



# The Conygar Investment Company PLC

**Report And Accounts  
30 September 2004**

# The Conygar Investment Company PLC

Registered in England No. 4907617

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## **DIRECTORS AND ADVISERS**

### **Directors**

#### **The Board of Directors**

Mr R T E Ware (Executive Chairman)  
Mr P A Batchelor (Finance Director)  
Mr G A Davidson  
Mr S M Vaughan  
Mr N J Hamway (Non-Executive Director)  
Mr M D Wigley (Non-Executive Director)

#### **Company Secretary**

Mr P A Batchelor

#### **Registered Office**

4th Floor  
25 Green Street  
London  
W1K 7AX

#### **Registered Number**

4907617

#### **Auditors**

Rees Pollock  
35 New Bridge Street  
London  
EC4V 6BW

#### **Stockbrokers**

Bridgewell Securities Limited  
Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

#### **Solicitors**

Wragge & Co  
55 Colmore Row  
Birmingham  
B3 2AS

#### **Nominated Advisers**

Deloitte & Touche LLP  
Stonecutter Court  
1 Stonecutter Street  
London  
EC4A 4TR

#### **Registrars**

Share Registrars Limited  
Craven House  
West Street  
Farnham  
Surrey  
GU9 7EN

## **CHAIRMAN'S STATEMENT**

### **Review of Activities and Prospects**

Our first year of operation has been spent identifying and evaluating suitable investment opportunities, following the successful admission of the company's shares to the Alternative Investment Market (AIM) of the London Stock Exchange in October 2003. Our strategy remains to invest in property assets and companies with property assets where we can add significant value. The company focus has been upon trading and development of property either on its own account or in co-investment vehicles. We have a pipeline of opportunities which are being evaluated and are at various stages of negotiation.

During the period from incorporation to 30 September 2004, the company recorded a loss of £37,000. The company continues to minimise administrative overhead and does not incur excessive costs in evaluating potential transactions. Our in-house team is capable of undertaking much of this work without recourse to external advisers. Our key strength is an ability to identify complex property deals where our property management, development and transaction structuring skills can add significant value.

### **Management**

We were pleased to announce in June 2004 that Steven Vaughan had been appointed to the board. Steven has been involved with the company from the outset and has been employed in sourcing and evaluating various transactions and opportunities. Steven is a chartered surveyor and was previously a senior executive at MEPC Limited.

I must also announce that with effect from 17 December 2004, Gavin Davidson will be resigning from the board in order to pursue other business and commercial interests. He has expressed a willingness to be available for suitable projects in the future. The board would like to express their gratitude to Gavin for his work in the last year and to wish him well for the future.

### **Events Since the Balance Sheet Date**

We have today announced the exchange of contracts to acquire 175,000 sq ft of office and warehouse properties on Sheffield Business Park for £22.5 million. The acquisition has been undertaken through a 50:50 joint venture with a local private developer and is financed through a £19 million senior debt facility provided by the Royal Bank of Scotland. The joint venture will seek to add value through a number of rent review and re-letting opportunities and to realise this value over the next three years. Further opportunities have been identified for the joint venture and I am confident that this will be an extremely profitable investment for the company in the years to come.

The board is positive about the future prospects of the company and I am confident we will continue to identify suitable buying opportunities in the next financial year.

**R T E Ware**

Chairman

15 December 2004

## CORPORATE GOVERNANCE

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 executive chairman, the finance director, two property directors and two independent non-executive directors. 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 10.

The board has a formal schedule of matters specifically reserved to it for decision. All directors have access to the advice and services of the company secretary, Peter Batchelor, 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 company's affairs.

#### **Remuneration Committee**

The company's remuneration committee is chaired by Nigel Hamway and its other member is Michael 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 6 to 8.

## **CORPORATE GOVERNANCE (continued)**

### **Audit Committee**

The audit committee is chaired by Nigel Hamway and its other member is Michael 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 chairman 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 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. The chairman aims to ensure that the chairman of the audit and remuneration is available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 26 January 2005 can be found in the notice of the meeting on page 20.

### **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 company requires the approval of the board.
- Identification and evaluation of business risks: The major financial, commercial, legal, regulatory and operating risks within the company are identified through annual reporting procedures.
- Information and financial reporting systems: The company'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

### Remuneration Committee

The company's remuneration committee is chaired by Nigel Hamway and its other member is Michael 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 company'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 which demand a 20% per annum compound increase in the company's share price over a two year period in order that options vest. 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 annually. Each director currently receives an annual salary of £10,000.

*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.

The directors may only exercise the options awarded to them 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. The performance conditions are aimed to align directors' performance to shareholder value.

*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.

## DIRECTORS' REMUNERATION REPORT (continued)

None of the non-executive directors have service contracts. Letters of Appointment provide for an initial period of three years, subject to review. 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.

### Service contracts

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

	<i>Date of Contract</i>	<i>Unexpired Term (Months)</i>	<i>Notice Period (Months)</i>
<i>Executive Directors</i>			
R T E Ware	9 October 2003	–	12
P A Batchelor	9 October 2003	–	12
G A Davidson	9 October 2003	–	12
S M Vaughan	8 June 2004	–	12
<i>Non-Executive Directors</i>			
M D Wigley	9 October 2003	24	6
N J Hamway	9 October 2003	24	6

Nigel Hamway and Michael Wigley, who were appointed as directors on 7 October 2003, retire from the board at the Annual General Meeting and, being eligible, offer themselves for re-election. Steven Vaughan, who was appointed a director on 8 June 2004, retires from the board at the Annual General Meeting and, being eligible, offers himself for re-election. Peter Batchelor and Robert Ware also retire by rotation and, being eligible, offer themselves for re-election.

### 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:



## DIRECTORS' REMUNERATION REPORT

		<i>Exercise price</i>	<i>Awarded during the period No.</i>	<i>Exercised during the period No.</i>	<i>Expired unexercised during the period No.</i>	<i>At 30 September 2004 No.</i>
R T E Ware	(a)	£0.50	625,000	–	–	625,000
P A Batchelor	(a)	£0.50	312,500	–	–	312,500
G A Davidson	(a)	£0.50	312,500	–	–	312,500
S M Vaughan	(b)	£0.90	130,000	–	–	130,000

The options are exercisable between the following dates:

- (a) 23 October 2005 and 23 October 2013;
- (b) 10 March 2006 and 10 March 2014;

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 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.

The market price of the company's shares on 30 September 2004 was 63.5p per share. The highest and lowest market prices during the period for each share option that is unexpired at the end of the period are as follows:

	Highest	Lowest
Options awarded during the period	106.5p	63.5p

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

## DIRECTORS' REPORT

### Directors' Report

The directors present their report and the accounts of the company for the period from 22 September 2003 to 30 September 2004.

### Principal Activities and Review of the Business

The Company was incorporated on 22 September 2003.

The principal activity of the company during the year was property trading and acquiring property assets and interests with development and investment potential.

A review of the company's activities during this period is dealt with in the Chairman's Statement.

### Results and Dividends

The trading results for the period 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 15 December 2004, the company exchanged contracts to acquire 175,000 sq ft of office and warehouse properties on Sheffield Business Park for £22.5 million. The acquisition has been undertaken through a 50:50 joint venture with a local private developer and is financed through a £19 million senior debt facility provided by the Royal Bank of Scotland.

With effect from 17 December 2004, Gavin Davidson will be resigning from the board.

### The Directors and Their Interests in the Shares of the Company

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

		<i>Ordinary Shares of £0.05 each</i>	
		<i>At</i>	<i>At</i>
		<i>30 September 2004</i>	<i>22 September 2003</i>
			<i>or later date</i>
			<i>of appointment</i>
Mr R T E Ware	(Appointed 22 September 2003)	2,500,000	1,000,000
Mr P A Batchelor	(Appointed 22 September 2003)	100,001	1
Mr G A Davidson	(Appointed 25 September 2003)	200,000	–
Mr M D Wigley	(Appointed 7 October 2003)	100,000	–
Mr N J Hamway	(Appointed 7 October 2003)	137,000	–
Mr S M Vaughan	(Appointed 8 June 2004)	100,000	100,000

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 3 December 2004, the directors were aware of the following interests in excess of 3% of the company's issued share capital:

<i>Name</i>	<i>No of Shares</i>	<i>%</i>
R T E Ware	2,500,000	25.7
Blydenstein Nominees Limited	500,000	5.1
BBHISL Nominees Limited	400,000	4.1
State Street Nominees Limited	290,000	3.0

### 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 2004, the company had an average of 42 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 at the end of the period and of the profit or loss for the period then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 16, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Charitable Donations and Political Contributions

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

### 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

# The Conygar Investment Company PLC



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 on pages 12 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 16.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and 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 is not disclosed.

### **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 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 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.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**Rees Pollock**  
Chartered Accountants  
Registered Auditors  
15 December 2004

The Conygar Investment Company PLC

**PROFIT AND LOSS ACCOUNT**  
for the period from 22 September 2003 to 30 September 2004

	Note	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
<b>Turnover</b>	2	–
Administrative Expenses		208
<b>Operating loss</b>	5	(208)
Income from current asset investments		10
Interest receivable		161
<b>Loss on ordinary activities before taxation</b>		(37)
Tax on loss on ordinary activities	6	–
<b>Loss for the financial period</b>		(37)
Earnings per share		
– undiluted	7	(0.42)p
– diluted		(0.40)p

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

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

The notes on pages 14 to 19 form part of these accounts

The Conygar Investment Company PLC

**BALANCE SHEET**  
at 30 September 2004

	Note	£'000	30 Sep 2004 £'000
<b>Current assets</b>			
Debtors	8	55	
Investments	9	397	
Cash at bank		4,452	
		<u>4,904</u>	
<b>Current liabilities</b>			
Creditors: amounts falling within one year	10	<u>28</u>	
			<u>4,876</u>
Total assets less current liabilities			<u><u>4,876</u></u>
<b>Capital and reserves</b>			
Called-up equity share capital	11		486
Share premium account	13		4,427
Profit and loss account			<u>(37)</u>
<b>Shareholders' funds</b>	14		<u><u>4,876</u></u>

Signed on behalf of The Board

R T E W A R E	}	15 December 2004
P A B A T C H E L O R		

The notes on pages 14 to 19 form part of these accounts

**CASH FLOW STATEMENT**  
for the period from 22 September 2003 to 30 September 2004

	Notes	£'000	£'000
<b>Net cash outflow from operating activities</b>	a		(615)
<b>Returns on the investments and servicing of finance</b>			
Interest received		154	
<b>Net cash flow from returns on investments and servicing of finance</b>			<u>154</u>
<b>Cash outflow before management of liquid resources and financing</b>			(461)
<b>Management of liquid resources</b>			
Increase in funds placed on short term deposit			(4,400)
<b>Financing</b>			
Issue of equity share capital		486	
Share premium on issue of equity share capital		4,427	
<b>Net cash inflow from financing</b>			<u>4,913</u>
<b>Increase in cash</b>	b		<u><u>52</u></u>

**Notes to the cash flow statement**

**a) Reconciliation of operating loss to net cash outflow from operating activities**

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Operating loss	(208)
Increase in debtors	(38)
Increase in current asset investments	(397)
Increase in creditors	28
Net cash outflow from operating activities	<u><u>(615)</u></u>

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

	<i>30 Sep 04 £'000</i>
Increase in cash in the period	52
Cash outflow to short term deposits	4,400
Movement in net funds	<u>4,452</u>
Net funds at 22 September 2003	—
Net funds at 30 September 2004	<u><u>4,452</u></u>

**CASH FLOW STATEMENT (continued)**  
**for the period from 22 September 2003 to 30 September 2004**

**c) Analysis of changes in net funds**

	<i>At</i> 22 Sept 2003 £'000	<i>Cashflows</i> £'000	<i>At</i> 30 Sept 2004 £'000
Net cash:			
Cash in hand and at bank	–	52	52
Short term deposits*	–	4,400	4,400
Net Funds	–	4,452	4,452

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



**NOTES TO THE ACCOUNTS**  
for the period from 22 September 2003 to 30 September 2004

**1. Accounting Policies**

**Basis of Accounting**

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

**Investments**

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

**Deferred Taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

**Pensions**

The company does not maintain or operate any pension schemes.

**2. Turnover**

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

**3. Particulars of employees**

The aggregate payroll costs of the above were:

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Wages and salaries	60
Social security costs	4
	64
	64

The average monthly number of persons, including executive directors, employed by the company during the period was four.

**4. Directors' emoluments**

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Emoluments	60
Benefits	11
	71
	71

R T E Ware, P A Batchelor and G A Davidson were the highest paid directors.

**NOTES TO THE ACCOUNTS (continued)**

**5. Operating loss**

Operating loss is stated after charging:

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Auditors' remuneration – audit*	9
	<u>9</u>

- \* In addition fees of £6,000 are included in share issue expenses, charged against the share premium account.

**6. Taxation on ordinary activities**

(a) Analysis of charge in the period

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Current tax:	
UK Corporation tax based on the results for the period at 19%	–
Total current tax	<u>–</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19%

	<i>Period from 22 Sep 03 to 30 Sep 04 £'000</i>
Loss on ordinary activities before taxation	<u>(37)</u>
Loss on ordinary activities multiplied by rate of tax	(7)
Effects of:	
Tax losses carried forwards	4
Expenses not deductible for tax purposes	3
Total current tax (note 6(a))	<u>–</u>

**7. Earnings per share**

The calculation of earnings per ordinary share is based on the loss after tax of £37,000 and on the number of shares in issue being the weighted average number of shares in issue during the period of 8,825,590. The weighted average number of shares on a fully diluted basis was 9,112,598 which assumes the exercise of options over 287,008 shares at the start of the period. No adjustment has been made in respect of the exercise of options which were anti-dilutive throughout the period.

**NOTES TO THE ACCOUNTS (continued)**

**8. Debtors**

	<i>30 Sep 04</i>
	£'000
Other debtors	30
Prepayments and accrued income	25
	<u>55</u>

**9. Current asset investments**

	<i>30 Sep 04</i>
	£'000
Investments in quoted securities – for resale	397

The market value of current asset investments at 30 September 2004 was £397,000.

**10. Creditors: Amounts falling due within one year**

	<i>30 Sep 04</i>
	£'000
Other creditors	11
Accruals and deferred income	17
	<u>28</u>

**11. Share capital**

Authorised share capital:

	<i>30 Sep 04</i>
	£
40,000,000 Ordinary shares of £0.05 each	2,000,000

Allotted and called up:

	No	£
Ordinary shares of £0.05 each	9,722,001	486,100

On incorporation 1,000,001 ordinary shares of 5 pence each were issued at a premium of 45 pence per share.

On 23 October 2003 the company issued an additional 8,200,000 shares of 5 pence each at a premium of 45 pence per share.

A further 522,000 shares were issued on 26 February 2004 at a premium of 85 pence per share.

**12. Deferred taxation**

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

	<i>Provided</i>	<i>Not Provided</i>
	£'000	£'000
Trading losses	–	(4)

The deferred tax asset not recognised in the accounts will only be realised when the company becomes profitable in order to utilise the trading losses.

**NOTES TO THE ACCOUNTS (continued)**

**13. Share premium account**

	<i>Period from 22 Sep 03 to 30 Sep 04</i>
	<i>£'000</i>
Premium on shares issued in the period	4,584
Share issue expenses	(157)
Balance carried forward	<u>4,427</u>

**14. Reconciliation of movements in shareholders' funds**

	<i>£'000</i>	<i>30 Sep 04 £'000</i>
Loss for the financial period		(37)
New equity share capital subscribed	486	
Net premium on new share capital subscribed	<u>4,427</u>	
		<u>4,913</u>
Net addition to funds		<u>4,876</u>
Closing equity shareholders' funds		<u>4,876</u>

**15. Related party transaction**

During the period the company paid £11,750 in respect of office rent and office services to Oxiana Property LLP, a partnership of which the Executive Directors are also partners.

**16 Events since the balance sheet date**

On 15 December 2004, the company exchanged contracts to acquire 175,000 sq ft of office and warehouse properties on Sheffield Business Park for £22.5 million. The acquisition has been undertaken through a 50:50 joint venture with a local private developer and is financed through a £19 million senior debt facility provided by the Royal Bank of Scotland.

With effect from 17 December 2004, Gavin Davidson will be resigning from the board.

The Conygar Investment Company PLC  
(the “Company”)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the first Annual General Meeting of the Company will be held at the offices of the Company, Fourth Floor, 25 Green Street, London W1K 7AX on 26 January 2005 at 11.00 a.m. for the following purposes:

**Ordinary Resolutions**

1. To receive and consider the Company’s accounts and the reports of the directors and the auditors for the period ended 30 September 2004.
2. To re-elect Peter Batchelor as a Director of the Company who retires by rotation.
3. To re-elect Robert Ware as a Director of the Company who retires by rotation.
4. To re-elect Nigel Hamway as a Director of the Company who retires in accordance with the Articles of Association of the Company.
5. To re-elect Michael Wigley as a Director of the Company who retires in accordance with the Articles of Association of the Company.
6. To re-elect Steven Vaughan as a Director of the Company who retires in accordance with the Articles of Association of the Company.
7. To re-appoint Rees Pollock as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Board to fix their remuneration.

**Special Resolutions**

8. THAT, in accordance with section 95(1) of the Companies Act 1985 (the “Act”), the Directors be and are hereby given power for the period commencing on and with effect from the date of adoption of this Resolution and expiring on the earlier of (a) 15 months after the date of this resolution, and (b) the conclusion of any Annual General Meeting of the Company to be held in 2006, to allot equity securities (as defined in section 94(2) of the Act) pursuant to the authority conferred by a resolution passed on 9 October 2003 under section 80 of the Act as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue in favour of existing holders of Ordinary Shares in the capital of the Company and other persons entitled to participate therein where the equity securities attributable to their holdings are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or deemed to be held by them but so that the Directors may make such arrangements and exclusions in respect of overseas holders / legal problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange and in respect of fractional entitlements as they may deem necessary or expedient; and
- (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) of this resolution) up to a maximum nominal value of £1,513,899.95;

save that the Company may before the expiry of this power make an offer or agreement which would or might require such equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Registered Office  
Fourth Floor  
25 Green Street  
London W1K 7AX

By order of the board  
P A Batchelor  
Company Secretary

Registered in England No. 4907617

15 December 2004

# The Conygar Investment Company PLC

## 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 Uncertified Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 24 January 2005 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 6.00 p.m. on 24 January 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on 26 January 2005 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.

The Conygar Investment Company PLC  
(the 'Company')

**Annual General Meeting**

**FORM OF PROXY**

I/We.....  
of.....

(PLEASE INSERT FULL NAME AND ADDRESS IN BLOCK CAPITALS)

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

or failing him the Chairman of the Meeting (note 2) as my / our proxy to vote for me / us on my / our behalf as directed below at the first Annual General Meeting of the Company to be held at the offices of The Company, Fourth Floor, 25 Green Street, London W1K 7AX on 26 January 2005 at 11.00 a.m. and at any adjournment thereof. I / we request such proxy to vote on the following resolutions as indicated below:

	<b>For</b>	<b>Against</b>
<b>Ordinary Business</b>		
1. To receive and consider the Company's accounts for the period ended 30 September 2004 and the reports of the directors and auditors thereon.		
2. To re-elect Peter Batchelor as a director.		
3. To re-elect Robert Ware as a director.		
4. To re-elect Nigel Hamway as a director.		
5. To re-elect Michael Wigley as a director.		
6. To re-elect Steven Vaughan as a director.		
7. To re-appoint Rees Pollock as the Company's auditors and to authorise the Board to fix their remuneration		
<b>Special Business</b>		
8. To renew the Board's power to allot equity securities.		

Names of joint holders (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:
  - 1.1 on any resolution referred to above if no instruction is given in respect of that resolution; and
  - 1.2 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. CREST members can use the CREST electronic proxy appointment service. CREST members should refer to note 5 to the Notice of Annual General Meeting enclosed with this Form of Proxy in relation to the submission of a proxy appointment via CREST. 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 (except in the case of appointments utilising the CREST electronic appointment service) with any authority (or a notarially certified copy of such authority) under which it is signed.







