395,000.

Proforma 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 current net asset value we have calculated our Proforma net asset value using the Knight Frank valuation of the portfolio:

	NAV £'000	*Pence per Share*
Audited net asset value as at 30 September 2006	16,369	87.8
Net increase after tax in Bedford Square valuation	5,440	29.2
Proforma net asset value as at 30 September 2006	21,809	117.0

Taking into account the 27 October 2006 share placing which raised £1.395 million, Proforma net asset value per share increased to 118.1p. Pembroke Dock and Buckingham Street remain valued at cost but will be revalued at 31 March 2007 in accordance with our new policy.

Strategy and The Future

Our strategy for the coming year is fourfold:

1. To complete and continue the realisation of the trading assets located in Bedford Square and Buckingham Street, London,
2. To finalise the planning permissions at Pembroke Dock and to commence development,
3. To carry on appraising our continuing pipeline of transactions including ports, marinas and general property opportunities, acquiring when appropriate, and
4. To raise additional finance as necessary.

As always we will continue to keep shareholders fully informed of progress and of any material transactions.

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

IFRS (International Financial Reporting Standards)

Following a review, it has been decided that the company will adopt IFRS with effect from 1 October 2006.

Prospects

The Board is confident about the future prospects of the company and we look forward to reporting progress on all fronts at the end of the year.

N J Hamway
Chairman

R T E Ware
Chief Executive

19 December 2006

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 Section 1 of the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel.

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 which 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 12.

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 every month, 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 8 to 10.

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 3 includes a detailed review of the business and future developments. There is regular dialogue with shareholders.

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 11 January 2007 can be found in the notice of the meeting on page 30.

Internal Control

The directors acknowledge that they are responsible for the company's system of internal control and for reviewing its effectiveness. The system is 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 force and any perceived gaps 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

The company's policy on directors' remuneration is 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 basic salary and share options, with a significant proportion based on performance and dependent upon the achievement of demanding targets. The level of fees payable to each director reflects his expected level of involvement.

Executive remuneration package: The remuneration committee proposes to align executive directors' remuneration packages to support the company's business strategy, whilst ensuring that rewards are market competitive. The company has put in place a share option scheme for the executive directors with rigorous performance conditions. The remuneration committee considers that this scheme ensures that the directors' remuneration is closely aligned to shareholders' returns over the longer term.

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

Basic salary and benefits: The salary and benefits are reviewed bi-annually at the complete discretion of the remuneration committee.

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: There is no pension scheme in existence.

Fees: The fees for non-executive directors are determined by the board. The non-executive directors are not involved in any discussions or decision about their own remuneration.

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. Payments on termination are restricted to the value of salary for the notice period.

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 the non-executive directors takes the form solely of fees, which are set by the board having taken advice on appropriate levels.

There are no predetermined special provisions for executive or non-executive directors with regard to compensation in the event of loss of office. The remuneration committee would consider the circumstances of individual cases of early termination and determine compensation payments accordingly.

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	9 October 2003	–	12
P A Batchelor	9 October 2003	–	12
S M Vaughan	8 June 2004	–	12
Non-Executive Directors			
M D Wigley	9 October 2006	36	6
N J Hamway	9 October 2006	36	6

M D Wigley and S M Vaughan retire by rotation and, being eligible, offer themselves for re-election.

Information Subject to Audit

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 2005 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2006 No.*
R T E Ware	(a)	£0.50	625,000	–	–	–	625,000
	(d)	£1.185	–	650,000	–	–	650,000
P A Batchelor	(a)	£0.50	312,500	–	–	–	312,500
	(c)	£0.69	62,500	–	–	–	62,500
	(d)	£1.185	–	425,000	–	–	425,000
S M Vaughan	(b)	£0.90	130,000	–	–	–	130,000
	(c)	£0.69	250,000	–	–	–	250,000
	(d)	£1.185	–	325,000	–	–	325,000

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

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

DIRECTORS' REMUNERATION REPORT (continued)

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) 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 2006 was 119.0p 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	128.0p	118.5p
Options in issue during the year	128.0p	110.0p

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

By Order of the Board

P A Batchelor
Company Secretary

19 December 2006

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 30 September 2006.

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 accounts.

The directors have not recommended a dividend.

Events Since the Balance Sheet Date

On 4 October 2006, the company completed the acquisition of eight office properties in Buckingham Street, London WC2 through Conygar Strand Limited ("CS Limited") for a total cash consideration (including costs) of £33.9 million. The company invested £3.46 million in CS Limited with the Royal Bank of Scotland plc also providing a £29 million non-recourse structured finance facility to CS Limited. The balance of consideration due was satisfied from a third party investment in CS Limited. The company is entitled to 70% of any profit realised.

On 27 October 2006, the company announced that it had placed 1,000,000 new ordinary shares of £0.05 each at £1.40 per share, raising £1.395 million after expenses. The placing was carried out in order to satisfy investor demand for the company's shares.

Since the year end, the company has exchanged contracts in respect of two further Bedford Square properties for a total consideration of £19.05 million. Completion is anticipated to occur on both disposals by 28 February 2007.

In addition, the disposal of 42 Bedford Square which exchanged on 25 August 2006 is anticipated to complete no later than 26 February 2007 for a consideration of £4.7 million.

Since the year end, the company has exchanged contracts in respect of three Buckingham Street properties for a total consideration of £13.8 million together with a further £0.9 million received by way of lease surrenders on those same properties. Completion is anticipated to occur on all disposals by 31 January 2007.

DIRECTORS' REPORT (continued)

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 2006	*At 1 October 2005*
R T E Ware	2,500,000	2,500,000
P A Batchelor	100,001	100,001
N J Hamway	147,000	147,000
S M Vaughan	100,000	100,000
M D Wigley	130,000	130,000

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

Major Interests in Shares

At 7 December 2006, the directors were aware of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Gartmore Investment Limited/ Gartmore Fund Managers Limited	2,585,970	13.16
R T E Ware	2,500,000	12.72
Rulegale Nominees Limited (JAMSCLT)	2,195,000	11.17
Credit Suisse Client Nominees (UK) Limited	1,639,436	8.34

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 2006, the company had an average of 67 days (2005 – 76 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

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the period and of the profit or loss of the group for the period then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 20, and then apply them on a consistent basis, making judgements and estimates that are prudent

DIRECTORS' REPORT (continued)

and reasonable and state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts 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.

In so far as the directors are aware there is no relevant audit information of which the group's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial Instrument and Treasury Policy

The group seeks to invest surplus funds with appropriately rated deposit taking institutions with a primary focus upon achieving optimal return whilst retaining ready access to funds for use in investment. The finance director regularly reports to the board with respect to significant cash and short-term deposits.

Because of the nature of the group's activities, a relatively short-term view is taken when considering interest rate risk in respect of associated financing. The group seeks to achieve a sensible and appropriate level of interest rate protection whilst maintaining flexibility to match the commercial strategy. In practice, the actual strategy is reviewed in consultation with the relevant lender. The group holds financial instruments only to manage the interest rate risk arising from any borrowing and no speculative transactions are permitted.

Borrowings in Conygar Bedford Square Limited are non-recourse to the rest of the group. The maturity of the borrowings has been entered into on the basis of the realisation of the properties which the company is holding. Interest is payable at a blended margin of 1.2% over three months LIBOR. Consequently all the group's interest bearing assets and liabilities are at floating rates.

Of the group cash balance at the year end, £10,811,000 (2005 – £2,746,000) was held on deposit at floating rates and £2,190,000 (2005 – £2,093,000) held on one month fixed rate deposit.

There were no committed unused facilities at the year end (2005 – nil).

Charitable Donations and Political Contributions

The company made no charitable or political donations during the year.

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By Order of the Board

P A Batchelor
Company Secretary

19 December 2006

REES POLLOCK
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 accounts of the Conygar Investment Company Plc on pages 15 to 29 which have been prepared under the historical cost convention and the accounting policies set out on page 20 to 21.

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 we are required to state to them in an auditors' 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 our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group are not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited accounts. The other information comprises the Chairman's and Chief Executive's statement, the Corporate Governance Report, the Director's Remuneration Report, the Directors' Report and the Notice of Annual General Meeting. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

- The accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 30 September 2006 and of the profit of the group for the period then ended.
- The accounts have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the audited accounts.

Rees Pollock
Chartered Accountants
Registered Auditors
19 December 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2006

	Note	*Year ended 30 Sep 06* £'000	*Year ended 30 Sep 05* £'000
Turnover			
Group and share of joint venture's turnover		10,056	9,691
Less share of joint venture's turnover		–	(9,179)
	2	10,056	512
Cost of Sales		(7,664)	(397)
Gross Profit		2,392	115
Administrative Expenses		(358)	(399)
Operating Profit/(Loss)	6	2,034	(284)
Share of operating (loss)/profit of joint ventures		(7)	963
		2,027	679
Income from current asset investments		–	24
Interest receivable and similar income			
Group		357	121
Joint Ventures		25	23
	3	382	144
Interest payable and similar charges			
Group		(1,232)	–
Joint Ventures		–	(320)
	3	(1,232)	(320)
Profit on Ordinary Activities before Taxation		1,177	527
Taxation on profit on ordinary activities	7	(358)	(171)
Profit for the Financial Period	20	819	356
Earnings per share	8		
Undiluted		5.65p	3.66p
Diluted		5.39p	3.43p

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

The Group has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 20 to 29 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2006

	Note		30 Sep 2006 £'000		30 Sep 2005 £'000
Fixed assets					
Tangible fixed assets	9		7		4
			7		4
Investment in joint ventures	10				
Share of gross assets		463		687	
Share of gross liabilities		(18)	445	(223)	464
			452		468
Current assets					
Stocks	12	49,988		–	
Debtors	13	3,536		60	
Cash at bank		13,001		4,839	
		66,525		4,899	
Current liabilities					
Creditors: amounts falling due within one year	14	3,180	63,345	135	4,764
Total assets less current liabilities			63,797		5,232
Creditors: amounts falling due after more than one year	15		47,428		–
Net Assets			16,369		5,232
Capital and reserves					
Called-up equity share capital	17		932		486
Share premium account	19		14,294		4,427
Profit and loss account	19		1,138		319
Shareholders' funds	20		16,364		5,232
Minority interests			5		–
Total Equity			16,369		5,232

The accounts on pages 15 to 29 were approved by the Board on 19 December 2006 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 20 to 29 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2006

	Note		*30 Sep 2006* £'000		*30 Sep 2005* £'000
Fixed assets					
Tangible fixed assets	9		7		4
					4
Current assets					
Debtors	13	9,389		60	
Cash at bank		6,267		4,839	
		15,656		4,899	
Current liabilities					
Creditors: amounts falling due within one year	14	160	15,496	135	4,764
Total assets less current liabilities			15,503		4,768
Capital and reserves					
Called-up equity share capital	17		932		486
Share premium account	19		14,294		4,427
Profit and loss account	19		277		(145)
Shareholders' funds			15,503		4,768

The accounts on pages 15 to 29 were approved by the Board on 19 December 2006 and are signed on its behalf of:

R T E WARE

P A BATCHELOR

The notes on pages 20 to 29 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2006

	Notes	*Year ended 30 Sep 06* £'000	*Year ended 30 Sep 05* £'000
Net cash (outflow)/inflow from operating activities	a	(49,590)	231
Returns on the investments and servicing of finance			
Dividends received from joint ventures		200	–
Other dividends received		–	34
Interest received		357	127
Interest paid		(452)	–
Issue costs of new long-term loans		(471)	–
Net cash flow from returns on investments and servicing of finance		(366)	161
Cash (outflow)/inflow before management of liquid resources and financing		(49,956)	392
Management of liquid resources			
(Increase)/decrease in funds placed on short term deposit		(98)	2,308
Acquisitions and disposals			
Investment in joint venture		–	(1)
Capital expenditure		(5)	(4)
Financing			
Issue of equity share capital		10,355	–
Issue costs		(42)	–
Cash inflow from increase in loans		52,750	–
Repayment of long term loans		(4,940)	–
Net cash inflow from financing		58,123	–
Increase in cash	b	8,064	2,695

The notes on pages 20 to 29 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 30 September 2006

Notes to the cash flow statement

a) Reconciliation of operating profit to net cash outflow from operating activities

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05* £'000
Operating profit/(loss)	2,034	(284)
Depreciation	2	–
Increase in stocks	(49,988)	–
(Increase)/Decrease in debtors	(3,640)	9
Decrease in current asset investments	–	397
Increase in creditors	2,002	109
Net cash (outflow)/inflow from operating activities	(49,590)	231

b) Reconciliation of net cash flow to movement in net funds

	30 Sep 06 £'000	*30 Sep 05* £'000
Increase in cash in the period	8,064	2,695
Cash outflow/(inflow) from short term deposits	98	(2,308)
Cash inflow from long term loans	(52,750)	–
Issue costs of new long term loans	471	–
Repayment of long term loans	4,940	–
Change in net debt resulting from cashflows	(39,177)	387
Amortisation of loan issue costs	(89)	–
Movement in net debt	(39,266)	387
Net cash at 1 October 2005	4,839	4,452
Net debt at 30 September 2006	(34,427)	4,839

c) Analysis of changes in net funds

	At 1 Oct 2005 £'000	*Cashflows* £'000	*Other* £'000	*At 30 Sept 2006* £'000
Cash in hand and at bank	2,747	8,064	–	10,811
Short term deposits*	2,092	98	–	2,190
Cash	4,839	8,162	–	13,001
Loans	–	(47,339)	(89)	(47,428)
	4,839	(39,177)	(89)	(34,427)

* Short-term deposits are included within cash at bank in the balance sheet

NOTES TO THE ACCOUNTS

for the year ended 30 September 2006

1. Accounting policies

Basis of Accounting

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

Basis of Consolidation

The Group accounts consolidate the accounts of the Company and all its subsidiaries drawn up to 30 September each year. No profit and loss account is presented for The Conygar Investment Company PLC as provided by s230 of the Companies Act 1985.

Joint Ventures

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group under a contractual arrangement are treated as joint ventures.

The results of joint ventures are consolidated using the gross equity method of accounting. The consolidated profit and loss account includes the Group's share of joint venture profits, while the Group's share of gross assets and gross liabilities of joint ventures are shown in the consolidated balance sheet.

Income Recognition

Turnover is recognised on the sale of properties and investments held for re-sale or development at the date of unconditional completion of the contract. Other income, including rental income, is recognised in the period to which it relates.

Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost in equal instalments over their estimated useful lives. The rates of depreciation are as follows:

Office equipment 25% straight line

Investments

Current asset investments are stated at the lower of cost and net realisable value.

Stocks

Properties held for re-sale or development which are not intended to be held on a continuing basis are valued at the lower of cost and net realisable value. Cost includes capitalised interest where relevant. Net realisable value represents the estimated sales price less costs estimated to be incurred up to the date of disposal.

Current Tax

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Deferred Taxation

In accordance with FRS19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the period and reduced by payments made.

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2. Turnover

Turnover was contributed as follows:

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Sale of properties	9,225	–
Rental income	831	–
Disposal of current asset investments	–	512
	10,056	512

The turnover and operating profit for the year was derived from the company's principal continuing activity which was carried out wholly in the UK.

NOTES TO THE ACCOUNTS (continued)

3. Interest

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Receivable		
Bank interest	343	121
Other interest	14	–
Share of interest receivable by joint ventures	25	23
	382	144
Payable		
Bank loans and overdrafts repayable within 5 years	1,232	–
Share of interest payable by joint ventures	–	320
	1,232	320

4. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Wages and salaries	148	172
Social security costs	15	21
	163	193

The average monthly number of persons, including executive directors, employed by the company during the year was four (2005 – four).

5. Directors' emoluments

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Emoluments	115	157
	115	157
Emoluments of highest paid director	45	51

NOTES TO THE ACCOUNTS (continued)

6. Operating profit

Operating profit is stated after charging:

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Fees payable to the company's auditor for the audit of the company's annual accounts	11	7
Fees payable to the company's auditor for other services		
– the audit of the company's subsidiaries pursuant to legislation	4	4
– tax services	3	2
Depreciation of owned assets	2	–
Operating lease rentals – land and buildings	6	–

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Current tax:		
UK Corporation tax based on the results for the period	353	–
Share of tax of joint venture company	5	171
Total current tax	358	171

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2005 – 30%)

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Profit on ordinary activities before taxation	1,177	527
Profit on ordinary activities multiplied by rate of tax	353	158
Effects of:		
Tax losses carried forward	–	7
Expenses not deductible for tax purposes	9	14
Franked investment income received	–	(7)
Marginal rate relief	(4)	(1)
Total current tax (note 7(a))	358	171

NOTES TO THE ACCOUNTS (continued)

8. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax of £819,000 (2005 – £356,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 14,491,437 (2005 – 9,722,001). The diluted earnings per share is based on profit for that year of £819,000 (2005 – £356,000) and on 15,203,895 (2005 – 10,389,668) ordinary shares, calculated as follows:

	2006 *No.*	*2005* *No.*
Basic weighted average number of shares	14,491,437	9,722,001
Diluting potential ordinary shares:		
Employee share options	712,458	667,667
Total diluted	15,203,895	10,389,668

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

9. Tangible fixed assets

Group & Company	*Office* *Equipment* *£'000*
Cost	
At 1 October 2005	4
Additions	5
At 30 September 2006	9
Depreciation	
At 1 October 2005	–
Charge for year	2
At 30 September 2006	2
Net Book Value	
At 30 September 2006	7
At 30 September 2005	4

10. Investments

	30 Sep 06 *£'000*	*30 Sep 05* *£'000*
At 1 October 2005	464	–
Share of profit retained by joint ventures	13	464
Other movements	168	–
Dividends received	(200)	–
Investment in joint ventures	445	464

NOTES TO THE ACCOUNTS (continued)

11. Fixed asset investments

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%*
CM Sheffield Ltd	Property trading and development	England	50%*
Martello Quays Limited	Property trading and development	England	50%

* Indirectly owned

Conygar Wales Plc was incorporated on 17 March 2006, Conygar Bedford Square Limited was incorporated on 5 April 2006 and Conygar Strand Limited was incorporated on 25 August 2006.

12. Stocks

	Group		*Company*	
	30 Sep 06	*30 Sep 05*	*30 Sep 06*	*30 Sep 05*
	£'000	*£'000*	*£'000*	*£'000*
Properties held for resale or development	49,988	–	–	–

13. Debtors

	Group		*Company*	
	30 Sep 06	*30 Sep 05*	*30 Sep 06*	*30 Sep 05*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed by group undertakings	–	–	6,177	–
Other debtors	3,524	51	3,200	51
Prepayments and accrued income	12	9	12	9
	3,536	60	9,389	60

Other debtors includes £237,000 funds held by Managing Agent and £3,200,000 held by solicitors in respect of the Buckingham Street acquisition which completed on 18 October 2006 (see note 23).

NOTES TO THE ACCOUNTS (continued)

14. Creditors: Amounts Falling Due Within one year

	Group		*Company*	
	30 Sep 06	*30 Sep 05*	*30 Sep 06*	*30 Sep 05*
	£'000	£'000	£'000	£'000
Taxation and social security	1,249	–	–	–
Other creditors	618	88	57	88
Accruals and deferred income	1,313	47	103	47
	3,180	135	160	135

15. Creditors: Amounts Falling Due After More Than one year

	Group		*Company*	
	30 Sep 06	*30 Sep 05*	*30 Sep 06*	*30 Sep 05*
	£'000	£'000	£'000	£'000
Bank loans	47,428	–	–	–
	47,428	–	–	–

16. Creditors – Capital instruments

Creditors include bank loans which are due for repayment as follows:

	Group	*Company*
	£'000	*£'000*
Amounts repayable:		
In more than one year but not more than two years	47,810	–
Less: issue costs	(382)	–
	47,428	–

Interest is payable on the bank loans at a blended margin of 1.20% over three month LIBOR. The loans are secured by way of a fixed and floating charge over the shares and assets of Conygar Bedford Square Limited. The loans are non-recourse to the rest of the group.

It is considered that book value and fair value are the same.

NOTES TO THE ACCOUNTS (continued)

17. Share capital

Authorised share capital:

	30 Sep 06 £	30 Sep 05 £
40,000,000 Ordinary shares of £0.05 each	2,000,000	2,000,000

Allotted and called up:

	30 Sep 06 No	30 Sep 06 £	30 Sep 05 No	30 Sep 05 £
Ordinary shares of £0.05 each	18,649,406	932,470	9,722,001	486,100

During the year the Company issued 8,927,405 new ordinary shares of £0.05 each at a price of £1.16 per share as a share placing.

Details of options granted over the company's share capital are given in the Directors' Remuneration Report on page 9.

18. Deferred taxation

Deferred taxation provided in the accounts and the amount not provided is as follows:

	30 Sep 06 Provided £'000	30 Sep 06 Not Provided £'000	30 Sep 05 Provided £'000	30 Sep 05 Not Provided £'000
Trading losses	–	(7)	–	(7)

19. Reserves

Group

	Share premium £'000	*Profit and loss £'000*
At 1 October 2005	4,427	319
Profit for the financial period	–	819
Premium on shares issued in the period	9,909	–
Share issue expenses	(42)	–
Balance carried forward	14,294	1,138

Company

	Share premium £'000	*Profit and loss £'000*
Balance brought forward	4,427	(145)
Profit for the financial period	–	422
Premium on shares issued in the period	9,909	–
Share issue expenses	(42)	–
Balance carried forward	14,294	277

NOTES TO THE ACCOUNTS (continued)

20. Reconciliation of movements in shareholders' funds

	30 Sep 06		*30 Sep 05*	
	£'000	£'000	£'000	£'000
Profit for the financial period		819		356
New equity share capital subscribed	446		–	
Net premium on new share capital subscribed	9,867		–	
		10,313		–
Net addition to funds		11,132		356
Opening equity shareholders' funds		5,232		4,876
Closing equity shareholders' funds		16,364		5,232

21. Commitments

At 30 September 2006 the Group was committed to making the following payments during the next year under an operating lease.

	Year ended 30 Sep 06 £'000	*Year ended 30 Sep 05 £'000*
Lease expiring between two and five years	72	–

The Group has committed to expenditure of £350,000 in respect of one property under development, of which £153,190 had been incurred at the balance sheet date.

22. Related party transactions

During the year the group made an interest-free loan of up to £350,000 to its joint venture, Martello Quays Limited. An amount of £137,584 remains outstanding at the balance sheet date. It will be repaid out of any profits arising from the Martello Quays development.

During the year to 30 September 2005 the company sold its investment in Raven Mount plc to R T E Ware at cost of £33,000 which was in excess of its market value, at the time of the disposal. No amounts were outstanding at the balance sheet date in respect of this transaction.

During the year ended 30 September 2005 the group made an interest-free loan of £2,099,500 to its joint venture, CM Sheffield Limited. The loan was repaid in full prior to 30 September 2005.

23. Events since the balance sheet date

On 4 October 2006, the company completed the acquisition of eight office properties in Buckingham Street, London WC2 through Conygar Strand Limited ("CS Limited") for a total cash consideration (including costs) of £33.9 million. The company invested £3.46 million in CS Limited with the Royal Bank of Scotland plc also providing a £29 million non-recourse structured finance facility to CS Limited. The balance of consideration due was satisfied from a third party investment in CS Limited. The company is entitled to 70% of any profit realised.

On 27 October 2006, the company announced that it had placed 1,000,000 new ordinary shares of £0.05 each at £1.40 per share, raising £1.395 million after expenses. The placing was carried out in order to satisfy investor demand for the company's shares.

NOTES TO THE ACCOUNTS (continued)

Since the year end, the company has exchanged contracts in respect of two further Bedford Square properties for a total consideration of £19.05 million. Completion is anticipated to occur on both disposals by 28 February 2007.

In addition, the disposal of 42 Bedford Square which exchanged on 25 August 2006 is anticipated to complete no later than 26 February 2007 for a consideration of £4.7 million.

Since the year end, the company has exchanged contracts in respect of three Buckingham Street properties for a total consideration of £13.8 million together with a further £0.9 million received by way of lease surrenders on those same properties. Completion is anticipated to occur on all disposals by 31 January 2007.

24. 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/(loss) for the year amounts to £422,000 (2005 – £(108,000)).

25. Financial instruments

An explanation of the group's objectives, policies and strategies for the role of financial instruments in creating and changing the risks of the group in its activities can be found in the director's report. The group's short-term debtors and creditors have been excluded from the disclosures.

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 the Company, Fourth Floor, Bond House, 19-20 Woodstock Street, London, W1C 2AN on 11 January 2007 at 11.30 am for the following purposes:

Resolutions 1 to 6 and 9 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 30 September 2006 together with the last directors' report, the last directors' remuneration report and the auditors report on those accounts.
2. To approve the directors' remuneration report for the financial year ended 30 September 2006.
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: Michael Derek Wigley.
5. To re-appoint the following director who retires by rotation: Steven Mark Vaughan.
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 £4,017,529.70 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 £4,017,529.70;

   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 1,964,940 (representing ten 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

Ordinary Resolution

9. That the authorised share capital of the Company be and is hereby increased from £2,000,000 to £5,000,000 by the creation of 60,000,000 ordinary shares of £0.05 each ranking *pari passu* in all respects with the existing shares of £0.05 each in the capital of the Company.

Registered Office	By order of the Board
Fourth Floor	P A Batchelor
Bond House	Company Secretary
19-20 Woodstock Street	
London	
W1C 2AN	19 December 2006

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 and, on a poll, to vote in his place. A proxy need not be a member of the Company.

2. A form of proxy is enclosed. To be effective, it must be 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.

3. 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.

4. 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 11.30 am on 9 January 2007 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 11.30 am on 9 January 2007 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 the Company, Fourth Floor, Bond House, 19-20 Woodstock Street, London, W1C 2AN on 11 January 2007 at 11.30 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 30th September 2006.			
2. To approve the directors' remuneration report for the financial year ended 30th September 2006.			
3. To re-appoint 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: Michael Derek Wigley.			
5. To re-appoint the following director who retires by rotation: Steven Mark Vaughan.			
6. To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £4,017,529.70.			
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 1,964,940.			
Special Business			
Ordinary Resolution			
9. To increase the Company's share capital to £5,000,000 by the creation of 60,000,000 ordinary shares of £0.05 each.			

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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